

F.C. INTERNAZIONALE MILANO GROUP

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

Management Report on operations July 1, 2019 - June 30, 2020

General information regarding the Group

F.C. Internazionale Milano S.p.A (hereafter "FC Inter" or "the Parent Company") is a share capital company, incorporated and domiciled in Italy, having its registered office in Milan, Viale della Liberazione 16/18, whose main shareholder, since June 28, 2016, is the company Great Horizon S.à.r.l (hereafter "Main Shareholder") controlled by Suning Holdings Group Co., Ltd. ("Suning Group"). Suning Group is a Chinese multinational company operating in the retail market of consumer electronic and already active in the football sector in China as owner of the club Jiangsu Suning Football Club, one of China's leading football clubs, participating to Chinese Super League.

The activities carried out by the Group generate various kinds of income, mainly related to traditional sports activity (revenue from matches), team management, and activities related to radio-television rights, sponsorships and the exploitation of trademark and image rights.

Parent Company's corporate structure

As of June 28, 2016, the Parent company was shown as follows:

- Great Horizon S.à.r.l 68.55% (company entirely controlled by Suning Holdings Group Co., Ltd);
- International Sport Capital S.p.A 31,05%;
- Other minority shareholders 0.4%.

The entry of the Suning Group in June 2016 has made financial resources available to the Club for its national and international relaunch.

It should be noted that during the current fiscal year a further amount of Euro 70 million were converted into a "Reserve for future capital increases", exclusively reserved to the shareholder Great Horizon S.à r.l., and specifically Euro 60 million on March 24, 2020 and Euro 10 million on June 22, 2020.

On April 15, 2019, the portion of Suning Sports International Limited loan equal to Euro 48.5 million (of which Euro 46.2 million capital share and Euro 2.3 million interests) was assigned to the company subject to parent companies control Grand Flagship Limited, with extension of the maturity date to December 31, 2020.

It should also be noted that, on December 26, 2019, all shareholders' loan of Great Horizon S.à r.l., and all debts of Grand Flagship Limited were extended to December 31, 2021.

During the current fiscal year, total interest of Euro 8.2 million was accrued; therefore, on June 30, 2020, the balance of the shareholders' loan of Great Horizon S.à r.l. amounted to Euro 78.2 million (of which Euro 70.9 million capital share and Euro 7.4 million interests), while Grand Flagship Limited debt amounted to Euro 51.1 million (of which Euro 46.2 million capital share and Euro 4.9 million interests).

The mission of Suning Group, which has already gained experience in the management of football clubs in China, will be to give continuity to the project begun by the previous shareholder aiming to affirm the Company F.C. Internazionale Milano as one of the most important football clubs in the world, reaching important sporting results, increasing its global sales presence and by implementing and maintaining strict financial discipline (with the aim of achieving the economic and financial balance), also in the light of the rules on *financial fair play*.

For further considerations about the going concern in the new ownership context, with the confirmed financial support of the Suning Group, reference should be made to the note "Going Concern".

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

1. in the first half of the year, the succession of new strategies, focused on generating new revenues and profitability through commercial growth, implemented through the construction of a global brand through new media and an international commercial plan (the implementation of which will be continued in the future by the new Shareholder), as well as economic and financial efficiency, with a particular focus on monitoring costs, working capital management, investments and liquidity, enhanced by the financing operation completed at the end of December 2017 and better described below;

2. the beginning of 2020 instead of the worldwide spread of the COVID-19 pandemic. The high number of cases of contagion recorded also in Italy forced the Government and the Authorities in charge to take drastic preventive and safeguard measures, including first the limitation and then the lockdown of events and aggregation areas, including by right also the competitive activities in which the teams of the Parent Company also take part. In particular, these measures led to the suspension of all competitions from March to June, with the consequent resumption of the same "behind closed doors" in the last month, forcing national and international federal bodies to extend the 2019/2020 sports season until 31 August 2020 in order to ensure the completion of the competitions themselves by awarding the various sports titles. All this has created discomfort, but in particular for FC Inter and the Company has created a reduction in ticket revenues, including season tickets, with the need to also have to reimburse what has already been collected for services not guaranteed, ii. the definition of new and non-renewal of contracts with sponsors, or in any case to renew less advantageous than budgeted, iii. the consequent absence of the increase in revenues from sponsorships, advertising and merchandising in line with the Inter Group's and the Company's plans, iv. and finally, the delay in the dynamics of collection of receivables in relation to the adverse economic context in which the clients found themselves obliged to act. All of this has evidently generated significant impacts and effects on the income statement, balance sheet and financial position of the Inter Group and the Company that is part of it, as better commented on in the Notes to the Financial Statements, limiting and compromising in fact and also significantly the ability to raise resources in order to fulfil its obligations; however, Suning Group reconfirm their commitment to support Company's going concern and will work closely and together with management level by carefully asset management, cost control, revenue expansion and other potential efforts to prevent it from being jeopardized by the effects of the COVID-19 pandemic.

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

On December 21, 2017, after the change from a limited liability company into a joint stock company, the Company issued and placed a senior institutional secured bond for an amount of Euro 300 million, with maturity date on December 31, 2022 and fixed rate at 4.875% (hereinafter also Bond Loan") and at the same time F.C. Internazionale Milano S.p.A. has signed a revolving credit facility for a maximum amount of Euro 50 million, entirely used on June 30, 2020. The resources obtained from the aforementioned transaction were used to fully repay the outstanding debt related to the loan to Goldman Sachs International and Unicredit for Euro 202 million and to support the ordinary activities of the F.C. Internazionale Milano Group. The Bond Loan guarantees 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 television rights of the Serie A and Tim Cup, similarly to the provisions of the previous loan contract. As part of the Bond Loan, the Parent Company and the associated Company Inter Brand pledged to the bondholders the shares relating to the share capital held in the Company. The Bond Loan also provides for compliance with two financial parameters (covenants). Further details on the transaction are reported in the Explanatory Notes.

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

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

Finally, it should be noted that the Parent Company, together with A.C. Milan S.p.A., presented on July 10, 2019 to the Milan City Council the "Proposal of Technical and Economic Feasibility for the enhancement of the San Siro area" which includes the construction of the Milan Stadium and the related multifunctional district, according to the so-called "Legge Stadi" (Law 147/2013).

The ambitious project aims to build, in the San Siro area, an urban district, modern, sustainable and accessible, which revolves around an innovative sports facility of the highest international standards.

In particular, the project involves the construction of a new stadium to replace the existing San Siro, which would be partially demolished and replaced by a sports and leisure district, with green areas, parks, new commercial and office buildings, new road networks and related infrastructure. On September 26, 2019, Inter and A.C. Milan presented two potential projects for the new stadium next to the original stadium, provisionally called New Stadium for Milan, designed by Populous and Manica/Sportium respectively. On October 28, 2019, the City of Milan recognized and declared the project of public interest with the City Council Resolution n. 1905 of November 8, 2019, while making the approval of the project subject to certain changes and conditions. On May 7, 2020 Inter and A.C. Milan presented the two revised projects, the result of a constant and fruitful dialogue with the City Council, carried out in accordance with the conditions indicated, in November 2019, by the Council and the City Council. The two projects are currently being examined by the Municipality of Milan.

At present, however, there are no commitments undertaken by the Company with regard to the above mentioned project.

Activity of the Team

The 2019/2020 season began in July under the management of the new First Team coach Antonio Conte. The team made the first part of the summer training in Lugano and in July 2019 took part in a tour in China and Singapore playing matches against Manchester United, Juventus and Paris Saint Germain. Subsequently, in August 2019 the team took part in a tour in Europe playing matches against Tottenham and Valencia.

Due to the Covid-19 virus, and the high number of infections in Italy, the Government and the Authorities have taken drastic safeguard measures including the limitation of aggregation events, including the Serie A and Tim Cup matches, competitions in which F.C. Inter takes part. These measures resulted in the suspension of the Serie A championship until June 20, 2020; the season then ended at the beginning of August 2020 with the achievement of the second position in the Serie A Championship and the qualification of the Group Stage of the UEFA Champions League 2020/2021.

In addition, in July 2020 the First Team was eliminated in the semi-finals of the Italian Cup by Napoli.

In the other official event played, the UEFA Champions League, the First Team achieved the third place in the Group Stage obtaining the right to participate in the knockout phase of the UEFA Europa League; this competition due to the Covid-19 virus was suspended and played in knockout matches on neutral field in August 2020: the First Team was eliminated in the final by Sevilla.

At the time of writing this report, the First Team played five Serie A matches with three wins, one draw and one defeat and one UEFA Champions League match with one draw against Borussia Moenchengladbach.

2019/2020 Transfer Campaign

During the summer transfer window for the 2019/2020 football season, investments were made in player registration rights for a total amount of Euro 217.3 million, with disposals of rights amounting to Euro 83.4 million (Euro 73.4 million historical cost), generating net gains on disposal for Euro 61.6 million.

The main summer transfers 2019 that were concluded were the following:

- The definitive acquisition of the football registration rights of the football players Romelu Lukaku from Manchester United, Valentino Lazaro from Hertha BSC, Nicolò Barella from Cagliari and Lucien Agoumè from Sochaux;
- The temporary and onerous acquisition of the player Stefano Sensi from Sassuolo valid for the 2019/2020 season with an option to buy permanently the player at the end of the season; F.C. Inter exercised the option right;
- The temporary acquisition of professional performances of the player Cristiano Biraghi (from Fiorentina team); the agreement was valid for the 2019/2020 season and provided the right of purchase of the player by the Company until the end of the 2019/2020 season; F.C. Inter didn't exercise the option right;
- The temporary free acquisition of the players Alexis Sánchez from Manchester United;
- The definitive acquisition of the football registration rights of the player Ionut Radu from Genoa, and the free temporary transfer of the football registration rights of the same player to Genoa until the end of the season 2019/2020;
- The temporary transfer of the player Ivan Perisic to Bayern Monaco valid for the 2019/2020 season with an option to buy permanently the player at the end of the season; Bayern Monaco didn't exercise the option right;
- The temporary transfer of the player Mauro Icardi to Paris Saint Germain valid for the 2019/2020 season with an option to buy permanently the player at the end of the season; Paris Saint Germain exercised the option right on May 30, 2020;
- The temporary transfer of the player Xian Emmers to Beveren valid for the 2019/2020 season with an option to buy permanently the player at the end of the season; Beveren didn't exercise the option right;
- The definitive transfer of the football registration rights of the football players George Puscas to Reading, Nicholas Rizzo to Genoa and Yann Karamoh to Parma;
- The temporary transfer for the 2019/2020 of the player Samuele Longo to Deportivo with a purchase obligation in case of promotion of Deportivo in Primera Division at the end of the 2019/2020 season; Deportivo has not obtained the promotion and consequently the obligation to purchase has not been exercised;
- The temporary free transfer of the player João Mário to Lokomotiv Mosca valid for the 2019/2020 season with an option to buy permanently the player at the end of the season; Lokomotiv Mosca didn't exercise the option right;
- The temporary free transfer of the players Dalbert to Fiorentina, Facundo Colidio to VV Sint-Truiden, Gabriel Brazão to Albacete and Radja Nainggolan to Cagliari for the 2019/2020 season.

In July 2019 the Company terminated the economic contract of the player Joao Miranda, expiring on June 30, 2020, with recognition of the economic effect in the financial statements closed at June 30, 2019.

Finally, in August 2019 the Company renewed the economic contract to Joao Mario till June 30, 2022, to Mauro Icardi till June 30, 2022, to Ivan Perisic till June 30, 2022, to Danilo D'ambrosio till June 30, 2021 and in December 2019 to Valentino Lazaro till June 30, 2024.

The winter transfer market made in January 2020 has been characterized mainly by:

- The definitive acquisition of the football registration rights of the players Ashley Young from Manchester United and Christian Eriksen from Tottenham;
- The temporary acquisition of the football registration rights of the player Victor Moses from Chelsea with a purchase option to be finalized within June 16, 2020; Chelsea didn't exercise the option right;
- The temporary transfer of the football registration rights of the player Valentino Lazaro to Newcastle with a purchase option to be finalized within May 20, 2020; Newcastle didn't exercise the option right;
- The temporary transfer of the football registration rights of the player Federico Dimarco to Hellas Verona with a purchase option to be finalized within the end of the 2019/2020 season; Hellas Verona didn't exercise the option right;
- The definitive transfer of the football registration rights of the player Gabriel Barbosa to Flamengo;
- The temporary transfer of the football registration rights of the player Matteo Politano to Napoli for the 2019/2020 and 2020/2021 season with a purchase obligation at the first appearance of the player or at the first point of Napoli after the date of February 1, 2021.

The summer transfer market made in June 2020 has been characterized mainly by:

- The definitive acquisition of the football registration rights of the player Achraf Hakimi from Real Madrid.

Finally, in June 2020 the Company renewed the economic contract to Ashley Young till June 30, 2021, and in August 2020 to Samir Handanovic till June 30, 2022 and to Sebastiano Esposito till June 30, 2025.

It should be noted that in some cases the fees established for the purchase and sale, including those related to contracts of the aforementioned obligation conditions can be subject to adjustments upon the occurrence of certain future events.

Youth Programme Activities

Because of the Covid-19 virus, and the high number of infections in Italy, the Government and the Authorities determined the definitive suspension of all the championships in the youth sector; at the moment of the suspension, in the groups of the different categories were classified in third place the Primavera team, in fifth place the U18 team, in second place the U17 team and in fourth place the U16 team.

All the technical staff employed by the club have once again confirmed they are among the best in the country, contributing their profuse commitment and professionalism to the constant development of the entire youth programme.

Financial Fair Play

The Company, as all the other clubs qualified to European competitions, has to respect the Financial Fair Play rules, the monitoring rules and criteria introduced by UEFA. The main financial criteria are based on the going concern assumption, on the achievement of a balanced budget and on the absence of overdue debits to other clubs, registered players and social or tax authorities.

Due to the Covid-19 virus, during this emergency phase the U.E.F.A. Executive Committee approved the following amendments to the U.E.F.A. Club Licensing and Financial Fair Play Regulations, which will come into force as of the fiscal years closed during 2020:

- the evaluation of the 2020 financial year has been postponed by one season and will be evaluated together with the 2021 financial year;
- the monitoring period 2020/2021 has been shortened and covers only two reporting periods, i.e. only the financial years ending in 2018 and 2019;
- the monitoring period for 2021/2022 has been extended and covers four reporting periods, i.e. exercises ending in 2018, 2019, 2020 and 2021;
- the years 2020 and 2021 will be assessed together as a single period;
- the negative impact of the pandemic will be mitigated by averaging the combined deficit of the years 2020 and 2021 allowing for other specific adjustments.

Other assets

Season ticket campaign, website and thematic channel

The season ticket campaign for the 2019/2020 sport season has registered 38,747 subscriptions for national matches ("Serie A" and "Coppa Italia") and 29,306 subscriptions for UEFA Champions League Group Stage, with corresponding revenue for the fiscal year equal to 16.8 million (of which Euro 11.7 million for the Serie A and Coppa Italia, and Euro 5.1 million for the UEFA Champions League), with a decrease compared to the previous fiscal year that showed revenues from season tickets for Euro 18.6 million (of which Euro 13.4 million for the Serie A and Coppa Italia and Euro 5.1 million for the UEFA Champions League) due to the remaining matches of the season to be played with closed doors due to the Covid-19 virus, partially offset by the increase in the average price of the season ticket.

The website shows once again the devotion of our fans to the club's colours making it one of the most visited club website in Italy, and among the top ten in Europe.

Agreements with the RAI Group and Infront

On June 24, 2011 the Parent Company stipulated a contract with RAI for the purchase, starting from June 30, 2011, of the RAI library of images and videos of presentations of the team (historical library: materials and rights), as well as the library of self-productions of the thematic Inter Channel from 2000 through 2008.

At the same time, an agreement was stipulated with RAI that established (i) a settlement for the prior use of the Library, (ii) a thirty year right of use through 2041, as well as (iii) the right to renew the contract for use of the library from June 30, 2041 to June 30, 2071. With reference to this agreement, deferred income for Euro 11,714 thousand relating to the financial amounts already settled but whose competence will be shown in the next financial years are currently recorded in the financial statements.

On May 2, 2011 a contract was also signed with Infront S.r.l., a primary company working in the national and international media market, whose Parent Company entrusted it with digitalizing, cataloguing and organizing the images belonging to the library that is the object of the RAI contract for sport season from 2011/2012 to 2015/2016. On June 21, 2012 an addendum to the original contract with Infront S.r.l. was stipulated, which provided for the extension of the expiration for the additional football seasons 2016/2017 and 2017/2018. In addition to marketing the library, it also included the marketing of images of training sessions, interviews and press conferences, media packages and electronic games, as well as the audio-visual production of the Championship and Tim Cup matches.

On May 13, 2014 it was subscribed an addendum integration in order to extend the contract till 2020-2021 season, increasing the fees. This addendum has led effects as of July 1, 2014.

Shareholders' meeting

The ordinary shareholders' meeting, held on October 28, 2019, approved the Financial Statements for the year ended June 30, 2019, which showed a loss of 74,407 thousands, and to carry forward these losses for equal amount.

In addition, Retained losses of the fiscal year closed at June 30, 2018 for Euro 63,295 thousand was entirely cover using the "Reserve to cover future losses" for the same amount.

Going concern

The Consolidated Financial Statements as at June 30, 2020 are prepared on the assumption of going concern in accordance with the considerations set out below.

The spread of the pandemic caused by COVID-19 has represented and represents for the sports sector, in particular football, and for the F.C. Inter group a significant event with important negative impacts on the economic, financial and equity situation of the Group itself, characterized, among other things, by a negative income trend, which is expected to be reconfirmed in the future and by a significant financial requirement, which is expected to worsen in the coming months.

The Group's operations and results continue to be significantly influenced by the effects of the pandemic and by the actions taken by the Government and institutional bodies such as the Lega Calcio.

In fact, these actions led first to the suspension and subsequently to i) extension of UEFA competitions until August and of the 2019/2020 Serie A season until July, ii) the closure of the San Siro stadium to the public from March 9, 2020, iii) to the postponement of the players' summer transfer window to August and September and iv) to the start of the new 2020/2021 season in September, initially with an influx of 1000 spectators and subsequently behind closed doors.

The club only played two home games behind closed doors in Serie A between 9 March and 30 June compared to the eight scheduled, including at least one additional match in the UEFA Europa League. This caused a decrease in revenues for the twelve months to June 30, 2020 both with reference to the lack of public and with reference to the recognition of revenues related to sports services (mainly TV rights and sponsorships) that were recognized during the 2020/2021 financial year due to the postponement of the above competitions.

As described above, the COVID-19 pandemic therefore had an impact on cash flow generation for the twelve months to June 30, 2020 and will have an equal negative impact on current season's cash generation, especially in the current context of the pandemic flare-up.

In this regard, the Directors have developed a business plan with different scenarios that provide for losses also for the financial year to June 30, 2021, with direct consequences both on the cash flows generated and on the level of capitalization.

In this context, the relevant Shareholder (Suning) has reconfirmed its commitment to appropriately support the Group in the foreseeable future of the next twelve months. In this regard, it should be noted that in March and June 2020 the relevant Shareholder waived shareholder loans for Euro 60 million and Euro 10 million respectively, allowing the

shareholders' equity of the Parent, on which the capitalization parameters are measured provided for by the civil code pursuant to art. 2446 and 2447, to remain positive as at June 30, 2020. The level of shareholders' equity of the parent company is still positive on the basis of the interim situations prepared for the verification of the capital requirements also following the contribution in terms of revenues and therefore the result from the deferral of fees for TV rights and sponsorships as better described in the continuation of this supplementary note. For the sake of completeness of information, it should also be noted that during the current year the Parent Company used additional lines of credit for Euro 25 million which brought in additional financial resources. Finally, in July, the subsidiary Inter Media and Communication issued a bond for an additional amount with respect to the one already in place equal to Euro 75 million, the resources of which were mainly used to pay the payables due for the transfer campaign.

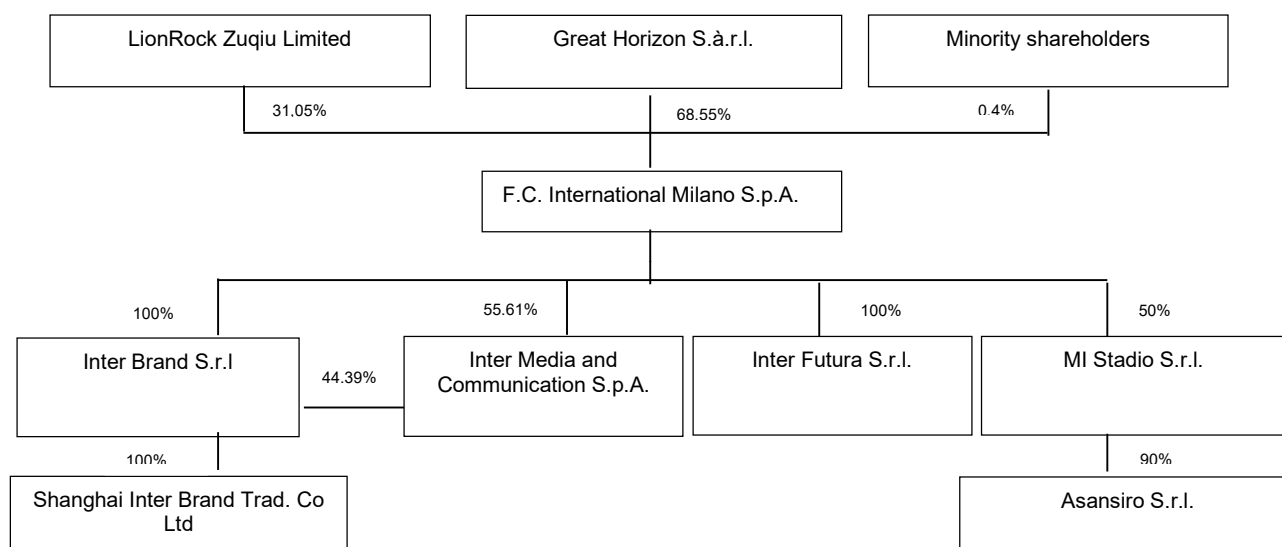
That said, the Directors considered the going concern assumption appropriate for the preparation of the Consolidated Financial Statements despite the loss suffered by the Group and the projections that foresee a loss also for the end of the financial year as at June 30, 2021 which will - as already mentioned - further affected by the flare-up of the COVID-19 pandemic. For the sake of completeness, it should be noted that a possible new spread of COVID-19 and a subsequent further Lockdown as well as an overstated extension of the restrictions on sporting events, could have disruptive effects on the entire football industry, both nationally and internationally.

The Group will continue to monitor the situation and evaluate measures to maintain the stability of the operation through careful management of the core assets (players), active management of commercial relations and management of cost control. Meanwhile, Suning's current commitment will ensure going concern.

It should be noted that, with regard to the minimum capital requirements envisaged by the Civil Code, they are applicable with reference to the separate financial statements of the Parent Company FC Inter which, as previously mentioned, is in a positive net equity situation that complies with the requirements of the articles 2446 and 2447 of the civil code. However, the Directors foresee that in the coming months the Parent Company's equity could decrease so much that they do not comply with the provisions of the aforementioned articles. In this regard, the Directors envisage - first of all and in accordance with the period of validity of the exemption - to apply the provisions of Art. 6 of the "Liquidity Decree" (converted into law no. 40 of 5 June 2020) which provides for the derogation from the minimum capital requirements for companies established by art. 2446 and 2447 of the Civil Code and subsequently with capital and financial support guaranteed by the reference Shareholder to allow the Company to operate as a going concern.

The Group Structure

The structure of the F.C. Internazionale Milano Group as of June 30, 2020 is as follows:



The company Inter Brand China Co., Ltd. in liquidation, an indirect subsidiary of the Parent Company through Inter Brand S.r.l., was not included in the corporate organisation chart set forth above because it no longer represents a long-lasting investment for the Group. The above company, together with Shanghai Inter Brand Trad. Co Ltd. (that will be liquidate in the next year) has not been considered, since it currently does not have globally significant values in accordance with Article 28 of Legislative Decree 127/91.

Analysis of the economic results of fiscal year ended June 30, 2020

The consolidated financial statements end with a loss of Euro 102,394 thousand, with revenue for Euro 382,560 thousand and costs and charges for the period for Euro 484,954 thousand.

Before moving on to the analysis of the individual revenue items (sponsorships, TV rights and advertising) and cost (member salaries) the following premise must be made. As better commented in the Notes to the Financial Statements, it

should be noted that, in relation to the effects caused by the spread of the COVID-19 pandemic - as better commented above - which initially led to the suspension and then the resumption of competitive activity, with the extension of the 2019/2020 football season until August 31, 2020, some categories of revenues and costs are not comparable with those of the same comparative reference period because they are not homogeneous, because in the current year these revenues, as a result of the above, were recorded pro-rata temporis repaired on the residual duration of the sports season extended to August 31, 2020, for the 10 month period, while those of the previous year were recorded for the 12 month period.

The following is the breakdown of revenue, compared with that of the previous fiscal year:

Euro thousand	12 months as of 30/06/2020		12 months as of 30/06/2019	
Categories	Amount	%	Amount	%
Revenues from home matches	27.574	7,41%	26.113	6,26%
Season Tickets	16.803	4,51%	18.564	4,45%
Other revenues	74.488	20,00%	125.974	30,20%
Capitalization of youth programme costs	8.635	2,32%	7.147	1,71%
Grants and contributions	4.653	1,25%	4.284	1,03%
Sponsorships	22.154	5,95%	29.108	6,98%
Advertising	2.711	0,73%	4.572	1,10%
Commercial income and royalties	2.537	0,68%	2.268	0,54%
Television revenues	69.755	18,73%	87.221	20,91%
Television income from UEFA competition	45.603	12,25%	51.739	12,41%
Revenue from temporary loans of players	5.515	1,48%	2.523	0,60%
Gains on sale of player registration	61.546	16,53%	40.141	9,62%
Other income from player management	3.926	1,05%	1.210	0,29%
Sundry revenues and income	26.470	7,11%	16.216	3,89%
Total	372.370	100%	417.080	100%

Specifically:

- Revenues from matches show a decrease of Euro 1,461 thousand, compared to Euro 26.113 thousand in the previous fiscal year, due to a higher number of tickets sold at a higher price than last year, partially offset by the closed-door matches of the remaining part of the 2019/2020 season as described above;
- Revenues from season tickets amount to Euro 16,810 thousand with a decrease of Euro 1,761 thousand due to the closed-door matches of the remaining part of the 2019/2020, partially offset by an increase in the average price of season tickets sold;
- the item "Other revenues" mainly includes commercial agreements entered into with companies in the global area. Specifically, the significant decrease is directly related, mainly, to what is written at the beginning of this paragraph, but especially to the interruption occurred last year of commercial contracts with FullShare Holding Ltd., Lvmama and Beijing Yixinshijie Culture Development Co., Ltd., which guaranteed an annual fee of Euro 45 million, partially offset by the signing of new commercial agreements with partners such as, among others, Lenovo PC HK Ltd. Ltd., Locauto and Trenitalia;
- Capitalization of youth programme costs are equal to Euro 8,635 thousand, and they are better explained on the Explanatory Notes.
- "Grants and Contributions" of Euro 4,653 thousand relates to contributions paid in the previous fiscal year by the Serie A related to the Company's qualification to the semi-final in the Tim Cup and to non-audiovisual rights;
- revenues from Sponsorships decreased during the year mainly due to the non-recognition of the bonus for the qualification to the UEFA Champions League 2020/2021 (achieved in August 2020) and which last year had guaranteed revenues for Euro 6,490 thousand;
- Advertising revenues, amounting to Euro 2,707 thousand, are related to promotional and advertising activities included in season tickets and show a decrease of Euro 1,865 due to closed-door matches of the remaining part of the 2019/2020 season, consistently with the decrease in revenues from season tickets;
- Commercial income and royalties are equal to Euro 2,427 thousand and they are related to the revenue related

to merchandising and licensing activities.

During the fiscal year, the Company signed an agreement with Nike to buy-back the rights of the retail and licensing activities; starting from November 1, 2019 these activities are managed directly by the Company;

- The line item Income from the sale of Serie A television rights amounts to Euro 69,755 thousand and shows a decrease compared to the previous year due to the suspension and extension of the 2019/2020 season until August, as well as the lower amount received by the Company on the basis of the Ranking Coefficient of the current season, lower than the previous season, for television income from UEFA competitions;
- Revenue from temporary loans of players are related to player Ivan Perisic;
- The Gains on sale of player registrations related to the disposals of Icardi (Euro 47,173 thousand) Puskas (Euro 6,963 thousand), Karamoh (Euro 3,469 thousand), Gabriel Barbosa (Euro 2,308 thousand), Merola (Euro 729 thousand), Rizzo (Euro 482 thousand), Palazzi (Euro 217 thousand), D'amico (Euro 111 thousand) and Radaelli (Euro 94 thousand);
- Other income from player management, in the amount of Euro 3,926 thousand, refers for Euro 3,166 thousand to bonuses other than the transfer campaign for football players that matured both with respect to national as well as international clubs, mainly related to bonus for players Rizzo (Euro 2,000 thousand) and Kovacic (Euro 1,000 thousand) and for Euro 760 thousand to solidarity contributions accrued in the transfers of players to international clubs, mainly related to player Kovacic (Euro 546 thousand);
- Sundry revenue and income mainly includes revenues from insurance reimbursements, relating to the portion of season tickets reimbursed for the 2019/2020 season due to Covid-19, for Euro 10,000 thousand, revenues from Inter Academies for Euro 7,866 thousand, income due to contracts signed with the parent Suning Sports International Limited for the sharing of technical and professional staff (Know-how) for Euro 3,500 thousand and services to associates for Euro 725 thousand.
The item also includes extraordinary income and non-existent liabilities of Euro 2,192 thousand, mainly related to M-I Stadio bar service of the 2018/2019 season which could not be previously estimated because regularized after the financial year closing and the "U.E.F.A. Club Benefits Programme 2018-2019" regarding the convocation of the club's players for the UEFA Nations League 2018/2019 and UEFA European Championship 2018-2020 competitions.

The following is the composition of the production costs of the current fiscal year, compared with those of the previous fiscal year:

Euro thousand	12 months as of 30/06/2020		12 months as of 30/06/2019	
Categories	Amount	%	Amount	%
Cost of raw materials, supplies and consumables	3.243	0,73%	3.227	0,75%
Cost of services	65.091	14,66%	56.054	13,09%
Cost of rents and leases	11.938	2,69%	9.729	2,27%
Personnel costs	198.005	44,60%	192.596	44,98%
Amortization, depreciation and write-downs	139.040	31,32%	106.234	24,81%
Provision for risks	(3)	0,00%	1.552	0,36%
Other provision	15.236	3,43%	25.811	6,03%
Losses from the sale of player registrations	36	0,01%	668	0,16%
Other operating expenses	11.338	2,55%	32.311	7,55%
Total	443.924	100%	428.182	100%

Production costs recorded an overall increase compared to the previous year, mainly due to the increase (i) of the total number of employees for FIGC registered personnel, partially offset by the decrease related to the pro-rata temporis accounting of the salaries of the same personnel following the extension of the 2019/2020 football season until August 31, 2020 for the measures issued by the federal bodies for the spread of the COVID-19 pandemic, (ii) amortisation due to the considerable investments made during the soccer market sessions of the current financial year, and (iii) costs for services mainly due to the non-recurring fee of Euro 6 million paid to Nike for the agreement signed with the Group for the repurchase by the latter of the rights on retail and licensing activities; similarly, provisions for risks and other liabilities and other operating expenses decreased significantly, as better commented in the Notes to the Financial Statements.

The item "Other provision" mainly includes allocations for the prudent recognition of the charge for IRPEF withholdings not paid following the application of the tax regime for the so-called "impatriate" workers as per Article 16, paragraph 5-quater, Legislative Decree no. 147 of 14 September 2015, with reference to income from employees taxable from the 2020 tax period, more details of which are provided in the Explanatory Notes to the item "Provision for risks and charges".

The difference between the value of production and production costs is negative for Euro 81,554 thousand, a sharp worsening of Euro 92,656 thousand compared to the same period of the previous year, mainly due to the results of the combined effects as better described above.

The result for the fiscal year, in addition to being influenced by the operating performance mentioned above, benefited from the improvement in the result of financial management, with net financial charges of Euro 26,213 thousand (compared to Euro 30,090 thousand in the comparative year), as better commented in the Explanatory Notes.

Revaluation of equity investments (entirely attributable to the 50% interest in M-I Stadio S.r.l.) are recorded for Euro 529 thousand, contributing to the loss before taxes of Euro 97,237 thousand (Euro 40,321 thousand in the comparative fiscal year). Finally, the loss for the fiscal year the loss has been made worse by consolidated taxation, amounting to Euro 102,394 thousand (Euro 48,387 thousand in the comparative fiscal year). It should be noted that the result does not include revenues from sales and services, other revenue and income and production costs for a positive net amount of Euro 18,914 thousands. It is due to the deferral of some revenues from sales and services and other revenue for the season 2019/2020 for Euro 33,937 thousands and some costs for registered personnel for Euro 15,023 thousand.

The cash flow trend is fully reviewed in the Cash Flow Statement, to which reference is made. As noted above, the financial balance and compliance with payment obligations related to the fiscal year and investment activity were guaranteed by the support of the Suning Group who also carried out equity capital operations in the context of loss of the fiscal year carried out as described above.

Investments

During the fiscal year net investments were made for a total of Euro 236,958 thousand. Investments regarded the following areas:

Euro thousand	
Categories	Amount
Player registration rights	217.286
Capitalised youth programme costs	8.635
Other intangible assets	2.549
Property, plant and equipment	8.488

Investments in other intangible assets are mainly related to the work of building renovation for the new headquarter of Viale della Liberazione and of new football pitches and training room inside the the Suning Sports Centre in memory of Giacinto Facchetti, training centre of the youth sector.

Investments in tangible fixed assets mainly relate to the work done for the renewal of the hotel area and of football pitches of the Appiano Sports Centre and to the new electronic equipments and furniture for the new headquarter of Viale della Liberazione.

Performance of subsidiaries and associated companies

Inter Brand S.r.l.

After the contribution in kind, from the fiscal year closed as of June 30, 2015, the subsidiary carries out very limited activity, primarily related to the recovery of residual receivables. With reference to recoverability of the recognition value of the above subsidiary, the impairment test made on Inter Media as of March 31, 2020 has been valued still applicable considering both the provisions of the Plan used - for which no events emerged that could materially modify its validity - and the stress tests carried out. It allowed the Directors to reach a positive conclusion regarding the recoverability of the recognition value of Inter Media, and consequently also of the recoverability of the investment value in Inter Brand, whose assets are represented for the most part by the equity investment in Inter Media.

The financial statements as of June 30, 2020 show a gain, net of tax, of Euro 31,910 thousand.

Inter Media and Communication S.p.A.

The subsidiary Inter Media and Communications S.p.A. ("Inter Media"), has been created on May 6, 2014 and the it is fully operative since June 5, 2014 (date of the contribution in kind).

On December 21, 2017, after the change from a limited company into a joint-stock company, the subsidiary company Inter Media and Communication, issued and placed a senior institutional secured bond for an amount of Euro 300 million, with a maturity date December 31, 2022 and fixed rate at 4.875% and at the same time the Parent Company has signed a revolving credit facility for a maximum amount of Euro 50 million, entirely used at June 30, 2020; the transaction led to i) full repayment of the G.S. loan equal to Euro 202 million at the bond subscription date, ii) creation of new financial resources to be used for the ordinary activities of the Inter Group.

Such Bond loan is secured by cash flows deriving from the sponsorship agreements and media contracts signed by the Inter Media and Communication S.p.A. as well as the flows deriving from the UEFA rights and the Serie A and Tim cup television rights. As already mentioned, in the context of the conditions for issuance of the Bond Loan by Inter Media, the Parent Company and the subsidiary Inter Brand pledged the shares relating to the share capital held in Inter Media.

The Company and its subsidiary, on December 21, 2017, during the refinancing the refinancing operation, signed an amendment to the Naming Rights (the sports centre Appiano Gentile has been renamed "Centro Sportivo Suning in memory of Angelo Moratti") with which the grants from the Naming Rights contract have been redefined and specifically assigned to F.C. Inter for 47% and to the subsidiary Inter Media for 53%.

In addition, a multi-year agreement with Beijing Imedia Advertising Co., Ltd. has been signed in recent years. (Chinese sports marketing agency) expiring June 30, 2024.

The financial statements of the subsidiary as of June 30, 2020 closed with a profit of Euro 27,607 thousand, after having recorded a negative value for taxes of Euro 11,574 thousand, after depreciation, amortisation and write-downs of Euro 18,725 thousand, other provision for Euro 4,192 thousand and net financial charges of Euro 8,417 thousand.

With reference to the valuation of the recoverable value of the investment in Inter Media & Communication S.p.A., an impairment test was carried out as at March 31, 2020, based on economic and financial projections of the investee company for the period 2021-2025. The test has been considered still applicable considering both the provisions of the Plan used - for which no events emerged that could materially modify its validity - and the stress tests carried out. The above analysis carried out on the recoverability of the book value of the Company's investment in the subsidiary Inter Media shows that there is no need to record impairment losses and allows the Directors to positively conclude on the recoverability of the value of the investment at June 30, 2020.

Inter Futura S.r.l.

Inter Futura operates in the service sector and provides the organisation behind social, cultural and recreational purposes; the core business of the subsidiary, i.e. the organisation of Inter Campus in support of children in need around the world, is conducted in 29 different countries through an ongoing process to train approximately 200 local operators who support local activities and bring to bear their professionalism and support to about 10,000 children aged between 6 and 13.

The activities carried out in the fiscal year featured visits to Tunisia, Brazil, Bulgaria, Cambodia, Uganda, Cuba, Argentina, Israel and Palestine, Poland, Bolivia, Bosnia, Cameroon, Congo, Mexico City, Russia, Hungary, Colombia, Morocco, Chiapas, Romania and the United States, with the shipment of about ten thousand first team kits to the various Inter Campuses worldwide. Among the countries that have already expressed interest in the activities carried out we would like to highlight Indonesia, India, Mongolia and Kenya.

Recognition and endorsement by the European Union of the activities carried out by Inter Futura came with participation in a series of meetings held in Cuba aimed at creating a connection between Europe and countries of the Americas so that Inter Campus in future can take part in European tenders dealing with youth sport and wellbeing issues.

Finally, the important partnership with the UNOSDP (United Nations Office on Sport for Development and Peace) has continued. From the point of view of communications, the new website linked to Inter.it, with its rich video content filmed during each trip, continued to enjoy success, as did the Instagram profile.

The financial statements as of June 30, 2020 show a profit, net of tax, of Euro 45 thousand.

M-I Stadio S.r.l.

The activities of the subsidiary during the fiscal year concerned, as usual, the ordinary and extraordinary management of the Meazza Stadium as well as, regarding sporting events and not, the ordinary and extraordinary maintenance.

The revenues of Euro 21,374 thousand at June 30, 2020 show a decrease compared to the previous year due to the closure of commercial activities following the health emergency for Covid-19 and relate to sponsorships, stadium rental for events and income from the museum and the tour.

Costs for Euro 20,152 thousand at June 30, 2020 show a decrease, for the same reason described above, compared with the amount of the previous fiscal year of Euro 21,748 thousand showing a positive result of Euro 1,059 thousand (positive result of Euro 1,601 thousand at June 30, 2019).

During the fiscal year, the Company carried out a revaluation of Euro 529 thousand, bringing the value of the investment to Euro 2,415 thousand, aligned with the shareholders' equity of the associated company.

The associated company at June 30, 2020 prepares its financial statements on a going concern basis also taking into account the financial support that the shareholders have undertaken to guarantee. In this regard, it should be noted that the shareholders of M-I Stadio, F.C. Inter and A.C. Milan signed a new agreement with effect from July 1, 2019 and expiring on June 30, 2023.

Research and development

There is nothing to note other than ordinary activities carried out to develop the Youth Sector.

Principal risks and uncertainties

The following is a summary description of the principal risks and uncertainties to which the Group is exposed.

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

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

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

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

- i) a reduction in ticket revenues;
 - ii) the non-renewal by the Sponsors of existing contracts or renegotiations and renewals for less advantageous consideration;
 - iii) the failure to increase revenues from sponsorship and advertising as envisaged in the Group's prospective plans;
 - iv) the increase in collection times for receivables due to the adverse economic context in which customers operate.
- In the short term, with the continuation of the pandemic, the Group's economic, equity and financial situation should be conditioned by limiting and significantly compromising its ability to raise resources in order to fulfil its obligations. Please refer to what is reported in the "Going concern" paragraph of this Management Report on Operations and in the Explanatory Notes which illustrates the considerations and assessments made following the spread of the health emergency related to the spread of COVID-19.

Risks related to the sponsorship market and commercial agreements

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

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

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

Risks related to the sector of activity

The Group uses as a primary production factor to carry out its characteristic activity players registration rights – an activity subject to risks of injuries that might impact the Group's economic and financial activity at any time. Further, considering the particular activities of the Parent Company, the management trend is exposed to risks relating to sports competitions, above all in terms of the sports results of the First Team.

Finally, the method of allocation of Serie A audiovisual rights for the three-year period 2021/2024 is currently under discussion within the Lega Serie A and it is not possible to exclude significant impacts for the Group.

Reputational risks

The Parent Company is exposed to reputational risks related to violations of the Code of Sports Justice by its registered personnel, former personnel and employees which, as provided by the Federal System, can lead to the referral of the Parent Company based on its objective liability, with the risk of the issue of the relative sanctions.

The decisive emphasis on the ethical characteristics of sports activity that characterizes all of the Parent Company's behaviour and the control measures created in order to mitigate the crimes set forth in Law 231/2001, as well as the approval and adoption of the Code of Ethics and Anti-Fraud Code, are the Parent Company's response to such type of threat in view of mitigating the risks deriving from third party behaviour.

Financial risks

The following are the main risks related to the ordinary performance of the Parent Company's activity:

Credit risk

Receivables that are not guaranteed are carefully monitored and any collection risks are recognized in the specific fund for doubtful receivables. However, it should be noted that some of the receivables are due from certain clients and therefore there is a risk that, as a result of government restrictions and Covid-19 pandemic situation, the collection of these receivables may be subject to delays, which could lead to changes in the financial, without however affecting the Company's ability to continue as a going concern in view of the commitment to provide financial support from the Suning Group. Receivables from Italian football clubs are secured through the clearing house mechanism of the Serie A National League of Professionals.

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

The Group provides for its needs deriving from debt exposure through the cash flows generated by operational management, available liquidity, and also considering the financial support to the Parent Company expressed by the Suning Group, guaranteeing the financial flows and resources that allow the Parent Company to have liquidity, including for investments, and to maintain a level of capitalization that is consistent with the provisions of Articles 2446 and 2447 of the Italian Civil Code. It is noted that with reference to the Bond Loan that it requires compliance with some financial parameters, as better described in the Explanatory Notes. Any failure to comply with the aforementioned parameters could result in the Group decaying the benefit of the term with the consequent need to obtain substantial financial resources in order to repay the residual amount of the Bond Loan. With reference to the verification concerning compliance with these parameters, reference should be made to the Explanatory Notes. The procurement of these financial resources, is however guaranteed by the support of Suning Group for at least 12 months, if necessary because of variations on forecasted trends.

The Group's management periodically controls the management trend in order to verify that any estimates and assumptions made for asset and liability line items are confirmed by their current values, and if there are variations they are immediately reflected in the Income Statement.

Risks related to fluctuations of interest rates

The Group holds debt financial positions generating interest to the Suning Group for a total of Euro 129,397 thousand (of which Euro 117,112 thousand is the share capital) net of the waivers concerning the shareholders' loan, as best explained in the "Equity" paragraph of the Explanatory Note, with interest at a fixed rate of 6.5% and debt financial position which comes from the Bond Loan for an amount of Euro 282,599 thousand, with interest fixed rate equal to 4.875%. For this reason, all the risks connected to the volatility of the interest rate are negligible.

For the sake of completeness of disclosure, it should be noted that on July 31, 2020, in addition to the above-mentioned financial positions, an additional tranche of the Bond issued and placed for Euro 75 million was added at a price of 93%, in line with the previous issue by interest rate and maturity, of which further details are provided in the Explanatory Notes.

Business outlook

The economic trend of the financial year 2020/2021 will present results that will still be affected by the measures that will be taken for the continuation of the spread of the COVID-19 pandemic, even in the presence of an operational situation that would benefit from the participation of the First Team of FC Inter in the group stage of the UEFA Champions League, therefore, at the moment, make realistic forecasts on the trend of the next football season which, in any case, in addition to the uncertain evolution connected to the conditions of the context, will also be influenced by the trend of the sports results that will be achieved, as well as by the extraordinary asset transactions such as the disposal of players' registration rights. Naturally, any better sports performance obtained could push the leverage of new sponsorships and/or possible renewals of the same with more advantageous fees and/or the maintenance of the current standard levels. In this context of absolute emergency and uncertainty, the parent company together with the other football clubs, both at national and international level, are working with federal institutions and bodies to mitigate the impact of the COVID-19 pandemic.

The sports objectives for the new season are aimed at keeping the First Team squad at competitive levels for all competitions in which it participates.

At the time of writing this report, the First Team played five Serie A championship matches with three wins, one draw and one defeat, and one UEFA Champions League match with a draw against Borussia Moenchengladbach.

Other information

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

It is specified that the companies included in the consolidation do not hold treasury shares, nor did they hold them during the course of the fiscal year, nor did they purchase or sell treasury shares directly or through a fiduciary company or third parties.

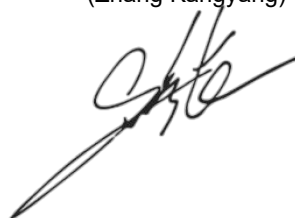
Information required by Article 2428 of the Civil Code

As anticipated, in accordance with the provision of Article 2428(2) (6 bis) of the Italian Civil Code, the Group is exposed to the normal risk of the variation of interest rates with respect to net indebtedness consisting of the new Bond loan issued at a fixed rate and placed as part of the new debt refinancing operation (of which Euro 280,794 thousands long-term and Euro 6,550 thousands short-term), and to the normal risk of change of the interest rate in relation to receivables and payables in foreign currency.

Reference is made to the above paragraph on Financial Risks for further comments in such regard.

On behalf of the Board of Directors

The President
(Zhang Kangyang)



GROUP F.C. INTERNAZIONALE MILANO
Consolidated Financial Statements as of June 30, 2020

BALANCE SHEET - ASSETS

Translation from the original version issued in Italian

30 June 2020
amounts in Euro

30 June 2019
amounts in Euro

B) FIXED ASSETS

I Intangible assets

3) Industrial patents and similar intellectual property rights	100.461	94.655
4) Concessions, licenses, trademarks and similar rights	82.488.459	87.891.955
6) Construction in progress	26.132.978	25.276.159
7) Capitalization of youth programme costs	15.206.270	12.826.298
8) Player registration rights	386.861.940	312.066.376
10) Other intangible assets	3.943.652	3.063.463
Total	514.733.760	441.218.906

II Property, plant and equipment

1) Land and buildings	16.854.251	17.017.584
2) Plant and machinery	574.098	549.025
3) Industrial and commercial equipment	261.444	188.745
4) Other assets	3.060.214	2.445.864
5) Under construction and advances	7.158.820	1.280.179
Total	27.908.827	21.481.397

III Financial fixed assets

1) Investments in		
b) associated companies	2.415.146	1.885.742
d-bis) other companies	45.319	45.319
2) Receivables		
d) from others		
a) within 12 months	2.127.497	2.163.390
b) beyond 12 months	10.409.514	10.409.790
Total	14.997.476	14.504.241

Total fixed assets **557.640.063** **477.204.544**

C) CURRENT ASSETS

II Receivables

1) Trade receivables		
a) within 12 months	86.425.742	88.986.410
b) beyond 12 months	-	-
2) from subsidiaries		
a) within 12 months	48.447	48.447
3) from associated companies		
a) within 12 months	-	-
4) from parent companies		
a) within 12 months	11.984.087	49.976.133
5) from companies subject to parent companies control		
a) within 12 months	2.000.000	1.166.520
5 bis) tax receivables		
a) within 12 months	4.922.869	5.709.120
5 ter) deferred tax assets		
a) within 12 months	2.230.221	1.107.142
6) from specific sector institutions		
a) within 12 months	78.603.341	65.095.679
b) beyond 12 months	43.162.667	66.688.717
7) from others		
a) within 12 months	11.872.061	5.009.863
Total	241.249.435	283.788.031

III Financial assets not held as fixed assets

1) investments in subsidiaries	2	2
Total	2	2

IV Cash at bank and on hand

1) Bank and postal deposit accounts	88.472.016	54.648.256
3) Cash on hand	33.838	17.941
Total	88.505.854	54.666.197

Total Current assets **329.755.291** **338.454.230**

D) PREPAYMENTS AND ACCRUED INCOME

I) Accrued income	20.231	3.877
II) Prepaid expenses	27.807.981	13.845.189

TOTAL ASSETS **915.223.566** **829.507.840**

GROUP F.C. INTERNAZIONALE MILANO
Consolidated Financial Statements as of June 30, 2020

BALANCE SHEET - LIABILITIES <i>Translation from the original version issued in Italian</i>	30 June 2020 <i>amounts in Euro</i>	30 June 2019 <i>amounts in Euro</i>
A) SHAREHOLDERS' EQUITY		
I Share capital	19.195.313	19.195.313
II Share premium reserve	26.943.339	26.943.339
VII Other reserve		
- Reserve for future capital increases	110.000.000	40.000.000
- Reserve to cover future losses	41.704.748	105.000.000
VIII Retained earnings (losses)	(132.398.568)	(147.306.327)
IX Loss for the year attributable to the Group	(102.393.789)	(48.387.493)
Total Net Equity attributable to the Group	(36.948.957)	(4.555.168)
Net Equity attributable to Minorities	-	-
Total Net Equity attributable to the Group and Minorities	(36.948.957)	(4.555.168)
B) PROVISIONS FOR RISKS AND CHARGES		
2) for taxes, including deferred	3.805	345.680
3) other	29.932.248	28.050.122
Total Provisions for risks and charges	29.936.053	28.395.802
C) PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES	876.051	876.248
D) PAYABLES		
1) Bond loan		
a) within 12 months	6.900.000	6.550.000
b) beyond 12 months	275.659.066	280.793.825
3) Shareholders' loan		
a) within 12 months	7.356.244	8.024.243
b) beyond 12 months	70.877.005	140.877.005
4) Bank loan		
a) within 12 months	25.378.472	166.667
b) beyond 12 months	25.000.000	25.000.000
5) Other financial loans		
a) within 12 months	-	92
6) Advances	8.831.808	138.017
7) Trade payables		
a) within 12 months	59.919.145	54.220.080
b) beyond 12 months	36.986.785	25.740.013
9) To subsidiaries		
a) within 12 months	16.306	16.306
10) To associated companies		
a) within 12 months	3.063.941	2.083.585
11) To parent companies		
a) within 12 months	285.000	181.123
11 bis) To companies subject to parent companies control		
a) within 12 months	4.929.154	2.699.154
b) beyond 12 months	46.235.084	46.235.084
12) Tax payables		
a) within 12 months	48.513.147	20.003.507
13) Social security payables		
a) within 12 months	3.979.260	1.535.099
15) To specific sector institutions		
a) within 12 months	113.493.978	78.126.951
b) beyond 12 months	93.984.389	56.800.416
16) Other payables		
a) within 12 months	39.935.002	24.666.197
Total payables	871.343.786	773.857.364
E) ACCRUALS AND DEFERRED INCOME		
I) Accrued liabilities	573.496	557.266
II) Deferred income	49.443.137	30.376.328
TOTAL LIABILITIES	915.223.566	829.507.840

GROUP F.C. INTERNAZIONALE MILANO
Consolidated Financial Statements as of June 30, 2020

INCOME STATEMENT

Translation from the original version issued in Italian

12 months at
30 June 2020
amounts in Euro

12 months at
30 June 2019
amounts in Euro

A) VALUE OF PRODUCTION

1) Revenues from sales and services		
a) revenue from home matches	27.574.094	26.112.587
b) revenue from away matches	-	-
c) season tickets	16.802.772	18.563.663
e) other revenues	74.487.857	125.974.131
4) Capitalization of youth programme costs	8.634.746	7.147.379
5) Other revenues and income		
a) grants and contribution	4.652.909	4.284.440
b) sponsorships	22.154.411	29.108.266
c) advertising income	2.711.111	4.572.248
d) commercial income and royalties	2.537.309	2.267.743
e) income from the sale of television rights		
- television revenues	69.755.258	87.221.195
- television income from participation in UEFA competitions	45.603.000	51.738.723
f) various income	-	55.000
g) revenues from temporary loan of players	5.515.267	2.523.483
h) gains on sale of player registrations rights	61.546.275	40.140.634
i) other income from player management	3.925.553	1.209.614
l) sundry revenues and income	26.469.549	16.161.128
Total Value of Production	372.370.111	417.080.234

B) PRODUCTION COSTS

6) Cost of raw materials, supplies and consumables	3.243.068	3.226.545
7) Cost of services	65.090.766	56.054.442
8) Costs of rents and leases	11.938.186	9.728.873
9) Personnel costs		
a) salaries and wages	181.340.808	174.905.831
b) social security contributions	8.321.829	8.027.211
c) employee severance indemnity	2.091.181	1.941.161
e) other costs	6.251.580	7.722.272
10) Amortisation, depreciation and impairment		
a) amortisation of intangibles assets	132.670.879	95.719.810
b) depreciation of tangible	2.055.367	1.953.181
c) write-downs of assets	3.570.271	3.567.858
d) write-downs of doubtful account receivables included in current assets	742.985	4.993.354
12) Provision for risks	(3.402)	1.552.492
13) Other provisions	15.236.091	25.811.000
14) Other operating expenses		
a) various costs of organising competitions	2.986.579	3.416.021
b) competition registration fees	15.020	5.007
c) specific expenses paid to visiting teams		
- percentage of match takings paid to visiting teams	276.721	79.984
d) costs for the temporary acquisition of players	3.067.820	21.609.545
e) losses from the sale of player registrations	36.098	667.586
f) other expenses from player management	672.556	1.052.483
g) other operating expenses	4.319.398	6.147.836
Total Production Costs	443.923.801	428.182.492
Difference between value and cost of production (A - B)	(71.553.690)	(11.102.258)

C) FINANCIAL INCOME AND EXPENSES

16) Other financial income		
a) from receivables classified as fixed assets		
- from other companies	209	197
d) other income		
- from third parties	7.635.012	5.625.657
17) Interest and other financial charges		
b) from companies subject to parent companies control	(3.013.514)	(3.005.280)
c) from parent companies	(5.529.912)	(9.833.005)
d) other financial expenses	(25.461.249)	(22.921.383)
17bis) Gains and losses on foreign currency traslation		
a) income from exchange	562.187	192.255
c) losses on exchange	(405.859)	(148.212)
Total Financial Income and Expense	(26.213.126)	(30.089.771)

D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS

18) Revaluation		
a) of investments	529.404	871.196
Total value adjustments to financial assets	529.404	871.196

Pre-tax results	(97.237.412)	(40.320.833)
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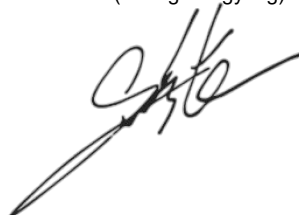
20) Current and deferred income taxes		
a) current taxes	(6.617.614)	(8.730.307)
b) deferred tax liabilities	338.158	(74.466)
c) deferred tax assets	1.123.079	738.113

Profit (loss) after taxes before minority share	(102.393.789)	(48.387.493)
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21) Net Profit/(Loss) attributable to minority share	-	-
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21) Net Profit/(Loss) attributable to the Group	(102.393.789)	(48.387.493)
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On behalf of the Board of Directors
The President
(Zhang Kangyang)



Euro	12 months at June 30, 2020	12 months at June 30, 2019
Cash flow from operating activities		
Loss for the year	(102.393.789)	(48.387.493)
Income taxes	6.617.614	8.730.307
Net financial expenses	26.369.454	30.133.814
1. Loss for the fiscal year before taxes and interests	(69.406.721)	(9.523.372)
<i>Non cash adjustments</i>		
Amortization	134.727.221	97.672.991
Provision for doubtful account receivable impairment	542.385	4.993.354
Impairment of fixed assets	3.570.271	3.567.858
Net usage of provision for employee severance indemnities	(197)	120.053
Net provision/usage of provision for risks and charges	1.540.251	27.254.395
Revaluation (investments)	(529.404)	(871.196)
Net gain on disposal of player registration rights	(61.510.177)	(39.473.048)
2. Cash flow from operating activities before changes in net working capital	8.933.629	83.741.035
<i>Changes in Net Working Capital</i>		
Variation in trade	-	2.752
Variation in receivables	31.977.823	(24.441.821)
Variation in payables	69.954.011	12.147.298
Other net working capital items	5.103.893	2.381.260
3. Cash flow from operating activities after changes in working capital	115.969.356	73.830.524
<i>Other Adjustments</i>		
Taxes paid	(4.062.799)	(7.528.325)
Interests and other financial charges collected/(paid)	(16.633.044)	(18.661.817)
A Cash flow from operating activities (A)	95.273.513	47.640.382
Cash flow from investing activities		
Increase in intangible assets - player registration rights	(217.286.281)	(107.213.198)
Decrease in intangible assets - player registration rights	80.217.493	48.761.667
Changes in receivables/payables from specific sector institutions	76.809.574	18.994.281
Investments in intangible assets - Youth Programme Costs	(8.634.746)	(7.147.379)
Decrease in intangible assets - Stadium improvements and others	(2.543.268)	(3.808.485)
Net investments in Property, Plant and Equipment	(8.482.797)	(4.427.528)
Net investments in financial fixed assets	(43.246)	(1.889.577)
Repayment on cash deposits related to Bond Loan	79.415	(64.914)
B Cash flow from investing activities (B)	(79.883.856)	(56.795.133)
Cash flow from financing activities		
<i>Debt Financing</i>		
Net Increase in Bank Loan	25.000.000	25.000.000,00
New Shareholder loans	-	-
Bond Loan repayments	(6.550.000)	(6.250.000)
C Cash flow from financing activities (C)	18.450.000	18.750.000
Increase/(Decrease) cash and cash equivalents (A ± B ± C)	33.839.657	9.595.249
Cash at hand and on bank at beginning of the year	54.666.197	45.070.948
Cash at hand and on bank at the end of the year	88.505.854	54.666.197

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



F.C. INTERNAZIONALE MILANO GROUP

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

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

General information about the Group

F.C. Internazionale Milano S.p.A. (hereafter "FC Inter" or "the parent company") is a share capital company, incorporated and domiciled in Italy, having its registered office in Milan, Viale della Liberazione 16/18, whose controlling shareholder, since June 28, 2016, is the company Great Horizon S.à.r.l controlled by Suning Holdings Group Co., Ltd.

The activities performed by the Parent Company and its subsidiaries (hereinafter the "Group", the "F.C. Inter Group" or the "F.C. Internazionale Milano Group") generates income of various nature: the revenues arising directly from traditional sports activity (revenues from games) and the management of the team are complemented by those arising from the granting of radio and television rights, from sponsorship and from the exploitation of the trademark and image rights.

Parent Company's corporate structure

The Company is part of "F.C. Internazionale" Group, whose Leading shareholder, as of June 28, 2016 is Suning Holdings Group Co., Ltd (Suning Group) a Chinese multinational company operating in the retail market of consumer electronics and already active in the football sector in China as owner of the club Jiangsu Suning Football Club, one of China's leading football clubs, participating to Chinese Super League.

As of June 28, 2016, the Parent company was shown as follows:

- Great Horizon S.à.r.l 68.55% (company entirely controlled by Suning Holdings Group Co., Ltd);
- International Sport Capital S.p.A 31,05%;
- Other minority shareholders 0.4%.

The entry of the Suning Group in June 2016 has made financial resources available to the Club for its national and international relaunch.

It should be noted that during the current fiscal year a further amount of Euro 70 million were converted into a "Reserve for future capital increases", exclusively reserved to the shareholder Great Horizon S.à r.l., and specifically Euro 60 million on March 24, 2020 and Euro 10 million on June 22, 2020.

On April 15, 2019, the portion of Suning Sports International Limited loan equal to Euro 48.5 million (of which Euro 46.2 million capital share and Euro 2.3 million interests) was assigned to the company subject to parent companies control Grand Flagship Limited, with extension of the maturity date to December 31, 2020.

During the current fiscal year, total interest of Euro 8.2 million was accrued; therefore, on June 30, 2020, the balance of the shareholders' loan of Great Horizon S.à r.l. amounted to Euro 78.2 million (of which Euro 70.9 million capital share and Euro 7.4 million interests), while Grand Flagship Limited debt amounted to Euro 51.1 million (of which Euro 46.2 million capital share and Euro 4.9 million interests).

It should also be noted that, on December 26, 2019, all shareholders' loan of Great Horizon S.à r.l., and all debts of Grand Flagship Limited were extended to December 31, 2021.

The level of capitalization determined by company cooperation (mainly related with player transfer) capital transactions and the liquidity provided by the aforementioned financing and subsequent conversion operations described above, as well as the commitment of the Suning Group to support the Group in the proper way in the foreseeable future, make it possible to believe that the Group operates as a going concern as described in greater detail in the "Going Concern" note and indicated in the Report on Operations.

Form and content of the consolidated financial statements of the Group as of June 30, 2020

The consolidated financial statements consist of the Balance Sheet, Income Statement and Explanatory Notes. Specifically, the latter serves the function of providing an explanation and analysis of the consolidated data, and contains the information required by the provisions of Article 38 of Legislative Decree 127/1991. The statements of assets and liabilities and those of profits and losses are expressed in Euro, whereas the Report on Operations and Explanatory Note are expressed in thousand Euros, as explicitly stated in the comments and tables unless otherwise specified.

In order to comply with the procedures specified in articles 2424 and 2425 of the Civil Code, and by the additions and changes introduced to the civil code by the Legislative Decree 139/2015 and next changes starting from December, 29

2017, which implemented in Italy the accounting Directive 34/2013/EU, the items of the consolidated Assets and Liabilities Statement and Profits and Losses Statement were classified according to the structure of financial statements required by the professional football club, in compliance with the provisions of the F.I.G.C. Official Communiqué n° 58, published on September 5th, 2006; such provisions were integrated to those issued by the Commissione di Vigilanza per le Società di Calcio (Supervisory Commission for Italian Football Clubs) – Co.Vi.Soc. – which allowed for the technical interpretation of the legal provisions, and which were also taken into account while preparing the Report on Operations and Explanatory Notes herein.

The items marked in Arabic numbers presenting a zero balance were omitted in both the current and previous reference fiscal year.

The variations of each single item and notes to the main items are indicated in the Explanatory Notes.

The section “Annexes”, which is an integrative part of the Explanatory Notes, includes the tables containing both some mandatory information required by outstanding law.

Area of consolidation and the presentation of the consolidated financial statements

The consolidation perimeter of the F.C. Internazionale Milano Group, remained unchanged compared to June 30, 2019, was determined with reference to the legal control that the Parent Company exercises on the Group companies.

Therefore, the consolidated financial statements include the financial statements of the Parent Company F.C. Internazionale Milano S.p.A., its subsidiaries Inter Media and Communication S.p.A., Inter Brand S.r.l. and Inter Futura S.r.l., of which the Parent Company holds, directly or indirectly, the majority of the voting rights and over whose activity it has a dominant influence. The associated company M-I Stadio S.r.l., in which it holds a 50% stake together with the company A.C. Milan S.p.A., was measured using the Shareholders’ Equity method (“equity method”).

The consolidation perimeter as of June 30, 2019 thus includes the following companies, in addition to the Parent Company:

COMPANY	Percentage shareholding equity
INTER MEDIA AND COMMUNICATION S.P.A.	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 reference date of the consolidated financial statements (June 30, 2020) is the date the Parent Company’s fiscal year ends.

These consolidated financial statements were prepared on the basis of the financial statements for the companies Inter Brand S.r.l., Inter Futura S.r.l., Inter Media and Communication S.p.A. and M-I Stadio S.r.l.

The companies Shanghai Inter Brand Trading Co., Ltd. and Inter Brand China Co., Ltd. in liquidation, subsidiaries indirectly held by the Parent Company through Inter Brand S.r.l., were not consolidated because they no longer represent a long-lasting investment for the Group and the shareholdings are classified in the line item “Financial assets not held as fixed assets” of Working capital. Further, the latter, do not have accounting values that are globally relevant in accordance with Art. 28 of Legislative Decree 127/91, due to the future liquidation.

Consolidation standards

The following consolidation standards were used to prepare the consolidated financial statements:

- the measurement criteria conform to the provisions of Article 2426 of the Italian Civil Code;
- in preparing the financial statements, all the general standards analytically indicated and defined by Article 2423-bis of the Italian Civil Code were complied with;
- the line items were not grouped in the Balance Sheet and in the Income Statement;
- the financial statements were prepared through the complete consolidation of the companies Inter Media and Communication, Inter Brand S.r.l. and Inter Futura S.r.l., whereas for the associated company M-I Stadio S.r.l. the Shareholders’ Equity method (*equity method*) was used, in which the pro-quota result is recognized in an individual line of the Income Statement (among revaluations/write-downs of equity investments), whereas the value (pro-quota) of Shareholders’ equity is synthetically recognized in the line item “Equity Investments”.

The consolidation accounting records mainly regard:

a) **ELIMINATION OF EQUITY INVESTMENTS IN SUBSIDIARIES**

The accounting value of the equity investments held by F.C. Internazionale Milano S.p.A. in the subsidiaries and by Inter Brand S.r.l. in Inter Media and Communication S.p.A. was eliminated, at the time of consolidation, with respect to the relative Shareholders’ equity in exchange for the assumption of the assets and liabilities of the subsidiaries using the global integration method.

b) **INTERGROUP TRANSACTIONS**

The reciprocal receivables and payables as of June 30, 2020 and the most significant economic transactions that occurred during the fiscal year that ended on such date among the companies included in the consolidation perimeter were eliminated. Specifically, all the effects deriving from the intergroup contribution described in the paragraph “Contribution in kind and Debt Refinancing” were eliminated.

Reconciliation between Shareholders' equity and the Result for the fiscal year indicated in F.C. Internazionale Milano S.p.A.'s financial statements and in the F.C. Inter Group's consolidated financial statements ended June 30, 2020

Description	Shareholders' Equity as of June 30, 2020	Fiscal year result for 12 months at June 30, 2020
F.C. Internazionale Milano S.p.A.	50.139.443	(73.297.241)
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	(57.991.852)	
Total effects on Shareholders' Equity	(57.991.852)	-
Effects on operating results:		
Elimination dividend of FC Internazionale Milano S.p.A. Distributed by I.Brand S.r.l.	(27.467.380)	(27.467.380)
Elimination dividend of FC Internazionale Milano S.p.A. Distributed by Inter Media and C. S.p.A.	(40.383.186)	(40.383.186)
Elimination dividend of Inter Brand S.r.l. Distributed by Inter Media & C. S.p.A.	(31.719.379)	(31.719.379)
Elimination of amortization of capital gains from contribution allocated to Inter Media and C. S.p.A. Net of the effect on deferred taxation	10.912.208	10.912.208
Economic result Inter Brand S.r.l.	31.909.603	31.909.603
Economic result Inter Futura S.r.l.	44.809	44.809
Economic result Inter Media and C. S.p.A.	27.606.777	27.606.777
Total effects on the operating results	(29.096.548)	(29.096.548)
Consolidated F.C. Internazionale Milano	(36.948.957)	(102.393.789)

Reference is made to the note "Going Concern" for comments related to the going concern of the Group and the Parent Company, while pointing out that the minimum capitalisation limits imposed by the article 2447 of the Civil Code cannot be applied to the consolidated financial statement. The Shareholders' Equity as of June 30, 2020 falls within the minimum capitalization limits set out by the Italian Civil Code.

Measurement criteria and accounting standards

In preparing the consolidated financial statements, we complied with standards of clarity as well as the truthful and accurate representation of the Balance Sheet and Income Statement set forth in the second clause of Article 2423 of the Italian Civil Code.

The consolidated financial statements were prepared according to the provisions of Legislative Decree 127/91, in compliance with general standards of prudence, accrual-based accounting, and in view of going concern, based on the assumptions better discussed in the Report on Operations and in the following note "Going Concern", and considering the economic utility of the asset and liability items. In this context, the going concern issues, is provided by the Parent Company and the other companies inside the consolidation organization.

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

In compliance with the standard of accrual-based accounting, the effect of transactions and other events was recognized in the accounting records and attributed to the fiscal year to which such transactions and events refer, and not to those in which the relative cash movements (collections and payments) are made.

The measurement considers the economic utility of the asset or liability item, considering that it expresses the standard of the prevalence of substance over form, which is mandatory when it does not expressly conflict with other specific rules on financial statements, and allows transactions to be represented according to the economic reality underlying their formal aspects.

It is also specified that in preparing the consolidated financial statements ended June 30, 2020, no derogations were made in accordance with Articles 2423 clause 4 and 2423-bis last clause of the Italian Civil Code.

The valuation criteria adopted for the preparation of the consolidated financial statements as of June 30, 2019, unchanged compared to the previous fiscal year, comply with the provisions of the Italian Civil Code, as amended by D.lgs. 139/2015, appropriately supplemented by the accounting principles developed by the National Councils of Chartered Accountants and Accountants, as amended by O.I.C. (Italian Accounting Organization) included amendments as of December 29, 2017, taking into account also the sectoral practices and the rules laid down by the Italian Football Federation ("Federazione Italiana Giuoco Calcio") and the Supervisory Board for Football Companies ("Commissione di Vigilanza per

le Società di Calcio “) that have allowed to interpret the legal provisions in the technical terms in the following paragraphs with a specific reference to each single item of the balance sheet and the income statement

Going Concern

The Consolidated Financial Statements as at June 30, 2020 are prepared on the assumption of going concern in accordance with the considerations set out below.

The spread of the pandemic caused by COVID-19 has represented and represents for the sports sector, in particular football, and for the F.C. Inter group a significant event with important negative impacts on the economic, financial and equity situation of the Group itself, characterized, among other things, by a negative income trend, which is expected to be reconfirmed in the future and by a significant financial requirement, which is expected to worsen in the coming months. The Group's operations and results continue to be significantly influenced by the effects of the pandemic and by the actions taken by the Government and institutional bodies such as the Lega Calcio.

In fact, these actions led first to the suspension and subsequently to i) extension of UEFA competitions until August and of the 2019/2020 Serie A season until July, ii) the closure of the San Siro stadium to the public from March 9, 2020, iii) to the postponement of the players' summer transfer window to August and September and iv) to the start of the new 2020/2021 season in September, initially with an influx of 1000 spectators and subsequently behind closed doors.

The club only played two home games behind closed doors in Serie A between 9 March and 30 June compared to the eight scheduled, including at least one additional match in the UEFA Europa League. This caused a decrease in revenues for the twelve months to June 30, 2020 both with reference to the lack of public and with reference to the recognition of revenues related to sports services (mainly TV rights and sponsorships) that were recognized during the 2020/2021 financial year due to the postponement of the above competitions.

As described above, the COVID-19 pandemic therefore had an impact on cash flow generation for the twelve months to June 30, 2020 and will have an equal negative impact on current season's cash generation, especially in the current context of the pandemic flare-up.

In this regard, the Directors have developed a business plan with different scenarios that provide for losses also for the financial year to June 30, 2021, with direct consequences both on the cash flows generated and on the level of capitalization.

In this context, the relevant Shareholder (Suning) has reconfirmed its commitment to appropriately support the Group in the foreseeable future of the next twelve months. In this regard, it should be noted that in March and June 2020 the relevant Shareholder waived shareholder loans for Euro 60 million and Euro 10 million respectively, allowing the shareholders' equity of the Parent, on which the capitalization parameters are measured provided for by the civil code pursuant to art. 2446 and 2447, to remain positive as at June 30, 2020. The level of shareholders' equity of the parent company is still positive on the basis of the interim situations prepared for the verification of the capital requirements also following the contribution in terms of revenues and therefore the result from the deferral of fees for TV rights and sponsorships as better described in the continuation of this supplementary note. For the sake of completeness of information, it should also be noted that during the current year the Parent Company used additional lines of credit for Euro 25 million which brought in additional financial resources. Finally, in July, the subsidiary Inter Media and Communication issued a bond for an additional amount with respect to the one already in place equal to Euro 75 million, the resources of which were mainly used to pay the payables due for the transfer campaign of the Parent Company. That said, the Directors considered the going concern assumption appropriate for the preparation of the Consolidated Financial Statements despite the loss suffered by the Group and the projections that foresee a loss also for the end of the financial year as at June 30, 2021 which will - as already mentioned - further affected by the flare-up of the COVID-19 pandemic.

For the sake of completeness, it should be noted that a possible new spread of COVID-19 and a subsequent further Lockdown as well as an overstated extension of the restrictions on sporting events, could have disruptive effects on the entire football industry, both nationally and internationally.

The Group will continue to monitor the situation and evaluate measures to maintain the stability of the operation through careful management of the core assets (players), active management of commercial relations and management of cost control. Meanwhile, Suning's current commitment will ensure going concern.

It should be noted that, with regard to the minimum capital requirements envisaged by the Civil Code, they are applicable with reference to the separate financial statements of the Parent Company FC Inter which, as previously mentioned, is in a positive net equity situation that complies with the requirements of the articles 2446 and 2447 of the civil code. However, the Directors foresee that in the coming months the Parent Company's equity could decrease so much that they do not comply with the provisions of the aforementioned articles. In this regard, the Directors envisage - first of all and in accordance with the period of validity of the exemption - to apply the provisions of Art. 6 of the “Liquidity Decree” (converted into law no. 40 of June 5, 2020) which provides for the derogation from the minimum capital requirements for companies established by art. 2446 and 2447 of the Civil Code and subsequently with capital and financial support guaranteed by the reference Shareholder to allow the Company to operate as a going concern.

ASSETS

Intangible assets

Intangible assets are recognized, with the prior consent of the Board of Statutory Auditors, if expressly required, at purchase cost, inclusive of any ancillary costs, and are systematically amortised for the period of their foreseeable future utility.

If, independently from the amortisation already recorded, there is an impairment loss, the fixed asset is written down by a corresponding amount; if during subsequent fiscal years the conditions for the write-down cease to exist, the original value is restored, adjusted only by amortisation.

Industrial patents and similar intellectual property rights

These have been amortised based on their estimated useful life, mainly on a three-year basis starting from the fiscal year in which the process of economic utility initiated. The necessary write-downs are made if it is not clear that the investments are recoverable.

Concessions, licenses, trademarks and similar rights

Trademarks have been systematically amortised at a constant rate over twenty years, starting on the date of the Contribution in kind to Inter Media, following allocation of the capital gains recognized in the financial statements of Inter Media, as better described in the paragraph "Other information - Description of the Group's corporate restructuring and debt refinancing", which resulted in the recalculation of useful life; such period is considered to be representative of their estimated residual useful life, also in consideration of the fact that the line item mainly refers to the 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 periodically subject to control of its recoverability if there are indicators of potential long-lasting losses of value.

The line item also includes the amount related to the definitive acquisition of the RAI library (historic library of images, materials and rights related to F.C. Internazionale Milano S.p.A.), as better described in the paragraph "Other information", systematically amortised at constant rates over thirty years.

The amortisation rates were calculated on a constant basis in relation to the estimated residual useful life.

Construction in progress and advances

The improvements to the G. Meazza Stadium were recognized among the costs capitalised in the caption constructions in progress and advances. Such costs were not amortised because they will be offset by the rent due to the Municipality of Milan (recognized in the line item "Trade payables") when the work performed has been tested and approved by such Municipality in accordance with the Convention stipulated by F.C. Internazionale Milan S.p.A. and A.C. Milan S.p.A. for the exploitation of the Stadium, which provides for the possibility of incurring expenses for the improvement and adjustment to legal requirements of the Stadium, that can be used "as deductions" with respect to the rent.

Capitalised youth programme costs

The changes introduced by the D.lgs. 139/2015 have also affected the regime of Capitalised youth programme costs, resulting in the issuance of the accounting recommendation # 2 – Capitalised youth programme costs by the Italian Football Federation (Figc) in order to define the costs eligible to be deferred. Specifically, the capitalisation of such costs are allowed in the case that these charges are esclusivamente occurred for managing, promote, and develop youth sector.

Such line item also includes the training bonuses paid, in accordance with Article 96 N.O.I.F., to amateur/professional clubs following registration by the Parent Company of young football players coming from them. Under no circumstances can be capitalised the remuneration and reimbursement of expenses recognised for expatriate employees in the youth sector teams.

Such costs, having long-term utility, were capitalised in their entirety without any reference to the individual football players, and are amortised on a straight-line basis in five fiscal years, starting from the fiscal year in which they were incurred. The capitalisation of the above costs is done using a specific line item of the Income Statement called "Capitalised youth programme costs".

Player registration rights

The player registration rights are recognized at their historic purchase cost, inclusive of any directly attributable ancillary costs, and the amounts are net of the amortisation rates that are calculated at constant rates in relation to the duration of the contracts stipulated with the individual professional football players. 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 recorded in the financial statements corresponding to the actualized debt value determined in accordance with OIC 19 "Payables".

The amortisation begins in the fiscal year in which the football player is registered.

For rights acquired during the fiscal year, amortisation starts from the date of the player's availability, using the *pro-rata temporis* method.

The original amortisation plan may be extended as a result of the possible renewal of the contract, even though it occurred after the close of the financial year, but before the approval of the financial statements. The new amortisation plan, on a

straight-line basis, takes into account the net book value of the right, at the beginning of the date of the fiscal year, and its new duration.

The player registration rights are recognized (in case of purchase) or are eliminated from the financial statements (in case of sale) at the date of the contract, to which retrospective, pursuant to art. 1360 Civil Code, the effect of the enforceability certificate issued by the National League of Professionals ("*Lega Nazionale Professionisti*") for national transfers or the International Transfer Certificate ("ITC") issued by the Italian Football Federation for international transfers. In the absence of a contractual estimate of the effectiveness of the contract, the timing for the inclusion or elimination from the financial statements is that of the enforceability visa issued by the National Professionals League for national transfers or the effect of the issuance of ITC from part of the Italian Football Federation for international transfers.

Such line item also includes the multi-year costs incurred by the Parent Company for the registration as professionals of football players coming from amateur clubs, or foreign clubs that have contributed to the technical training of such football players.

Specifically, the following have been recognized:

- the bonuses for training and learning technical skills were paid, in accordance with Article 99 N.O.I.F., to the amateur clubs after the stipulation of the first contract as a "professional" of football players coming from it. Such costs are amortised at constant rates in relation to the duration of the contracts stipulated with the individual football players;
- the training indemnities were paid, on the basis of FIFA regulations, to foreign clubs after the stipulation of a contract as a "professional" of football players coming from them. Such costs are amortised at constant rates in relation to the duration of the contracts stipulated with the individual football players.

For the football players of series with a multi-year restriction, the cost is amortised at constant rates over a maximum period of five fiscal years.

The rights recognized in the accounting records refer both to registered athletes that participated, by means of their registration, in the activity of the fiscal year to which the financial statements refer, as well as to the registered athletes for the following season with a transfer contract stipulated prior to the reference date of the financial statements. No amortisation was calculated for them latter.

With specific reference to loan agreements that provide for the obligation that they be transformed from temporary acquisition to a definitive acquisition upon the occurrence of specific conditions ("loan agreement with redemption obligation"), the right to the registration of the football player (corresponding to the overall amount of the consideration provided for the redemption, increased by the consideration due for the temporary acquisition) and the relative payable are recognized in the Balance Sheet starting from the season in which it is highly probable that these conditions will 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 right is amortised 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 temporary transfers that provide for a redemption obligation on specific conditions, the capital and economic effects (recognition of trade receivable for invoice to be issued amounting to the sell price – which includes the amount of the fees together with the redemption value – and derecognition of the player right with gain or loss arose charged to income statement as a consequence) are recognized at the time when the condition is highly probable. The receivables is instead entered when the contractual condition is realized.

It is also noted that if condition becomes highly probable or occurs between the reference date and the date of the financial statement approval, the capitalisation or the sale of the player registration rights and the consequent effects are backward recognized as adjusting event at the reference date of the financial statement, in accordance to OIC 29, being such transaction related to an asset under the control of the Parent Company according to OIC 24.

If the 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 reference date of the financial statements or financial statements.

Further, when there are indicators of the loss of value of the multi-year rights to the registrations of the football players, a write-down is made of the residual book value.

The effects of integrations and innovations introduced to the civil code by the D.lgs. 139/2015 on the "Player registration rights" are described in "Payables and receivables to/from football clubs".

Other intangible assets

The other intangible assets, mainly related to the work for the requalification of the areas inside of the G. Meazza Stadium, that are not "deducted" from the rent, and improvements to the "Giacinto Facchetti" Sports Centre and to the new building used as legal and administrative headquarter (situated in Viale della Liberazione 16/18, Milan), are recognized at purchase cost, net of the relative amortization fund. The amortization rates were calculated in a straight-line basis in relation to the residual possibility of use. Specifically, with reference to the duration of the amortization period, it corresponds to the shorter between the duration of the concession contract and the useful life of improvements.

Property, plant and equipment

Property, plant and equipment are recognized at purchase cost, inclusive of directly attributable ancillary costs, and increased by maintenance costs and repairs of an incremental nature; land and buildings are recognized at their current value on the date of the merger with Inter Capital S.r.l. Maintenance costs and the costs for ordinary repairs that do not involve an increase of the values of assets are instead directly allocated to the Income Statement.

Property, plant and equipment Construction in progress are recognized at cost in "Construction in progress" until their construction has been completed; upon completion, the cost is classified in the relative line item and subject to depreciation.

It is specified that in the consolidated financial statements as of June 30, 2019, no economic or monetary revaluations were made in accordance with law.

The values of property, plant and equipment are adjusted, directly in the account as required by the Balance Sheet format, by annual depreciation rates calculated systematically and on an accrual basis, reduced by 50% for assets acquired during the fiscal year, based on tax rates deemed to be representative of the estimated useful economic-technical life of the fixed assets. Purchases of assets in a unitary amount less than Euro 516.46 were allocated directly to the Income Statement. The annual tax rates used for depreciation are indicated in the following table:

Asset	Rate
Land and Buildings	
Buildings	3.0%
Light buildings	10.0%
Plant and Machinery	
Generic systems	10.0%
Specific systems	19.0%
Equipment	
Sports and various equipment	15.5%
Sanitary equipment	12.5%
Other assets	
Electronic machinery	10%-15%-20%
Furniture and office machines	12.0%
Motor vehicles	25.0%

Assets having an unlimited useful life, such land are not subject to depreciation.

If, independently from the depreciation already recorded in the financial statements, there is a long impairment loss of value, there is a corresponding write-down of the fixed asset; if during subsequent periods the reason for impairment loss no longer exist, the original value is restated and adjusted only by depreciation.

Loss of value of intangibles and property, plant and equipment

At each reference date intangibles and property, plant and equipment are analysed to determine whether there are any indicators of reduction of their value (*impairment test*). If such indicators are found, an estimate of the recoverable value of the relative assets is made, allocating any write-down to the Income Statement. The recoverable value of an asset is the greater between its fair value, and 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 basis for a write-down previously made ceases to exist, the accounting value of the asset, except for 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 amortised.

Financial fixed assets

Equity investments in associated and other companies

With reference to M-I Stadio S.r.l., as already described above, the relative financial fixed assets has been recognized in the accounting records using the Shareholders' Equity method (*equity method*).

Financial investments in other companies are recognized in financial statements at their subscription or purchase cost, in case are adjusted following long-lasting losses of value. If on the date of the close of the fiscal year, the financial statements of associates and subsidiaries, based on available data, indicate losses considered to be non-recoverable with respect to future profits, the financial fixed assets investment is written down so that its net value is equal to the pro-quota share of the associate/subsidiary's Shareholders' equity. Impairments of financial fixed assets are not maintained in subsequent fiscal years if the reasons for the write-down no longer exist.

Receivables included in the financial assets

In this line item there are recognized the amounts paid as a guarantee on the bond as described in the paragraph "*Other information - Contribution in kind and debt refinancing*".

Receivables from others represent security deposits recognized at nominal value, and those in foreign currency are recognized in the accounting records in Euro at the exchange rate on the date the transaction took place, or at the exchange rate on the date the fiscal year of reference ended if lower and if the reduction is long-lasting.

Receivables

The receivables are recognized in the consolidated financial statements according to amortised cost, taking into account the time factor and the estimated realizable value. The amortised cost is not applied when the effects are irrelevant, or when transaction costs, commissions paid between the parties and any other difference between initial value and value at maturity are minor or if the receivables are short term (i.e., with a maturity of less than 12 months).

Trade receivables with maturity beyond 12 months from the time of initial recognition, without payment of interest or interests significantly different from market interest rates, and its revenues, it appears initially to the value determined by discounting the future cash flows to the market interest rate.

The difference between the value of the initial recognition of the receivables so determined and the value completed is recognized in the income statement as financial income along the credit fiscal year using the effective interest method.

The value of the receivables, as determined above, is adjusted, where necessary, by a specific provision for impairment exposed to direct reduction of the value of credits in order to adapt them to their estimated recoverable amounts. The amount of the write-down at the reporting date is equal to the difference between the book value and the value of the estimated future cash flows, reduced by the amounts that you expected not going to cash, discounted at original effective interest rate of the receivable.

The amount of the write-down is recognised in the income statement.

Receivables in currencies different to the Euro were recognized at the exchange rates in effect on the date in which the relative transactions took place. Such receivables were adjusted to the interest rate of the end of the fiscal year and any profits or losses were allocated to the Income Statement (in the line item C17 bis). Any net profits on exchange rates is allocated to a specific reserve that is non-distributable until they are realized.

Financial assets not held as fixed assets

This line item includes all assets that are short-term investments in financial assets or which are not to be used as long-term investments for the business.

Such short-term financial assets, consisting of equity investments in non-consolidated subsidiaries, are recognized at cost or at their presumable realizable value (calculated on the basis of the estimated realizable value at the time of liquidation) if lower, with the recognition of an impairment. The impairment is eliminated, within the limit of cost, if the basis for such impairment ceases to exist.

Cash at bank and on hand

Cash at bank and on hand is recognized at nominal value.

Accruals and deferrals

Shares of costs and proceeds, common to two or more fiscal years, are recognized in these line items, in accordance with the standard of accrual based accounting.

LIABILITIES

Shareholders' equity

This line item represents the difference between all of the asset and liability line items calculated according to the standards set forth herein, and includes contributions made by shareholders at the time of incorporation and subsequent increases of capital, reserves of any kind, profits and losses of prior fiscal years carried forward and the consolidated result of the the fiscal year July 1, 2018 – June 30, 2019.

Provisions for risks and charges

These have been allocated to cover losses or liabilities that are certain or likely to occur, the amount of which or date when they will occur, however, could not be determined as of the date of the close of the fiscal year. Any contingent liabilities are recorded in the financial statements and recognized in the provisions for risks and charges caption if it is deemed more likely than not they will occur and the amount of the relative cost can be reasonably estimated.

In preparing the consolidated financial statements, risks and losses were considered in the commentary, even if they became known after the close of the fiscal year if their accrual basis is referable to the annual financial statements, and specific allocations were made to future risk and charges if required.

Contingent liabilities that are only possible are indicated in the Explanatory Notes without any allocations being made.

Provisions for employee severance indemnities

Reserve for employee severance indemnities reflects the sums accrued at the end of the fiscal year on behalf of employees, in conformity with contractual regulations and outstanding legislation. Such liability is subject to revaluation using indexes. It is noted that starting from January 1st 2007, the Finance Law and the relative implementing decrees modified the severance pay regime, among which the employee's choice with respect to the use of accrued severance pay (to complementary pension funds or to the "Treasury Fund" managed by INPS). The amount recognized in the financial statements is therefore net of the payments made to the cited funds.

Payables

Payables are measured at amortised cost, taking into account the time factor. Amortised cost is not applied to debts if the effects are irrelevant. The effects are considered irrelevant to the liabilities (i.e., with a maturity of less than 12 months). For the amortised cost please refer to the accounting policy related to "Receivables".

Payables in currency not adhering to the Euro are recognized at the exchange rates in effect on the date the relative transactions took place. Such payables are adjusted to the exchange rate at the end of the fiscal year and any profits and losses are allocated to the fiscal year Income Statement (in line item C17 bis). Any net profit on exchange rates is allocated to a specific reserve that is non-distributable until it is realized.

Payables and receivables to/from football clubs

Among payables and receivables, we note those deriving from the purchase and sale of rights to the registrations of football players of the team of origin or destination. Specifically, if the team of origin or destination belongs to a foreign federation, the counterpart is the club that sells or buys the right; if instead the team of origin or destination of the football player belongs to the Italian Football Federation, and therefore the purchase contract or transfer of the right is subject to ratification by the National League of Professionals, the settlement of the consideration referable to the fiscal year takes place through the account "Lega c/Trasferimenti", which acts as a "clearing house" for all of the transfers among the Italian football clubs.

Receivables and payables are measured according to the amortised cost, taking into account the time factor and the estimated realizable value. The amortised cost is applied only to receivables and payables with maturities greater than 12 months and when the effect is significant, and are initially recognised at the value determined by discounting the future cash flows to the market interest rate; the difference between the value of initial recognition and the nominal value is recognized in the income statement as financial income on the duration of the credit/debit using the effective interest rate method. The counterpart is accrued in the intangible assets as an adjustment of the value of the "Player registration right" in the case of purchase of the Player Registration Right and in the income statement as an adjustment of the capital gain/loss in case of sales of the Player Registration Right.

The payables or receivables from football clubs belonging to the National Professional League are accounted as already described towards the counterpart Lega Seria A because subject to the compensation line, instead in the explanatory notes are detailed in reference to each parties.

Receivables and payables to football clubs which are not subject to compensation line item "Lega c/Trasferimenti" are indicated as towards each teams.

Costs and revenue

Costs and 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.

The revenue from matches and from the licensing of the relative television rights are 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.

Revenue from licensing, advertising and other services measured on an accrual basis.

Revenue from sales of goods (merchandising) is measured at the time of the transfer of ownership, which is normally when the goods are delivered or shipped.

Operating costs are allocated to the relative Income Statement.

The costs related to the bonuses to which the football players, coaches and technical staff are entitled for achieving pre-determined sports results and bonuses from sponsors are allocated to the relevant Income Statement, upon the occurrence of the sports event to which they are related.

Financial income and expenses are allocated to the relevant Income Statement.

Capital gains and capital losses deriving from the transfer of the multi-year rights to the registrations of football players are respectively classified in revenue and costs from characteristic management and are calculated as the difference between the agreed upon price and the net accounting value on the transfer date or without the predictable contract date, on the certificate of enforceability placed on the contracts by the Serie A National League of Professionals for national transfers, and on the date of the ITC issued by FIGC for international transfers.

In relation to the loan contracts with an obligation to buy, the value of the multi-year rights to the registrations of the football players is adjusted to the agreed price for the sale (including the amount of the redemption and the loan fees) at the time when the condition for redemption becomes highly probable or realized. For further details please refer to the Accounting Principle outlined above regarding the "Player registration rights".

If delays to customers (revenues) or to the Group (costs) are granted, not at normal market conditions without interest maturity, the amount that will be collected or paid is discounted. The difference between current value and amount collected or paid represents, respectively, a financial income or a financial expense recognized on an accruals basis over the maturity of the debt and the credit.

It should be noted that following the suspension and resumption of competitive activity with the conclusion of the 2019/2020 sports season on 31 August 2020, the recognition of certain revenue and cost items which were normally accounted for monthly pro-rata temporis was carried out taking into account the postponement of the sporting season. In particular, the change in recognition concerned:

- revenues relating to sponsorships that were first suspended in the "lockdown" period from March to May 2020 and the residual value rewarded pro-rata temporis from the resumption of activity until the natural conclusion of the 2019/2020 sports season, which occurred on the date of 31 August 2020.

- cost of registered personnel which - from the month of March - was re-measured on the residual duration of the sports season which was extended to 31 August 2020.

The reparameterization was not applied to the depreciation of tangible and intangible assets. For more information, please refer to the following section " Analysis of the line items of the Income Statement

Current taxes

Taxes are set aside on an accrual basis; they therefore represent the allocation for taxes that have been or are to be paid for the fiscal year, calculated according to tax rates and outstanding law.

It is also noted that the Parent Company has an outstanding tax consolidation agreement with its subsidiaries, the details of which are provided in the paragraph "Taxes".

Deferred tax asset and liabilities

Deferred tax asset and liabilities appear if the individual line items are recognized for tax fiscal year in different fiscal year than their accounting recognition. Specific allocations to funds for deferred taxes are made for the temporary differences. Deferred tax asset including the ones arising from fiscal losses, are recognized as assets if there is reasonable certainty for future taxable income sufficient to recover the losses, considering the provisions of Law no. 111/2011, converted by Law Decree no. 98/2011 called *Urgent provisions for the financial stabilization of the Country*.

The uncertainty of the Company's future profitability, also confirmed by the undertaking of the new Leading Shareholder to guarantee financial stability until there are stable conditions of autonomous economic balance, means that it is not opportune from a prudent standpoint, as in prior fiscal years, to have pre-paid taxes on temporary differences and fiscal losses. Both are calculated applying the tax rate in force on the date of the calculation. It should be noted that the consolidated financial statements reflect the calculation of current and deferred taxation with the use of the tax rate of 24% starting from July 1, 2017.

Other information

Use of estimates

The preparation of the consolidated financial statements requires Management to make estimates and assumptions that have effects on the values of the assets and liabilities of such consolidated financial statements and on the information related to contingent assets and liabilities as of June 30, 2020. The estimates and assumptions used are based on experience and other factors considered to be relevant. The final results might therefore be different from such estimates. The estimates and assumptions are reviewed periodically and the effects of each variation made to them are reflected in the Income Statement in the fiscal year in which the review of the estimate is made if the review has effects only on such fiscal year, or even in the following periods if the review has effects both in the current period as well as in future periods.

The most significant line items of the financial statements effected by some assumptions of uncertainty are the determination of Bad debt provision, Provisions for risks and charges and the Fair value of tangible and intangible assets.

With reference to the estimate of the bad debt provisions trade receivables, the financial statements reflect the estimate of the liabilities based on the best knowledge of the solvency status of the counterparties and the progress of the disputes, using the information provided in the legal and tax consultants who assist the Company and taking into account existing contacts with counterparties. The risk estimate is subject to the uncertainty inherent in any estimate of future events and the outcome of the litigation procedure and it can not be excluded that in future years there may be charges that can not be estimated due to a worsening of the status of disputes and solvency level of counterparties, even considering the general deterioration of markets solvency caused by the Coronavirus outbreak and its effect on clients and their cash flow generation.

With particular reference to the general provisions of the FFP, Directors believe, based on the financial and economical forecasts of 2021-2025, together with the Suning Group proper support, to be able to fulfill the forecasts themselves and in fact do not incur potential further penalties in the future. However, the assumptions used in the preparation of economic projections are characterized by intrinsic uncertainty both with reference to macroeconomic conditions of the sector, even more aggravated by the unpredictability of the Coronavirus outbreak effects on the capacity to create revenues and cash flow, as well as to specific conditions relating to the Company, 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 aforementioned sanctions. In this regard, the UEFA Executive Committee in its meeting of June 18, 2020 adopted certain amendments to the break-even requirements of the FFP regulations that determine the break-even result calculation facilities allowing not to consider certain negative impacts resulting from the COVID-19 pandemic.

With reference to the valuation of the recoverable value of intangible assets, the Directors, for the purposes of preparing the consolidated financial statements as at June 30, 2020, used the impairment test carried out to verify the recoverability of the values of assets as at March 31, 2020. These projections are based on assumptions which, as mentioned above with reference to the Parent Company, are characterized by intrinsic uncertainty both with reference to macroeconomic and sector conditions (the threshold level of which worsened as a result of the expansion of the COVID-19 pandemic) and to specific conditions linked to the Group, largely dependent on sports results, the possible achievement of which is not predictable at present and could lead to results different from what has been estimated; this could also determine at a consolidated level the need to write down the intangible and tangible fixed assets recorded in the consolidated financial statements, which at present are not based on objective assumptions.

Agreements with the RAI Group and Infront

On June 24, 2011 the Parent Company stipulated a contract with RAI for the purchase, starting from June 2011, of the RAI library related to the images and videos of the team's performance (historic library and materials and rights) and the library of self-productions of the thematic channel "Inter Channel" from 2000 through 2008.

At the same time, it stipulated an agreement with RAI that resulted in (i) a settlement regarding the prior use of the Library, (ii) a thirty year right of use until 2041, as well as (iii) the right to renew the contract for the use of the library from June 2041 through June 2071. With reference to such agreement, deferred income is currently recognized in the accounting records in the amount of Euro 11,714 thousand related to consideration which has already been financially settled but which is referable to future accounting periods.

On May 2, 2011 the Group also signed a contract with Infront S.r.l., a primary company operating in the national and International media market, which the Group entrusted with digitalizing, cataloguing and organizing the images belonging to the library that is the object of the RAI contract for the 2011/2012 through the 2015/2016 seasons. On June 21, 2012 an addendum was stipulated to the original contract with Infront S.r.l. which extends the term to the additional 2016/2017 and 2017/2018 football seasons. It also includes, in addition to the marketing of the library - inclusive of marketing the images of training sessions, interviews and press conferences - media packages and electronic games, as well as the audio-visual productions of Championship and Tim Cup matches. On May 13, 2014 another integration was stipulated which further extended the duration of the contract through the 2020/2021 season, and which also increased the consideration. Such integration entered into effect on July 1, 2014.

It is further noted that in March 2014 the Group F.C. Inter and Infront also stipulated a four-year agreement for marketing sponsorships at a European level and for the offer tied to corporate hospitality at the time of home matches at San Siro.

It should also be noted that this contract has expired in advance on June 15, 2018 despite its maturity date of June 30, 2018, and has not been renewed.

Debt refinancing

Premises

As also described in the Explanatory Notes to the consolidated financial statements of the prior fiscal year, it is noted that the Contribution in kind – with the exception of the recalculation of the useful life of the "F.C. Inter" trademark – had no effect on the Group's consolidated Balance Sheet and Income Statement, since they were transactions between companies or related to branches of business falling within the Group's perimeter.

Therefore, the same as for the prior fiscal year, these consolidated financial statements express the Group's trend and financial position in full continuity and comparability with the comparative year including the contribution in kind operation.

Description of the Group's corporate restructuring and debt refinancing

On December 21, 2017, the subsidiary company Inter Media and Communication, after the change of its legal form from a limited liability company into a joint stock company ("società per azioni"), issued and placed to institutional investors senior secured obligations for an amount of Euro 300 million, with a maturity date on December 31 2022 and fixed rate at 4.875% ("The Bond Loan") and FC Internazionale has signed a revolving credit facility for a maximum amount of Euro 50 million, entirely used on June 30, 2020. The resources obtained from this transaction were used to (i) repay in full the residual debt relating to the loan to Goldman Sachs International and Unicredit for Euro 202 million, (ii) to support the ordinary activities of the F.C. Internazionale Milano Group. Such Bond Loan is secured by cash flows deriving from the sponsorship agreements and media contracts signed by the subsidiary company Inter Media and Communication S.p.A. as well as the flows deriving from the UEFA rights and the Serie A television rights, similarly to the provisions of the previous loan agreement described above.

The expenses incurred for the issue and placement of the bond loan (mainly legal advice and bank fees) amounted to Euro 9 million, have been included in the internal rate of return used for the amortized cost calculation to integrate interest expenses based on nominal interest rate along the loan maturity (5 years).

Their depreciation integrates the interest expenses, calculated to the nominal value (following the same classification in the Income Statement) in order to keep a constant interest rate during the existence of the loan, to be applied to the book value.

It should be noted that, the context of the bond issuing, Inter Media has granted the mortgage on the value of Inter brands, while FC Inter and Inter Brand have granted as pledge their Inter Media's share capital.

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

Sponsorship Agreements

The suspension of the sports season decreed by the government and federal authorities due to the spread of the COVID-19 pandemic from March to May 2020, meant that the Group was temporarily unable to fully meet its contractual obligations with the sponsors. Taking this into account and the subsequent resumption of competitive activity, with the new end of the 2019/2020 sports season decreed by the federal authorities until August 31, 2020, sponsorship revenues were recognized pro-rata temporis, with the exception of Naming Rights revenues from the agreement with Jiangsu Suning Sports Industry Co., Ltd.

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

The leading Shareholder has contributed significantly to the development of sponsorships in Asia and in particular, on September 1, 2016, was signed with the company belonging to the Suning Group, Jiangsu Suning Sports Industry Co., Ltd, a contract for i) the sale of the renaming rights of the sports center of Appiano Gentile (Suning Sports Center in memory of Angelo Moratti) and the training center of the youth sector (Suning Training Center in memory of Giacinto Facchetti), ii) the rights for the display of the Suning brand on the official training kits, LEDs, backdrop, including VIP hospitality and dedicated tickets for home matches and iii) the co-branding rights on the Asian territory. The contract, originally expiring in June 2020, provided for an irreversible initial signing fee of Euro 25 million and fixed annual fees of Euro 16.5 million until expiry. On December 21, 2017, during the refinancing operation concluded with the placement of the Bond Loan, an amendment was signed relating to the Naming Rights of the above mentioned contract, redefining the distribution of the envisaged fee: 47% is due to FC Inter and 53% to Inter Media. During the 2019/2020 financial year the consideration was subject to a new revision, which no longer provides for the variable part, but only the fixed portion for a total amount of Euro 16 million and the term of the contract was extended to June 30, 2022. With reference to this contract, during the year the Group recorded revenues for a total of Euro 16 million.

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

These new sources of revenues and liquidity significantly increase the Group's ability to fulfil the repayment of the Bond Loan and confirm its capital value, as well as guaranteeing to the Parent Company a correlated flow of dividends that will contribute to achieving the economic and financial balance.

Analysis of the Balance Sheet line items

ASSETS

Fixed assets

Intangible assets

As of June 30, 2020 and June 30, 2019 intangible assets amounted respectively to Euro 514,734 thousand and to Euro 441,219 thousand.

The fiscal year amortisation amounted overall to Euro 132,671 thousand. Write-downs were made during the fiscal year in the amount of Euro 3,570 thousand.

Euro thousand	Balance as of June 30, 2019	Increase	Decrease	Reclassifications	Balance as of June 30, 2020	Balance Accumulated Amortisation as of June 30, 2019	Impairment	Decrease	Amortisation	Balance Accumulated Amortisation as of June 30, 2020	Net Intangibles
Ind. Patents and similar intellectual rights	412	26	-	-	438	(317)	-	-	(21)	(338)	100
Concessions, licenses and trademarks	193.179	200	(3)	15	193.391	(105.287)	-	-	(5.616)	(110.903)	82.488
Construction in progress	25.276	872	-	(15)	26.133	-	-	-	-	-	26.133
Capitalization of youth programme costs	60.563	8.635	-	-	69.198	(47.737)	-	-	(6.255)	(53.992)	15.206
Player registration rights	549.994	217.286	(73.382)	-	693.898	(237.928)	(3.570)	54.676	(120.213)	(307.035)	386.863
Other intangible assets	15.773	1.451	(5)	-	17.219	(12.709)	-	-	(566)	(13.275)	3.944
TOTAL	845.197	228.470	(73.390)	-	1.000.277	(403.978)	(3.570)	54.676	(132.671)	(485.543)	514.734

The net residual value of the line item "Industrial patents and similar intellectual property rights" mainly refers to rights to the images (photos and video) of the Intercampus projects throughout the world and the fee paid to finalize the realization of a documentary on the career in "nerazzurro" (the Inter team) of the historic former captain of F.C. Internazionale Milano S.p.A.'s First Team, Javier Zanetti.

The line item "Concessions, licenses and trademarks" mainly derives from the allocation of the F.C. Inter trademark as the result of the merger surplus in the financial statements as of June 2007 due to the incorporation of Inter Capital S.r.l. in F.C. Internazionale Milano S.p.A. In allocating the above surplus amount, reference were made by using the result arose at the time of the assignment of the F.C. Inter trademark to Inter Brand S.r.l.

It is noted that, following the Contribution in kind and allocation of capital gains, done with the assistance of an independent appraiser as described above, the useful life of the above trademark was recalculated so that starting from 5 June 2014 it was determined to be 20 years. The net residual value as of June 30, 2020 of the F.C. Inter trademark is Euro 58,765 thousand.

As better described in the paragraph "Other information", the line item "Concessions, licenses and trademarks" in the amount of Euro 22,960 thousand, also includes the residual net value of the definitive purchase cost of the RAI library (historic library, materials and rights) starting from June 30, 2011, as well as the share of the self-productions of the thematic channel "Inter Tv" from 2000 through 2008. Such amount is amortised over 30 years, starting from July 1, 2011 based on a specific appraisal prepared by an independent expert based on the income cash flows that will be received over time.

Impairment test

The Directors, in accordance with OIC 9, in order to sustain the significant value of the intangible fixed assets recorded in the consolidated financial statements, with the assistance of the independent expert, carried out an impairment test at 31 March 2020 with reference to the Consolidated Interim Balance Sheet, after considering the COVID-19 pandemic as a potential indicator of impairment. The aforementioned impairment test was still considered applicable as of 30 June 2020 considering both the Plan forecasts used - for which no events emerged that could materially modify the validity - and the stress tests carried out.

The impairment test was conducted using the Discounted Cash Flow Method based on the 2021-2025 Plan (hereinafter also the "Plan"), developed according to different scenarios based on the expected evolution of the COVID-19 Pandemic, and discounted using the rate WACC (Weighted average Cost of Capital). The impairment test was prepared by the Group Directors with the support of a specialist belonging to a network and approved by the Directors together with the multi-scenario plan and the consolidated interim balance sheet on 22 June 2020.

As anticipated, given the uncertainties in the last few months, the impairment test was prepared using two different scenarios: Lockdown and Recovery Scenario.

In the Lockdown Scenario, the Administrators had assumed, as a key factor, that the 2019/2020 Season was permanently interrupted, with no other games played. As considered the most prudent option in this context, the Directors decided to maintain the Lockdown Scenario as an assumption for the purposes of the impairment test as it is still significant in determining the maximum negative impact resulting from the COVID-19 Pandemic.

In the Recovery Scenario, the Directors had assumed, as a key factor, that the championship resumed in June 2020 and ended in July / August 2020, an hypothesis that eventually occurred.

With reference to the Recovery Scenario, the projections were made using as main assumption that the First Team in the 2020/2021 season will not pass the UEFA Champions League (UCL) round and will be eliminated in the quarter-finals of the Uefa Europa League (UEL) and from the 2021/2022 season until the end of the Plan that the Team will pass the group of the UEFA Champions League (UCL) with elimination in the round of 16.

With reference to ticketing revenues, the Plan foresees a significant decrease in the 2020/2021 season by anticipating playing behind closed doors at least until January 2021 and subsequently provides for a stadium saturation rate equal to 25% of its maximum capacity. Starting from the 2021/2022 Season onwards, the Plan expects to reach Pre-COVID-19 levels.

With reference to sponsorship revenues, the negative impact with reference to the 2020/2021 season was estimated to be equal to 20%.

With reference to the impact on player trading, it was estimated, with reference to the Lockdown Scenario, negative for 24%, while with reference to the Recovery Scenario, negative for 15% (Source: KPMG - Player value not immune to pandemic released on May 6, 2020).

In the Lockdown scenario, the negative impact on average revenues was estimated to be 10% while with reference to Recovery scenario it was estimated at 5%, considering the potential negative impact of negotiations with broadcasters.

The Directors had also estimated a reduction in the cost of the salaries of the players and the technical staff equal to 2 months in the case of Lockdown Scenario and equal to 1 month in the case of Recovery Scenario with reference to the 2019/2020 season. These estimates, even if not realized, do not determine - even considering the sensitivities carried out and subsequently documented - significant impacts capable of modifying the conclusions relating to the impairment test. After the 2019/2020 season, in fact, the level of the cost of the players is estimated to be in line with the evolution of the level of the squad which is constantly growing along the plan in accordance with the expected sporting results in both scenarios.

Other assumptions foresee an increase in sponsor revenues connected to the more favorable negotiation of some sponsors expiring during the Plan period.

The long-term growth rate used in the terminal value and the changes in working capital were considered equal to zero, while depreciation was considered equal to the investments. In addition, the terminal value considers a net balance related to the sale of players equal to approximately Euro 20 million, which is conservative from an impairment test perspective.

The WACC was determined at 7.81% using as main components: risk free equal to 1.21%, equity risk premium of 6% and additional risk premium of 3.16%. The WACC was kept at the same level for both scenarios.

The test result showed a recoverable value that is higher than the book value in both the Lockdown and Recovery scenarios.

In order to carry out stress tests with reference to the impairment test, the Directors carried out sensitivity analyzes to recognize potential additional effects related to the COVID-19 pandemic using changes in WACC and some other variables related to certain assumptions such as the reduction in the growth of some sponsorship revenues, media revenues in connection with sports results, revenues from competitions and from the sale of players caused by an expected reduction in value due to the COVID-19 pandemic. On the basis of the sensitivities carried out, the overall result of the impairment test shows significant covers with the consequent no need to record losses in value, except in one case following non-qualification for the round of 16 of UCL which is not considered a realistic scenario. Specifically, by reducing the Uefa premiums in 2025 and consequently in the terminal value deriving from the non-qualification for the round of 16, the impairment test shows a loss of Euro 6.5 million which in any case is not significant with reference to the impairment exercise test which is subject to estimates and which must reflect impairment only in the case of realistic scenarios. This loss would result only in the case of the Lockdown Scenario, while in the case of the Recovery Scenario the result with reference to the aforementioned sensitivity would still be positive. Finally, it should be noted that the WACC level for which the recoverable value is equal to the book value is equal to 9.1% in the Lockdown Scenario and 9.41% in the Recovery Scenario, confirming the non-existence of potential indicators of loss. of value from the impairment test.

However, it should be noted that the Directors cannot exclude that the COVID-19 pandemic could have significant impacts that have not been taken into consideration in the plans and sensitivity analyzes carried out for the impairment test and which are currently not foreseeable and which could have a negative impact on the value of fixed assets in the future and it is for this reason that they will monitor the evolution of the forecasts in order to promptly reflect any losses in value when they become probable and which cannot be quantified today.

The item "Concessions, licenses and trademarks" therefore refers exclusively to software programs in use by the Company and to the sport title of A.S.D. Femminile Inter Milano, acquired during the last 2018/2019 season for the participation in the Women's Youth Championship, in compliance with the applicable regulations issued by the Lega Nazionale Professionisti and the FIGC.

Increases in the period relate to investments in software of Football Analysis and for the internal procedures management.

Construction in progress as at June 30, 2020 primarily refer to the extraordinary maintenance done at the G. Meazza Stadium approved and/or which will be approved by the City of Milan, whose costs on the basis of the concession for the use of the Stadium will be offset with a portion for an equal amount of the licensing fees due to the City of Milan for the use of the Stadium, which are recognized in the line item "Trade payables" in the amount of Euro 26,400 thousand. An initial offset, related to the years ranging from 2000 through 2005, in the amount of Euro 8,173 thousand was made in the month of February 2010; a second offset, related to the years ranging from 2006 through 2010, in the amount of Euro 12,048 thousand, was made in the month of December 2010.

The line item "Capitalised youth programme costs" refers to the investments incurred specifically to manage and develop the youth sector and they are amortised for a period of five years, according to what is provided by outstanding federal regulations. The increases refer to the capitalisation of costs related to the management of the activity of the training camp

capitalised in accordance with Article 86 N.O.I.F.. For an analysis of the nature of the costs of the training camp capitalised during the fiscal year, reference is made to the following specific note of the Income Statement commenting on the line item "Capitalised youth programme costs".

The recoverability of the recognition value of the costs of Youth Programme was measured by the Directors with reference to the offers of registration systematically received, which more than remunerate the capitalised cost.

With respect to the line item player registration rights, the main transactions that occurred during the fiscal year are noted below:

Club Purchases	Player	Value of the Righ	Actualization effect	Actualized value	Age	Contract Expiry
Euro thousand						
Manchester United	Lukaku Romelu	74.162	(6.877)	67.285	26	2024
Real Madrid	Hakimi Achraf	43.000	(2.496)	40.504	21	2025
Cagliari Calcio	Barella Nicolò	40.500	(450)	40.050	23	2024
Tottenham Hotspur	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
Nacional Montevideo	Satriano Martin	2.400		2.400	19	2024
Manchester United	Young Ashley	1.735		1.735	34	2021
F.C. Empoli	Fontanarosa Alessandro	750		750	17	2022
Delfino Pescara 1936	Straccio Leonardo	550		550	16	2023
Botev Plovdiv	Iliev Nikola	500		500	16	2023
Calcio Catania	Carboni Franco Ezequiel	402		402	17	2022
ES Troyes A.C.	Kinkouè Etienne	400		400	18	2024
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	2023
Piacenza Calcio 1919	Semenza Andrea	110		110	15	2023
Other "Player Registration Rights" acquired during the period (*)		20.136	(21)	20.115		
Total		227.767	(10.481)	217.286		

(*) mainly includes earnings premiums accrued during the fiscal year related to players whose registration rights have been acquired in the preceding seasons.

Club Sales	Player	Historical Cost	Age
Euro thousand			
Clube de Regatas do Flamengo	Barbosa Almeida Gabriel	33.128	23
Resolution	Miranda De Souza Filho Joao	13.424	35
Paris Saint Germain	Icardi Mauro	13.000	27
Parma Calcio 1913	Karamoh Yann	7.032	21
Free transfer	Bandini Andrea	2.110	25
A.C. Monza	Palazzi Andrea	741	24
Reading F.C.	Puscas George	668	23
Free transfer	Santos de Oliveira Nascimento Italo	477	24
U.C. Sampdoria	D'Amico Felice	402	19
Free transfer	Di Gennaro Raffaele	301	26
F.C. Eindhoven	Van Den Eynden Flor	235	19
Modena F.C. 2018	Mattioli Alessandro	229	22
Free transfer	Mitrea Vlad Nicolae	225	18
Free transfer	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" transferred during the period (*)		1.018	
Total		73.382	

The net book value of the disposals made during the fiscal year amounted to Euro 18,7 million.

It is noted that with reference to the "Player registration rights" whose payments are deferred beyond normal credit terms (beyond one year), we proceeded to register the player right to a present value which considers the discounted effect as described in the accounting principles. This effect, for purchases made during the year, amounted to Euro 10,481 thousand.

More details on the sale of Player Registration Rights can be found in the section "Other revenues and income" in commentary on gains on sale of player registrations rights.

It should also be noted that on October 18, 2018, the Company signed a contract with the Company A.S.D. Femminile Inter Milano for the acquisition of the sports title, with consequent registration among the player registration rights, for the participation to Women Championship and *Primavera* Women Championship, in accordance with the provisions issued by Lega Nazionale Professionisti and FIGC.

Other intangible assets amount to Euro 3,944 and mainly refer to the work of building renovation for the new headquarter of Viale della Liberazione and of new football pitches and training room inside the the Suning Sports Centre in memory of Giacinto Facchetti, training centre of the youth sector.

Property, plant and equipment

As of June 30, 2020 and as of June 30, 2019 property, plant and equipment amounted respectively to Euro 27,909 thousand and to Euro 21,481 thousand.

It is noted that as of June 30, 2019 the Group had outstanding operating leases expiring in 2024 related to electronic office machinery for a total amount of rent that has not matured of Euro 478 thousand. Such amount is included under "Commitments, guarantees and liabilities arising from off-Balance Sheet".

As of June 30, 2020 no property, plant and equipment are encumbered by restrictions of mortgages or liens.

Depreciation allocated during the fiscal year amounted to Euro 2,056 thousand and was calculated on all of the property, plant and equipment depreciated as of June 30, 2020, applying the tax rates representing the technical-economic life, specified in the measurement criteria.

Euro thousand	Balance as of June 30, 2019	Increases	Decreases and Reclassifications	Balance as of June 30, 2020	Balance Accumulated Amortisation as of June 30, 2019	Transfers	Amortisation	Balance Accumulated Amortisation as of June 30, 2020	Net Tangibles
Land and Buildings	23.207	1.101	-	24.308	(6.190)	-	(1.264)	(7.454)	16.854
- Land and Sports Centre	23.113	1.044	-	24.157	(6.175)	-	(1.252)	(7.427)	16.730
- Light Buildings	94	57	-	151	(15)	-	(12)	(27)	124
Plant and Machinery	2.249	158	-	2.407	(1.700)	-	(133)	(1.833)	574
- Specific Systems	779	34	-	813	(538)	-	(36)	(574)	239
- Generic Systems	1.470	124	-	1.594	(1.162)	-	(97)	(1.259)	335
Industrial and commercial equipment	1.122	120	-	1.242	(933)	-	(47)	(980)	261
- Sports equipment	250	66	-	316	(212)	-	(14)	(226)	90
- Sanitary equipment	628	36	-	664	(537)	-	(29)	(566)	98
- Various equipment	244	18	-	262	(184)	-	(4)	(188)	74
Other assets	4.637	1.230	(7)	5.860	(2.191)	4	(612)	(2.799)	3.061
- Electronic machinery	1.844	315	(7)	2.152	(831)	4	(330)	(1.157)	995
- Furniture and Office machines	2.777	915	-	3.692	(1.346)	-	(280)	(1.626)	2.066
- Motor Vehicles	16	-	-	16	(14)	-	(2)	(16)	-
Under construction and advances	1.280	5.879	-	7.159	-	-	-	-	7.159
TOTAL	32.495	8.488	(7)	40.976	(11.014)	4	(2.056)	(13.066)	27.909

It is noted that the line item "Land and buildings" includes the purchase cost for the "Suning Sports Centre in memory of Angelo Moratti" of Appiano Gentile, the first team's usual headquarters for training and retreats.

The increase in the fiscal year refers mainly to the work done for the renewal of the hotel area and of football pitches of the Appiano Sports Centre.

The line item "Other Assets" shows an increase mainly related to the new electronic equipments and furniture for the new headquarter of Viale della Liberazione.

It is noted that in prior fiscal years, revaluations were made just for statutory purposes and without any tax burden, on real property in accordance with Law Decree 29/11/08, for the total amount of Euro 2,334 thousand on the basis of a specific appraisal.

Financial fixed assets

Investments in associated companies

The balance as of June 30, 2020 represents the value of the 50% stake in M-I Stadio S.r.l.; such equity investment, as already noted in the paragraph "Consolidation Standards", was synthetically consolidated using the "equity method".

The relevant information referring to the associated companies is set forth below:

	M-I Stadio S.r.l.
Registered Office	P.le A. Moratti snc Milan
Share capital	1.000.000
Shareholders' Equity	4.830.292
Fiscal year result	1.058.808
Shareholding	50%
Shareholding (value)	2.415.146
Value in the financial statements	2.415.146

With reference to the investment in M-I Stadio S.r.l., it is noted that the net increase of Euro 529 thousand refers to the recovery of the net equity value accumulated by the associate company, that after the the gain in the financial statements as of June 30, 2020, brought the value of the net equity to Euro 4,830 thousand.

As of June 30, 2020, the related Company draws up the financial statements with an expectation of an ongoing business, also taking into account the capital and financial support that the shareholders - through the signing of an agreement regarding the management of M-I Stadio (of which more details are provided later) - have indirectly committed themselves to guaranteeing for the foreseeable future. In this regard, it should be noted that the shareholders of M-I Stadio, F.C. Inter and A.C. Milan signed 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).

Investments in other companies

This line item amounts overall to Euro 45 thousand and includes the 19.5% stake held in Consorzio Acquedotto La Pinetina.

Receivables recognized in financial fixed assets

The balance of the line item "Receivables recognized in financial fixed assets" as of June 30, 2020 amounted to Euro 12,537 thousand of which Euro 10,438 thousand refers to security deposits paid as a guarantee for the Bond loan as described in the paragraph "Description of the Group's corporate restructuring and debt refinancing" and "Bond" and Euro 2,099 thousand refers to security deposits related to outstanding leases.

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

Net working capital

Prior to proceeding with an analysis of the individual line items, a table summarizing operating assets and liabilities appearing in the Balance Sheet at the close of the current fiscal year and the comparative fiscal year is set forth below.

	Balance as of June 30, 2020	Balance as of June 30, 2019	Variations
Euro thousand			
Current assets (with the exclusion of cash at bank and on hand)	241.249	283.788	(42.539)
Accrued income/prepaid expenses	27.828	13.269	14.559
receivables, accrued income and prepaid expenses due beyond 12 month	(47.854)	(74.516)	26.662
Operating assets	221.223	222.541	(1.318)
Payables (with the exclusion of financial payables)	(409.010)	(263.511)	(145.499)
Deferred income and accrued liabilities	(50.016)	(30.934)	(19.082)
Payables, accrued expenses and prepaid income due beyond 12 month	157.680	94.122	63.558
Operating liabilities	(301.346)	(200.323)	(101.023)
Operating assets and liabilities	(80.123)	22.218	(102.341)

The net working capital as of June 30, 2020 shows a negative balance, worse of 102,341 thousand compared to the negative balance of the previous year, mainly due to the combined effect of the decrease in receivables compared to increase in current payables.

In particular, this worsening is mainly due to the increase in payables, in particular payables to specific sector entities directly related to investments made during the sessions of the football transfer campaigns, tax payables and payables to others, due to the postponement of the payment of wages of registered personnel, which became necessary due to the lack of liquidity that arose due to the emergency and restrictive measures issued by the competent bodies to combat the spread of the COVID-19 pandemic.

Finally, it should also be noted that payables include Euro 24,207 thousand of payables to the City of Milan which will be offset by the value of the improvements to the Meazza Stadium recorded under intangible assets under "Construction in progress" for Euro 25,268 thousand incurred by the Group on behalf of the municipality itself.

Receivables

Receivables amount to Euro 241,249 thousand and refer to the receivables specified below:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Receivables from customers	94.445	103.774
Receivables from sector-specific institutions	124.288	134.347
Receivables from subsidiaries	48	48
Receivables from parent companies	11.984	49.976
Receivables from companies subject to parent companies control	2.000	1.167
Tax receivables	4.923	5.709
Deferred Tax Assets	2.230	1.107
Receivables from other	11.872	5.010
	251.790	301.138
Bad debt provision	(10.541)	(17.350)
	241.249	283.788

Trade Receivables

The amount of Euro 94,445 thousand includes receivables due from a heterogeneous customer base, mainly composed of private companies for commercial transactions, mainly related to the sale of television rights, academies, sponsorships, including (i) regional sponsors (with reference to which reference should be made to the paragraph "Other Information - Sponsorship contracts") for a total of Euro 54,967 thousand (Euro 69,992 thousand at June 30, 2019), of which for Euro 48,742 thousand the collection deadline was extended to December 31, 2020; it should be noted that in October 2020 receivables amounting to Euro 16,300 thousand were collected, (ii) Infront for Euro 3,872 thousand, (iii) LNP Serie A for Euro 806 thousand, (iv) Sky for Euro 3,393 thousand (of which invoices to be issued for Euro 215 thousand) and (v) IMG Media for Euro 11,714 thousand (of which Euro 4,750 thousand collected on July 8, 2020).

Further, it is noted that as of June 30, 2020 such line item includes receivables for invoices to be issued in the amount of Euro 3,469 thousand, mainly related to Euro 546 thousand related to sponsorship agreements, to Euro 715 thousand for royalties relating to the sale of Nike sports equipment and Euro 1,100 thousand for the fees related to the summer retreats carried out by the First Team.

Receivables from specific sector institutions

Receivables from specific sector institutions, included among receivables from football clubs, gross of the relative fund for the write-down of receivables for Euro 2,522 thousand, are the following:

National Clubs	LNP Serie A	Direct
Euro thousand		
GENOA CRICKET & FOOTBALL CLUB S.p.A.	26.282	
PARMA CALCIO 1913 SRL	9.329	
ATALANTA BERGAMASCA CALCIO SPA	8.038	
A.S. ROMA SPA	4.483	
US SASSUOLO CALCIO SRL	4.022	
U.C. SAMPDORIA S.p.A.	2.143	
TORINO FOOTBALL CLUB SPA	1.527	
BENEVENTO CALCIO SRL	1.495	
DELFINO PESCARA 1936 S.p.A.	1.018	
ASSOCIAZIONE CALCIO MONZA SPA	400	
FROSINONE CALCIO S.R.L.	339	
JUVENTUS FOOTBALL CLUB S.P.A.	4	
A.C. PAVIA S.R.L.	1	
ACCADEMIA PAVESE ASD		10
ALTOVICENTINO FCD		9
CELANO F.C. OLIMPIA S.p.A.		6
Total National Clubs	59.080	25
Lega c/Trasferimenti	2.411	
Receivables for guaranties	20.619	
Invoices to be issued to specific sector institutions		16.787
Foreign Clubs		
CLUBE DE REGATAS DO FLAMENGO		12.048
THE READING FOOTBALL CLUB LIMITED		4.765
STANDARD DE LIEGE SA		2.858
ALBACETE BALOMPIE S.A.D.		1.863
SEVILLA FUTBOL CLUB SAD		1.823
F.C. SION - OLYMPIQUE DES ALPES SA		993
GALATASARAY SPORTIF SINAI VE TICARI YATIRIMLAR A.S		555
CHELSEA FOOTBALL CLUB PLC		364
SPORTING CLUB OLHANENSE FUTEBOL SAD		50
ESTUDIANTES DA LA PLATA		28
JIANGSU SUNING FOOTBALL CLUB CO. LTD.		10
ASOCIATIA FOTBAL CLUB ASTRA		8
GRENSVERLEGGEND NV		2
Total Foreign Clubs		25.366
Bad debt reserve for receivables from specific sector institutions		(2.522)

Receivables from Domestic Clubs are to be considered together with payables to Domestic Clubs recognized in the line item "Payables to specific sector institutions" because the line items are settled for their net amount.

It should be noted that receivables with collection date beyond 12 months, have been recorded as of June 30, 2020, net of a discounting effect of Euro 3,163 thousand.

The item "Lega c/trasferimenti" also refers to the receivables from the Lega Serie A of Euro 2,411 thousand related to the account Lega c/trasferimenti entered in refer to the VAT payment made, during the fiscal years 2015/2016 and 2016/2017 by F.C. Inter on behalf of a football club fallen into bankruptcy that never issued the invoices related to transactions emerged in the transfer campaign. Although the football club never issued the invoices, the LNP compensated the credit/debit position, raising the legal obligation in F.C. Inter to pay the VAT as required by the Italian Law. Despite the receivable is due to F.C Inter from the football club into bankruptcy, the LNP is managing the credit and debit situations on behalf of the football clubs which are involved in this procedures with the football team. It is therefore considered that, as of today, the receivable is collectable despite the uncertainty arising from the bankruptcy proceedings in progress. Following the evolution related to this procedure – with the legal support - the Company considered the recoverability recuperability of the receivable and, in the context of the risk assessment related to the recoverability of the receivable position, during the previous fiscal year has accrued a total write-down of the receivable.

Invoices to be issued, amounting to Euro 16,787 thousand, mainly relate to the transfer of the player Murillo to Valencia, the balances for the 2019/2020 season of audiovisual and non-audiovisual rights towards the Lega Nazionale Professionisti and the share of Market Pool and Final Balance towards UEFA for the 2019/2020 season.

Receivables from subsidiaries

Receivables from subsidiaries are trade receivables and mainly regard the amount of Euro 48 thousand with respect to the companies Inter Brand China Co., Ltd. in liquidation in the amount of Euro 61 thousand, written down in the amount of Euro 45 thousand and Shanghai Inter Brand Trading co., Ltd. in the amount of Euro 243 thousand, recognized net of a write-down fund for receivables in the amount of Euro 211 thousand. The balance as of June 30, 2019 also includes a receivable of Euro 1 referring to a shareholders' loan granted to the company Inter Brand China Co., Ltd. in liquidation for the original amount of USD 27,412, written down because considered to be a doubtful receivable upon at the end of the liquidation. The counter-value in Euro of the above receivable, gross of the write-down fund, amounts to Euro 21,528.

Receivables from parent companies

The balance of Euro 11,984, collected for Euro 7,500 thousand after June 30, 2020, thousand mainly regards the transfer of rights of renaming the sports centre of Appiano Gentile ("in memory of Angelo Moratti Sports Centre Suning") and of the club's youth training centre ("Centro Formazione Suning in memory of Giacinto Facchetti") as well as the right to have a brand visibility on training kits, on led stage backdrop, including the Vip hospitality and tickets for the home games and co-branding activities and receivables for Inter Academy and Know-How.

Receivables from companies subject to parent companies control

Receivables from companies subject to parent company control of Euro 2,000 thousand as at June 30, 2020 (Euro 1,167 thousand as at June 30, 2019) refer to receivables due from the Suning Great Mercury Limited group company for the sale of broadcasting rights for the Inter TV channel in China for the financial years 2018/2019 and 2019/2020. It should also be noted that the receivables due from the group company Suning PPLIVE Corporation as at June 30, 2019 have been fully collected during the current year.

Tax Receivables

Receivables from the Italian Treasury amount Euro 4,923 thousand and refer mainly to Euro 4,638 thousand to the total VAT credit for the month of June 2020 of the Parent Company and of the subsidiary Inter Brand.

Receivables for deferred tax assets

Receivables for deferred tax assets are related to the higher allocation to the provision for bad debts compared to the provisions of the tax regulations currently in force for Euro 991 thousand and to the provision for risks and charges for Euro 1,239 thousand.

Receivables from others

Receivables from others amount to Euro 11,872 thousand and they mainly refer to receivables for advance payments to employees and commercial supplier and the insurance reimbursement obtained in relation to the share of season tickets for the 2019/2020 season, which will be reimbursed for the closed door dispute of the remaining matches of the season due to the diffusion of Covid-19.

Bad debt provision

The movement of the Provisions for risk and charges during the fiscal year is set forth below:

Euro thousand	Balance as of June 30, 2020	Balance as of June 30, 2019
Balance at the start of the period	17.350	12.357
Utilisation	(7.351)	-
Utilisation for surplus	(201)	-
Accruals	743	4.993
Balance at the end of the period	10.541	17.350

The provision for the period reflects the prudent write-down of some credit positions considered doubtful, while the uses and releases of the provision are directly related to the prescription of receivables recorded in the financial statements for more than ten years from their recording pursuant to Article 2946 of the Italian Civil Code and the second to the positive outcome of an executive procedure of attachment from third parties which made it possible to recover the balance receivable from a sponsor prudently set aside last year.

The provisions for the depreciation of receivables include Euro 45 thousand related to the write-down of the receivable from the subsidiary Inter Brand China Co., Ltd. in liquidation with respect to which payables in the amount of Euro 16 thousand and Euro 211 thousand are recorded among liabilities related to the subsidiary Shanghai Inter Brand Trading Co., Ltd.

The breakdown of receivables by currency is set forth below:

Euro thousand	Balance as of June 30, 2020	Balance as of June 30, 2019
Receivables in Euro	232.617	281.799
Receivables in RMB	153	149
Receivables in CHF	-	45
Receivables in GBP	4.948	-
Receivables in USD	3.531	1.795
	241.249	283.788

Financial assets not held as fixed assets

The line item includes:

- The purchase cost of 60% of the share capital of the subsidiary Inter Brand China Co., Ltd. in liquidation, having its registered office in Hong Kong, for the nominal value of HKD 6, or for a counter-value of approximately Euro 1, which was placed in liquidation during the first six months of 2010 and the procedural process, net of any bureaucratic formalities substantially concluded in the month of February 2014; it is noted that in the consolidated financial statements as of June 30, 2020 the net position with respect to the subsidiary is Euro 0.
- The value of the financial fixed asset in the subsidiary Shanghai Inter Brand Trading Co., Ltd., having its registered office in China, whose write-down to 100% of the shareholding held was done during prior fiscal years. It is noted that the negative Shareholders' equity of Euro 5 thousand as of December 31, 2013 does not include the substantial waiver by the Company of a total of Euro 243 thousand written down by Euro 211 thousand. On February 4, 2016, a contract was signed with a consulting company responsible for proceeding with the liquidation of the reference company.

Below are data from the latest available balance sheet of the two companies who do not have annual filing requirements for financial documents:

	Brand China Co., Ltd. In liquidazione	S.I.B.T. Co., Ltd.
	10A, Seapower Industrial Centre, 177 Hoi Bun Road,	Room 420, T 15-5, no. 999 Ningqiao Road, Jinqiao
Registered office	Kwun Tong, Kowloon, HONG KONG	Export Processing Zone, Pudong New District, Shanghai
Share capital	HKD 10	\$ 275.000
Shareholders' equity	HKD (1,161,985) - Euro (130,888)	RMB 84,568 - Euro 10,675
Fiscal year result	HKD (440,850) - Euro (50,796)	RMB 130,727 - Euro 16,720
Stake held	60%	100%
Book Value	Euro 1	Euro 1

Cash at bank and on hand

Available liquidity consists of temporary liquidity from banks generated in the context of treasury management and amounts to Euro 88,472 thousand as of June 30, 2020 and to Euro 50,648 thousand as of June 30, 2019.

Cash on hand amount to Euro 34 thousand (Euro 18 thousand as of June 30, 2019).

For further details on the trend of liquidity, please refer to the Cash Flow Statement.

It should be noted that the credit line of Euro 50 million drawn by the Group in connection with the debt refinancing operation already described in the paragraph "Other information – Contribution in kind and debt refinancing", is entirely used as of June 30, 2020.

Accrued income and prepaid expenses

Accrued income includes interest income on arrears, recognised by the judgment that made the attachment procedure with third parties enforceable, which is described in greater detail in the paragraph "Bad debt provision".

The line item accrued income and prepaid expense can be analysed as follows:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Prepayments for rent	57	445
Prepaid insurance premiums	166	152
Prepaid expenses for Bond loan	44	69
Prepaid expenses for factoring	99	191
Prepaid expenses for rental of the stadium	-	623
Prepaid expenses FIFA Agents	10.049	10.727
Prepaid expenses for temporary acquisition of football players	592	-
Prepaid expenses First Team salaries	15.023	-
Other prepaid expenses for services	1.778	1.202
Total	27.808	13.409

The item "Prepaid expenses for Bond loan" includes the portions of competence, subsequent to the reference date of these consolidated financial statements, of the fees paid for the annual fees related to the Bond loan.

Prepaid expenses FIFA Agents for Euro 10,049 thousand, refer to the ancillary costs for agents sustained during the year and related to (i) contract renewals of certain players of the First Team, such as D'ambrosio e Lazaro (ii) the subscription of economic contracts of certain players during the year and (iii) for the temporary acquisition of the football players Moses, Sensi and Sanchez.

Prepaid expenses for temporary acquisition of football players, amounting to Euro 592 thousand, refer to First Team players Sensi and Moses.

The First Team prepaid expenses of salaries relate to the pro-rata accounting of the First Team's wages and salaries from March to the end of the season following the extension of the 2019/2020 football season until August 31, 2020.

Prepaid expenses for other services, equal to Euro 1,452 thousand, mainly include prepayments related to consultancy costs, company car hire, maintenance of the data service room, marketing systems and Customer Relationship Management of competence of the following year.

It should be noted that the item prepaid expenses also includes amounts for Euro 4,700 thousand that expire after 12 months, while there are none with a maturity of more than 5 years.

LIABILITIES

Shareholders' equity

	Share capital	Share premium reserve	Reserve to cover future losses	Reserve for future capital increases	Retained Earnings/Losses	Fiscal Year profit/losses	Total
Euro thousand							
Balance as of June 30, 2018	19.195	26.943	105.000	-	(129.552)	(17.754)	3.832
Resolution ex Shareholders' meeting on October 26, 2018:							
- Retained earnings (losses)					(17.754)	17.754	-
- Reserve for future capital increases				40.000			40.000
Result for the period 2018/2019						(48.387)	(48.387)
Balance as of June 30, 2019	19.195	26.943	105.000	40.000	(147.306)	(48.387)	(4.555)
Resolution ex Shareholders' meeting on October 28, 2019:							
- Retained earnings (losses)			(63.295)		14.908	48.387	-
- Reserve for future capital increases				70.000			70.000
Result for the period 2019/2020						(102.394)	(102.394)
Balance as of June 30, 2020	19.195	26.943	41.705	110.000	(132.398)	(102.394)	(36.949)

Share capital

The share capital subscribed to and paid-in as at the date of June 30, 2020 amounted to a total of Euro 19,195 thousand.

Share premium reserve

The amount of Euro 26,943 thousand, net of uses in the amount of Euro 82,551 thousand to cover the loss of the fiscal year ended June 30, 2017, as already described above, represents the share premium paid on June 2016 at the time of the subscription to the increase of capital by the Suning Group.

Reserve for future capital increases

The amount of Euro 110,000 thousand, reserved exclusively for the shareholder Great Horizon S.à r.l., was generated by the conversion of the loan tranches on June 26, 2019 for Euro 40,000 thousand, on March 24, 2020 for Euro 60,000 thousand and on June 22, 2020 for Euro 10,000 thousand.

Reserve to cover future losses

The amount of Euro 41,705 thousand refers to the conversion of tranches of shareholders loan made on September 29, 2017 for Euro 20,000 thousand and on November 24, 2017 for Euro 85,000 thousand (of which Euro 85 million can also be used for a future capital increase, provided that, in that latter instance, it shall be used only to increase the participation of Great Horizon S.à r.l.) and from use to cover the loss for the fiscal year ended June 30, 2018, amounting to Euro 63,295 thousand.

Retained earnings (losses)

The negative amount of Euro 132,398 thousand refers mainly to the reserve generated by the losses recorded in previous periods.

Availability and distribution of the Shareholders' equity's reserve

In relation to the availability of the "Shareholders' equity" reserve, it is noted that there is a restriction on the distribution of profits until the reserve created by the monetary revaluation of real property has been re-constituted in accordance with Article 15(16 through 23) of Law Decree no. 185 of 29/11/2008 "Revaluation of real property related to the business", as described in the paragraph "Property, plant and equipment".

Provisions for risks and charges

For taxes including deferred

The "Fund for deferred taxes" regards the allocation to the write-down fund for receivables of Inter Brand S.r.l. deducted off-balance sheet in section EC of the Uniform Tax Return for tax periods ended as at 31 December 2006 and 30 June 2007, made exclusively as application of the outstanding law in the amount of Euro 58 and for Euro 4 thousand on uncollected interest income on arrears.

Provisions for risks and charges

The movements of the provisions for risks and charges during the fiscal year are set forth below:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Balance at the start of the period	28.050	870
Utilisation	(13.351)	(183)
Releases	(3)	(4)
Provision for period	15.236	27.367
Balance at the end of the period	29.932	28.050

As of June 30, 2020, the key positions in the line item are the following:

- Euro 12,946 thousand relative to the allocation for the financial year of the charges for wages and salaries contractually due to FIGC registered personnel no longer employed in the technical project for the period from July 1, 2019 to June 30, 2021, date of termination of the individual contracts. Should these personnel take on new positions in other clubs during the following season, the residual value of the unused provision for unpaid wages and salaries would be released to the income statement under "Other revenues - Release of provisions for risks and charges";
- Euro 11,044 thousand refer mainly to IRPEF withholding tax not paid following the application of the tax regime for the so-called "impatriate" workers as regulated by Art. 5 of DL 34/2019 which amended the previous Art. 16, paragraph 5- quater and 5 quinquies, Legislative Decree no. 147 of September 14, 2015, allowing for the inclusion in the category of impatriate workers also professional sportsmen and sportswomen with reference to income from employment taxable as of the 2020 tax period. The applicability of the facilitation scheme is subject to i) the performance of the employment activity prevalent in Italy, ii) the condition that the member has not been resident in Italy in the two tax periods prior to the transfer, iii) the maintenance of residence in Italy by the sportsperson for at least two years. The Company has set aside the lower IRPEF paid to the risk provision as there is currently no certainty that the FIGC registered members will maintain their tax residence in Italy for the next two years;
- Euro 4,192 thousand set aside during the financial year for the emergence of disputes with reference to the 2019/2020 sponsorship agreements for which - according to the counterparties - there would have been contractual defaults closely linked to the restrictive measures issued by government and federal authorities following the expansion of the COVID-19 pandemic;
- Euro 595 thousand relating to the management incentive plan ("Long Term Incentive");
- Euro 257 thousand (including Euro 3 thousand for the year for the exchange rate adjustment) relating to the estimated costs incurred by the company appointed by Inter Brand to put into liquidation the subsidiary company, Shanghai Inter Brand Trading Co., Ltd.;
- Euro 247 thousand (provision for the year) to cover potential liabilities related to the probable risk of repayment of the economic consideration collected in the 2016/2017 sport season in relation to a sponsorship agreement, for which - according to the counterpart - there would have been non-compliance with the contract;

The uses made during the period mainly refer to payment of salary charges contractually due to FIGC registered personnel no longer employed in the technical project, as better described above.

Provisions for employee severance indemnity

The following movements were made to the following line items:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Balance at start of the period	876	756
Uses related to termination contracts	(503)	(519)
Advance payments	-	(10)
Payments to FIGC	(691)	(662)
Substitute Tax	(9)	(6)
Payables to INPS	(647)	(462)
Payables to other funds	(241)	(162)
Provision for the period	2.091	1.941
Balance at the end of the period	876	876

The amount was calculated in relation to contractual obligations and applicable law.

Payables

Before analysing the payable line items, a summary of the variations that occurred in the fiscal year are set forth below in detail:

<i>Euro thousand</i>	Balance as of June 30, 2020	Balance as of June 30, 2019
Bond loan	282.559	287.344
Shareholders' loan	78.233	148.901
Payables to banks	50.379	25.167
Advances	8.832	138
Trade payables	96.907	79.960
Payables to subsidiaries	16	16
Payables to associated companies	3.064	2.084
Payables to parent companies	285	181
Payables to companies subject to parent companies control	51.164	48.934
Tax payables	48.513	20.004
Payables to pension and social security institutions	3.979	1.535
Payables to specific-sector institutions	207.478	134.927
Other payables	39.935	24.666
	871.344	773.857

The most significant changes relate to the decrease in "Payables due to shareholders for loans", partially offset by the increase in "Payables due to companies under the control of parent companies", as better described in the paragraph "Change in shareholding structure", the increase in "Payables due to specific sector entities" directly related to the significant investments made in the two sessions of the 2019/2020 transfer campaign (and to be compared with a related decrease in receivables due from the entities themselves), compared to the transfer campaigns last year, as highlighted in the paragraph "Intangible fixed assets" in the table "Purchases".

Other significant changes are the increase in "Payables to banks", relating to the use of the revolving credit line granted to the Group as better commented above, as well as the increase in "Payables to suppliers", "Tax payables", "Payables to social security institutions" and "Other payables" also due to the regulatory measures issued by the government authorities to stem the Covid-19 emergency and support the liquidity of companies.

Bond

As described in the paragraph "Other information - Description of the Group's corporate restructuring and debt refinancing", on December 21, 2017, the subsidiary company Inter Media and Communication, issued and placed a senior institutional secured bond for an amount of Euro 300 million, with a maturity date December 31, 2022 and fixed rate at 4.875%. Such Bond is secured by cash flows deriving from the sponsorship agreements and media contracts signed by the subsidiary company Inter Media and Communication S.p.A. as well as the flows deriving from the UEFA rights and the Serie A television rights.

The repayment plan of the capital is shown below:

- Euro 3,1 million on December 31st, 2018;
- Euro 3,15 million on June 30, 2019;
- Euro 3,25 million on December 31st, 2019;
- Euro 3,3 million on June 30, 2020;
- Euro 3,4 million on December 31st, 2020;
- Euro 3,5 million on June 30, 2021;
- Euro 3,55 million on December 31st, 2021;
- Euro 3,65 million on June 30, 2022;
- Euro 273,1 million within December 31st, 2022.

The amount is recorded in the consolidated financial statements with the amortised cost calculation, for an amount of Euro 282,559 thousand which is aligned to net present value of future cash flows, deducting of transaction costs for Euro 9,988 thousand. The effective interest rate was therefore calculated, ie the internal rate of return (IRR), along the debt maturity, which makes the present value of future cash flows deriving from the debt and its initial recognition value. The calculated effective interest rate, which exactly discounts future payments over the expected life of the debt or in order to determine the net book value, is 5.5936%. It is noted that the interest payable on the contractual expiry dates (ie 4,875% of the

nominal value of the loan) will not be charged to the Income Statement, but such financial expenses will be based on the effective interest rate, which corresponds to the financial expenses included in the Bond loan.

The Bond also provides for compliance with two financial parameters (covenants), respectively the Debt Service Coverage Ratio and the Pro-forma Debt Service Coverage Ratio. In summary, the first represents the ratio between net cash flows from operating activities and the sum of financial charges and capital payments made in the 12 months preceding the date of calculation (or alternatively, if 12 months have not passed since the date of stipulation of the Bond, the period between the date of stipulation and the date of calculation). The second, instead, is calculated using the same factors, determined on the estimated values - as reported in the budget - for the 12 months following the calculation date. The above parameters, based on the calculations made as at June 30, 2020, have been met; similarly, based on the projections available to date, it is estimated that they will also be met with reference to the next deadlines over the next 12 months, taking into account the Suning Group's commitment to providing financial support to the Group, which makes it possible to neutralize the elements of uncertainty that exist also with reference to the effects on cash generation of the COVID-19 pandemic, which cannot be estimated to date.

The instalments due on June 30, 2018, December 31, 2018, June 30, 2019, December 31, 2019 and June 30, 2020 have been regularly paid.

For completeness of information, it should be noted that there are bonds with maturity beyond the following year for Euro 275,659 thousand, while there are none with a maturity of more than 5 years.

For further information on the evolution of the Bond Loan during the year, reference should be made to the Cash Flow Statement.

Shareholders' loan

Payables Payables to shareholders for loans in the amount of Euro 78,233 thousand (of which Euro 70,877 thousand is the capital share), refer to loans obtained from the parent company Great Horizon S.à.r.l.

On September 29, 2017 and November 24, 2017, the parent company converted loans received in the fiscal year ended June 30, 2017 and in the fiscal year ended June 30, 2018 for a total of Euro 105 million into a "Reserve to cover future losses", (of which Euro 85 million can also be used for a future capital increase, provided that, in that latter instance, it shall be used only to increase the participation of Great Horizon S.à r.l.), as described in the paragraph "Shareholders' Equity". In addition, the Company converted additional loans of Euro 40 million on June 26, 2019, Euro 60 million on March 24, 2020 and Euro 10 million on June 22, 2020 into "Reserve for future capital increases", exclusively reserved for the shareholder Great Horizon S.à.r.l.

It should be noted that during the period, the maturity of all shareholders' loan share capital, in the amount of Euro 70,877, was changed. The maturity has been postponed to December 31, 2021.

The interest rate is 6.5%; during the semester the interest accrued amounts to Euro 8.2 million.

Bank loan

Bank loan amounts to Euro 50,378 thousand and refer to the subscription of the revolving credit facility for a maximum amount of Euro 50 million as part of the debt refinancing operation described in the paragraph "Other Information - Other information - Contribution in kind and debt refinancing".

In August 2018 the Company used the revolving credit for Euro 43.4 million, with a repayment of Euro 10 million made in November 2018 and a repayment of Euro 8.4 million in February 2019; in addition, in July 2019 were used further Euro 25 million because of the liquidity needs about the transfer market of 2019/2020 season.

The amount also includes interests, relating both to the amount used and to the unused amount of the Revolving Credit Facility, accrued but not yet paid as at December 31, 2019, for an amount equal to Euro 378 thousand.

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

Advance payments

The item mainly includes receipts received for match tickets and season tickets that were not played due to the suspension of the Serie A caused by the Covid-19 virus. Please note that the Parent Company has notified the activation of the procedure for requesting reimbursement of tickets purchased for the Serie A 2019/2020 Championship matches played behind closed doors due to the health emergency (Inter-Sampdoria, Inter-Sassuolo and Inter-Brescia) and for the share of the seven Serie A matches not enjoyed by subscribers.

Trade payables

The balance can be broken-down as follows:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Current suppliers	30.676	21.208
Suppliers for invoices to be received	66.231	58.752
	96.907	79.960

The amount of Euro 96,907 thousand includes, among others i) payables to FIFA Agents in the amount of Euro 32,186 thousand, of which Euro 25,408 thousand for payables related to invoices to be received, ii) payables to the City of Milan in the amount of Euro 26,400 thousand referring to fees for the rental of the Stadium, to be used as an offset with the improvements made by the Company and described in the comment to the line item "Intangible Assets", iii) payables to suppliers in the amount of Euro 38,321 thousand, of which Euro 14,423 thousand for invoices to be received, mainly relating to: i) Euro 6,000 thousand from the debt relating to the fee due in accordance with the contract for the buy-back of Licensing and Retail rights with Nike ii) Euro 1,100 thousand related to the summer retreat of the First Team and iii) Euro 2,309 thousand in relation to the players' image rights.

The part due beyond 12 months mainly refers to payables to the City of Milan, to FIFA Agents in accordance with agreed upon payment plans and to payable related to the fee under the buy-back Licensing and Retail rights agreement with Nike.

Payables to subsidiaries

The line item includes trade payables to the subsidiary Inter Brand China Co., Ltd. in liquidation in the amount of Euro 16 thousand.

Payables to associated companies

The line item amounts to Euro 3,064 thousand and mainly refer to net payables mainly related to activities and services which are necessities for the operating management of the G. Meazza Stadium, according to the 2019/2020 season's contract, and for commercial operations with M-I Stadio S.r.l...

Payables to parent companies

The item in question amounts to Euro 285 thousand and refers to the 60% commission paid to Jiangsu Suning Sports Industry Co., Ltd. on the 2018/2019 and 2019/2020 consideration of the sponsorship contract with ePrice, whose economic and equity balances are summarized in the paragraph on "Related party transactions".

Payables to companies subject to parent companies control

The item amounts to Euro 51.164 thousand and refers to the sale, on April 15, 2019, of the share of the shareholders' loan from Suning Sports International Limited to the company subject to parent company control Grand Flagship Limited, with extension of the maturity date of this share to December 31, 2020.

It should be noted that during the period, the maturity of all debts share capital, in the amount of Euro 46,235, was changed. The maturity has been postponed to December 31, 2021.

Loans outstanding as of June 30, 2020 accrue interest at an annual rate of 6.5%; during the year interest of Euro 2.2 million was accrued.

Tax payables

Tax payables are represented by the following amounts:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Payables for IRPEF (income tax) for employees, selfemployed and registered personnel related to the months from March to June	40.906	13.249
Payables for IRAP (tax on regional productive activities)	2.595	2.053
Payables for VAT	33	91
With Holding Tax	4.914	4.588
Other payables	65	23
	48.513	20.004

The item "Payables for Irpef employees and self-employed months from March to June", refers to withholdings paid in July and related to the month of June, except for those not yet paid and related to previous months not yet paid because the payment was postponed by government measure to September 16, 2020 to support the liquidity of companies as a result of the COVID-19 pandemic. For the same reasons, the VAT debt shown in the table above is also net of the credit accrued in the month of June and the amount due for the previous months is settled in instalments without penalties and interest according to the above mentioned legislative provision as from September 16, 2020.

The increase in payables "With Holding Tax" relates to interest expense accrued during the year on shareholder loans granted by Suning Group companies, as better commented in the previous paragraphs.

It should be noted that receivables (for advances) and tax payables with reference to IRAP tax have been offset when attributable to the Group, while they remain separately classified if they refer to different companies of the same Group.

For the sake of completeness of information, it should be noted that in addition to that already indicated above, there are no tax payables due beyond 12 months.

Social security payables

This amount, related to contributions for the month of June, can be broken-down as follows:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Payables to INPS (national social welfare institution)	896	250
Payables to INAIL (national institute for insurance against accidents at work)	233	39
Payables to PREVINDAI (pension fund for directors)	86	78
Payables to ENPALS (entertainment industry employees' pension organization)	2.470	693
Expenses for vacations matured but not taken	251	450
Payables to other entities	43	25
	3.979	1.535

It should be noted, as already commented in the previous item, that also the contributions of the months of lockdown following the spread of the COVID-19 pandemic and included in the balance, have benefited from the government measure to support the liquidity of companies and their payment has been postponed to September 16, 2020 with the possibility of further installment without the application of penalties and interest.

Payables to specific sector institutions

This refers to relationships with entities and companies in the sector and shows an increase of Euro 72,551 thousand compared to June 30, 2019.

The balance consists of: i) payables to national football clubs in the amount of Euro 84,254 thousand, ii) payables to foreign football clubs in the amount of Euro 81,592 thousand and iii) invoices to be received from football clubs, including solidarity contribution, in the amount of Euro 41,632 thousand.

Specifically, payables to football clubs are the following:

National Clubs	LNP Serie A	Direct
Euro thousand		
CAGLIARI CALCIO S.P.A.	26.404	
US SASSUOLO CALCIO SRL	21.175	
GENOA CRICKET & FOOTBALL CLUB SPA	12.429	
A.S. ROMA SPA	11.954	
ATALANTA BC SPA	3.996	
PARMA CALCIO 1913 SRL	3.992	
DELFINO PESCARA 1936 SPA	2.267	
CREMONESE SPA	295	
S.S.C. NAPOLI S.P.A.	167	
FUSSBALL CLUB SUDTIROL S.R.L.	150	
SSD PRO SESTO SRL	94	
A.C. RENATE S.R.L.	80	
PORDENONE CALCIO S.R.L.	62	
PIACENZA CALCIO 1919 SSDRL	55	
VICENZA CALCIO SPA	43	
A.S.D. DONATELLO CALCIO	40	
U.S. PERGOLETTESE 1932	12	
URBS REGGINA 1914 SRL	10	
S.S. AREZZO SRL	7	
EMPOLI FOOTBALL CLUB S.P.A.	6	
SESTO 2012 S.S.D. A R.L.	3	
RAVENNA FOOTBALL CLUB 1913 S.P.A.	3	
ASD REAL MEDA C.F.	1	
A.C. MONZA BRIANZA 1912 SPA		5
ASCOLI CALCIO 1898 F.C. S.P.A.		3
CUNEO 1905 SRL		1
Totale National Clubs	83.245	8
Lega c/Campionato		1.003
FIGC		(3)
Invoices to be received Foreign Solidarity Contributions		420
Invoices to be received from specific-sector institutions		41.212
Foreign Clubs		
MANCHESTER UTD F.C. LTD	50.551	
HERTHA BSC GMBH & CO.	13.365	
TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LTD	12.384	
FOOTBALL CLUB SION	1.212	
ANDERLECHT	1.136	
CHELSEA FOOTBALL CLUB	820	
EVERTON FOOTBALL CLUB CO LTD	519	
FC RED BULL SALZBURG GMBH	455	
AFC AJAX NV	309	
LYNGBY BOLDKLAB A/S	201	
ASS ESPERANCE SPORTIVE TROYES AUBE CHAMP	200	
ODENSE SPORT & EVENTS A/S	177	
STEIRISCHER FUßBALLVERBAND (STFV)	135	
URBSFA KBVB	50	
GNK DINAMO	48	
NOGOMETNI KLUB ZAGREB	30	
Total Foreign Clubs	81.592	

Payables due to domestic companies are to be considered together with receivables due from domestic companies recorded as assets under the item "Receivables from specific sector institutions" as the items are settled for their net amount through the LNP clearing house.

It should be noted that payables with payment dates beyond the year are recorded net of a discounted effect of Euro 8,470 thousand in accordance with the new accounting standards.

Other payables

Other payables are composed as follows:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Payables to employees and contractors for remuneration accrued but not yet paid	38.767	23.485
Miscellaneous other payables	1.168	1.181
	39.935	24.666

Payables to personnel, in addition to payables for remuneration, also include payables related to the allocation of the bonuses matured by registered personnel and linked to the seasonal objectives achieved. The increase in this item compared to the same comparative period of the previous year mainly refers to the amount of payables for membership wages for the months of March, April and May whose payment was suspended during the months of lockdown and deferred as a result of the effects caused by the COVID-19 pandemic.

The following is the breakdown of payables by foreign currency:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Payables in Euro	870.993	773.136
Payables in USD	346	388
Payables in GBP	18	84
Payables in HK\$	16	16
Payables in AUD	2	27
Payables in RMB	(29)	206
Payables in CHF	(2)	-
	871.344	773.857

Accrued expenses and deferred income

This consists of allocations related to accrued expenses and revenue realized during the fiscal year but referable to fiscal years after June 30, 2020:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Accrued expenses	574	557
Deferred income	49.443	30.376
	50.017	30.933

The accrued expenses mainly relate to costs related to employees and ancillary charges (13th month), accrued by the end of the financial year but whose payment is deferred for Euro 553 thousand.

Deferred income amounts to Euro 49,443 thousand and regards:

	Balance as of June 30, 2020	Balance as of June 30, 2019
Euro thousand		
Revenue for season tickets	-	15.700
RAI - Infront Library	11.290	11.714
TV Rights	24.913	-
Friendly matches	-	1.305
Sponsorship - Official	2.769	-
Sponsorship - Technical	2.823	-
Sponsorship - EU in house	1.466	-
Sponsorship - Regional	335	-
Sponsorship - Global	732	-
Licencing	1.027	-
Inter Academies	84	938
Revenue from temporary loan of players	3.005	-
Other	999	719
Total	49.443	30.376

The increase in deferred income is directly related to what has already been confirmed previously due to the suspension and subsequent resumption of the 2019/2020 competitive activity, with the limitations established by government and federal authorities, for the spread of the COVID-19 pandemic, partially offset, for the same reasons, by the absence of deferred income for season tickets, match tickets and friendly matches.

As indicated in the paragraph "Other Information - Agreements with the RAI and Infront Group", the share of the "RAI-Infront Archives" deferred income represents the deferment of the income accruing in future years for the marketing of the rights to use the historical library.

Deferred income mainly refers to: i) Euro 24,913 thousand for television rights, ii) Euro 8,125 thousand for sponsorship income, iii) Euro 3,005 thousand for temporary disposals of players and iv) Euro 1,027 thousand for merchandising and licensing activities internalised and managed directly by the Group.

In the item "Others", there are mainly deferrals related to the proceeds from the subscription of Fan Cards and Inter Club membership fees pertaining to the following financial years.

At June 30, 2020 there are deferred income for Euro 11,347 thousand with expiry beyond 12 months, of which Euro 9,476 thousand with expiry beyond 5 years.

Analysis of the line items of the Income Statement

It is reiterated for the sake of clarity of exposure that, following government decisions in response to the spread of the COVID-19 pandemic, which led first to the suspension and then the resumption of competitive activity, with the extension of the 2019/2020 sports season until August 31, 2020, the revenues from matches, television and advertising rights and sponsorships (except those defined as Naming Rights), as well as the costs for wages and salaries of registered personnel, are not comparable with those of the same comparative reference period as they are not homogeneous. Specifically, part of the revenues relating to TV revenues were deferred in July and August in line with the postponement of the related matches, the revenues from matches were lower following the dispute of the games behind closed doors while the revenues related to sponsorships (except for those defined as Naming Rights) were first suspended in the "lockdown" period from March to May 2020 and the residual value recompensed at June 30, 2020 pro-rata temporis from the resumption of activity until the natural conclusion of the 2019/2020 sports season, set for August 31, 2020. The cost of FIGC registered personnel has been recorded in full until the month of February 2020. The residual cost was repaid over the residual duration of the sports season extended to August 31, 2020. The above costs and revenues in the previous financial year were recorded for the period of 12 months. The cost of registered personnel was instead accounted for in full until the month of February 2020 and the residual cost was recalculated on the residual duration of the sporting season extended to 31 August 2020. The aforementioned costs and revenues in the previous year were recognized for the period 12 months.

PRODUCTION VALUE

Revenue from sales and services

Revenues from sales and services mainly refers to the revenues received from matches and seasons tickets, or income from the sale of tickets and season tickets to attend the matches of the First Team and the Youth Teams membership in the Inter Club, as well as income related to concessions of advertising space, from the thematic channel "Inter Tv" and from the marketing of the television library.

Revenue can be broken-down as follows:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Revenue from sales and services:		
- Championship matches	16.480	17.367
- Tim Cup Matches	1.525	177
- International Cup matches	6.945	7.211
- Tournaments and friendly matches	2.624	1.357
- Season Tickets	16.803	18.564
Other Revenue:		
- Inter Club/Member Fan Cards	2.446	2.229
- Sponsorship EU in house	9.508	12.254
- Sponsorship Regional	43.775	96.850
- Sponsorship Global	2.418	-
- Rai-Infront Library	10.424	10.423
- Inter TV	5.621	3.992
- Others	296	226
Total	118.865	170.650

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

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

Revenues from sales and services and Other revenue and income for the 19/20 football season postponed to the following fiscal year amount to Euro 33,937 thousand.

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

Capitalised youth programme costs

Capitalised youth programme costs related to the fiscal year refer to the following structural and operating costs referring and attributable to the training camp:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Coaches compensation and bonuses	4.447	3.611
Inps – Enpals – cost for coaches	1.212	949
Coaches and of career allowances	228	184
Health care costs	1	14
Retirement management	832	859
Sport Facilities	1.702	1.317
Room and Board for the matches	213	213
Total	8.635	7.147

The amount capitalised is consistent with the new capitalisation requirements as described above in the "Intangible assets" and in the accounting principles.

Other revenue and income

Sponsorship, miscellaneous income and other revenue

Specifically, such income consists of the following:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Operating grants and contributions	4.653	4.284
Sponsorships	22.155	29.108
Advertising income	2.711	4.572
Commercial income and royalties	2.537	2.268
Income from the sale of television rights:		
- television revenues	69.755	87.221
- television income from UEFA competitions	45.603	51.739
Various income	-	55
Revenue from temporary loans of players	5.515	2.523
Gains on sale of player registrations	61.546	40.141
Other income from player management	3.926	1.210
Sundry revenues and income	26.470	16.161
Total	244.871	239.282

"Grants and Contributions" of Euro 4,653 thousand relates to contributions paid in the previous fiscal year by the Serie A related to the Company's qualification to the semi-final in the Tim Cup and to non-audiovisual rights.

Sponsorships, amounting to Euro 22,155 thousand, mainly refer to the Official Sponsor Pirelli and to the Technical Sponsor Nike, including the bonuses accrued for the UEL results without considering the delayed recognized revenue.

Advertising revenues are related to promotional-advertising activities included in subscriptions with hospitality and show a decrease of Euro 1,861 thousand compared to the same comparative period of reference, due to the closed-door dispute of the remaining matches of the 2019/2020 season, consistently with the decrease in revenues from subscriptions.

Commercial income and royalties are equal to Euro 2,537 thousand and they are related to the revenue related to

merchandising and licensing activities. During the fiscal year, the Company signed an agreement with Nike to buy-back the rights of the retail and licensing activities; starting from November 1, 2019 these activities are managed directly by the Company.

The line item Income from the sale of Serie A television rights amounts to Euro 69,755 thousand and shows a decrease compared to the previous year due to the suspension and extension of the 2019/2020 season until August, as well as the lower amount received by the Company on the basis of the Ranking Coefficient of the current season, lower than the previous season, for television income from UEFA competitions.

Revenue from temporary loans of players are related to player Ivan Perisic.

Gains on sale of players registration during the fiscal year are listed below, with an indication of the name of the football player and the transferee club:

Football Player	Transferor	Net Book Value	Value of the transfer	Actualization	Gains
Euro thousand					
Icardi Mauro	Sasp Paris Saint-Germain Football	1.952	49.125	-	47.173
Puscas George	The Reading Football Club Limited	116	7.482	(403)	6.963
Karamoh Yann	Parma Calcio 1913 S.r.l.	3.662	7.300	(169)	3.469
Barbosa Almeida Gabriel	Clube de Regatas do Flamengo	12.424	16.500	(1.767)	2.308
Merola Davide	Empoli F.B.C. S.p.A.	21	750	-	729
Rizzo Nicholas	Genoa Cricket & Football Club S.p.A.	18	500	-	482
Palazzi Andrea	Associazione Calcio Monza S.p.A.	183	400	-	217
D'Amico Felice	U.C. Sampdoria S.p.A.	289	400	-	111
Radaelli Nicolò	Delfino Pescara 1936 S.p.A.	6	100	-	94
Total					61.546

Other income from player management, in the amount of Euro 3,926 thousand, refers for Euro 3,166 thousand to bonuses other than the transfer campaign for football players that matured both with respect to national as well as international clubs, mainly related to bonus for players Rizzo (Euro 2,000 thousand) and Kovacic (Euro 1,000 thousand) and for Euro 760 thousand to solidarity contributions accrued in the transfers of players to international clubs, mainly related to player Kovacic (Euro 546 thousand).

Sundry revenue and income mainly includes revenues from insurance reimbursements, relating to the portion of season tickets reimbursed for the 2019/2020 season due to Covid-19, for Euro 10,000 thousand, revenues from Inter Academies for Euro 7,866 thousand, income due to contracts signed with the parent Suning Sports International Limited for the sharing of technical and professional staff (Know-how) for Euro 3,500 thousand and services to associates for Euro 725 thousand.

The item also includes extraordinary income and non-existent liabilities of Euro 2,500 thousand, mainly related to M-I Stadio bar service of the 2018/2019 season which could not be previously estimated because regularized after the financial year closing and the "U.E.F.A. Club Benefits Programme 2018-2019" regarding the convocation of the club's players for the UEFA Nations League 2018/2019 and UEFA European Championship 2018-2020 competitions.

PRODUCTION COSTS

Costs of raw materials, supplies and consumables

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Technical material	987	721
Consumables	1.780	1.876
Health material	272	264
Other	204	366
	3.243	3.227

The increase in the item "Consumables" is essentially due to the increase of "Consumables" following the increase of purchase of material for Inter Academies, Inter Club and Membership.

Costs for services

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Costs for sport activities	6.192	5.949
Specific technical costs	13.321	9.508
Costs for accomodation, food, transport	2.677	2.435
Ticketing service, ground admission, security control	2.511	3.535
Insurance and pension	1.755	1.373
Intercampus	456	644
Administrative, advertising and general	38.179	32.610
	65.091	56.054

The costs for ticketing service, ground admission, security control show a decrease as a result of the suspension of national and international competitions and the subsequent dispute behind closed doors.

Costs for sports activity including, among others:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Costs for training sessions and camps	1.929	2.011
Health expenses	300	413
Fees for self-employed contractors	2.104	1.659
Retirement costs	857	876
Expenses for maintenance of sport pitches	654	432
Sundry	348	558
	6.192	5.949

The increase showed in the line is mainly related to the increase of "Fees for self-employed contractors".

The "Specific technical costs" include:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Transfer campaign agent fees	1.005	1.268
Player scouting and trials	275	225
Subsidized teams	11.853	7.936
Sundry	188	79
	13.321	9.508

The increase of specific technical costs is mainly tied to the increase of "Transfer campaign agents fees" following higher costs for transactions, consulting and commissions related to FIFA agents.

The administrative, advertising and general costs include, among others:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Other costs	6.000	-
External consultant	6.644	5.228
Services from associated	5.056	4.784
Inter TV	3.211	3.517
Player Image Rights and passive commissions	1.828	4.515
External events	977	1.890
Advertising costs	1.535	673
Directors fees	1.690	829
Legal and notary fees	1.598	2.448
Giveaways, promotional and representation gifts	3.356	2.176
Ordinary maintenance and repairs	983	735
Postal and telephone expenses	1.036	1.228
Other utilities	917	761
Supervisory and cleaning expenses	635	1.209
Statutory Auditors fees	223	81
Bank charges	98	418
Independent Auditing Firm fees	104	118
Factoring costs	333	73
Guarantees fees	1	119

The costs for "Other costs" refer to the fee related to the agreement with Nike to buy-back the rights to the retail and licensing activities.

"Services from associated" costs mainly refer to the M-I Stadio contract, which charges to the Parent Company the operational management services of the stadium.

The item "Advertising", which increased significantly during the year compared to the same comparative period of reference, includes the costs in for advertising spots relating to the subscription campaign, events and new promotional, commercial and brand initiatives during the year.

The costs for services also include fees to the Statutory Auditors in the amount of Euro 223 thousand and to the Independent Auditing Firm in the amount of Euro 104 thousand.

Costs of rent and leases

Costs of rent and lease consist of:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Licence to use Meazza Stadium	4.697	4.674
Rental expenses	1.981	1.857
Operating lease payments	6	25
Other user licence fees	2.582	1.016
Concession sports facilities	628	330
Other Rental fees	2.044	1.827
	11.938	9.729

The increase in "Other user license fees" is mainly related to the vik contract with the supplier Acronis for the 2019/2020 season. The related revenue is included under "Sponsorships" as described in the paragraph "Sponsorships, miscellaneous income and other revenues".

Personnel costs

The personnel cost is as follows:

	12 months as of June 30, 2020		12 months as of June 30, 2019	
Euro thousand				
	Registered	Other	Registered	Other
Salaries and wages	163.043	18.298	156.098	18.808
Social security contribution	3.724	4.597	3.252	4.775
Employee severance indemnity	567	1.524	551	1.390
Other costs	3.730	2.522	3.199	4.523
	171.064	26.941	163.100	29.496
Total personnel costs		198.005		192.596

Personnel costs at June 30, 2020, equal to Euro 194,046 thousand, show a decrease compared to the previous fiscal year of Euro 5,564 thousand, mainly due to the combined effect of the increase in the number of wages and salaries for registered personnel and the decrease in the pro-rata accounting of the First Team's wages and salaries over 14 months following the extension of the 2019/2020 football season until August 31, 2020.

With respect to registered employees, the cost is set forth in detail as follows:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Contractual remuneration players	114.029	118.022
Contractual remuneration coaches and technical staff	23.528	16.756
Performance bonuses	21.033	15.133
Image rights	4.453	6.187
	163.043	156.098

During the fiscal year performance bonuses of Euro 21,033 thousand were accrued as specified in the contract. Image rights, amounting to Euro 4,453, entirely refer to football players of the First Team.

The average personnel employed by the Company can be broken-down as follows:

Workforce	as of June 30, 2020	as of June 30, 2019	Variations
Players first team and youth teams	81	94	(13)
Coaches	115	102	13
Other technical staff	50	35	15
Executives	17	20	(3)
Managers	29	25	4
Clerical employees	178	176	2
Blue collar workers	13	11	2
Total average workforce	483	463	20

Depreciation and amortisation

Amortisation of intangible assets

Amortisation of intangible assets amounted to Euro 132,671 thousand with respect to Euro 95,720 thousand of the prior fiscal year and consist of the following:

- Euro 21 thousand for amortisation of industrial property rights and copyright;
- Euro 120,213 thousand for amortisation of players registration rights, calculated with tax rates proportional to the duration of the respective contracts;
- Euro 6,255 thousand for amortisation related to the capitalisation of youth programme costs;
- Euro 5,616 thousand for amortisation related to the line item "concessions, licenses and trademarks";
- Euro 566 thousand for the portion of amortisation related to other intangible assets.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment as of June 30, 2020 amounted to Euro 2,055 thousand with respect to Euro 1,953 thousand as of June 30, 2019 and consists of:

- Euro 1,264 thousand for depreciation related to the line item land and buildings;
- Euro 133 thousand for depreciation related to the capitalisation of purchase costs for systems and machinery;
- Euro 47 thousand for the portion of depreciation related to industrial and commercial equipment;
- Euro 611 thousand for the portion of depreciation related to other property, plant and equipment.

Impairment of assets

The line item, amounting to Euro 3,570 thousand, includes the write-downs made to reflect indicators of long-term loss with reference to multi-year rights to sports services. The write-downs were determined following the permanent transfer or release of the players in the 2019/2020 summer transfer campaign at a value lower than the net carrying amount.

Impairment of doubtful account receivables included current assets

The provision for the period of Euro 743 thousand prudentially reflects the updated assessment of the risk of uncollectability of specific credit positions. For further information on the movements during the year with regard to the item in question, please refer to the note to the "Bad debt provision".

Provision for risks and charges

We remind to the note as comment of "Provisions for risk and charges" paragraph.

Other Provision

The allocations made during the year refer, as anticipated under the item "Provision for risks and charges", mainly to the IRPEF withholdings not paid following the application of the tax regime in force for the so-called "impatriated" workers as per art. 16, paragraph 5-quater, Legislative Decree no. 14 September 2015, no. 147, with reference to employee income taxable from the tax period 2020 and the provision recorded for litigation related to some sponsorship agreements 2019/2020 for which - according to the counterparties - there would have been contractual defaults strictly related to the restrictive measures issued by government and federal authorities following the expansion of the COVID-19 pandemic.

Other operating expenses

Other operating expenses regard:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Sundry match organization costs	2.987	3.416
Competition registration fees	15	5
Specific expenses paid to away team:		
- Percentage revenues games visiting teams	277	80
Costs for temporary ac. of players	3.068	21.610
Losses on the long-term sale player registration rights	36	668
Other expenses from player management	673	1.052
Other operating expenses:		
- Costs, fines and penalties for matches	145	244
- Indirect tax expenses	412	681
- Contributions from Football League	1.319	1.026
- Transactions and compensation	13	1.344
- Cost of previously years	2.039	2.622
- Sundry costs	390	230
	11.374	32.978

Sundry match organization costs refer to various costs tied to the matches and maintenance of the Stadium.

The costs for the temporary acquisition of players, in the amount of Euro 3,068 thousand, mainly related to the football player Stefano Sensi.

The other expenses from player management include the solidarity contributions accrued in the fiscal year relating to market operations with international clubs.

Costs of previously years for Euro 1,729 thousand include, among others, Euro 244 thousand for less revenues related to 2018/2019 Market Pool balance, Euro 180 thousand for adjustments to the provision for invoices to be received related to the FIFA agents, Euro 141 thousand for reversal of provisions relating to Fan Cards from previous seasons.

Financial income and expenses

Financial income

Other financial income amount to Euro 7,635 thousand and mainly refer to i) interest income relating to the actualization of receivables made in the financial year as required by the changes, additions and changes introduced to the civil code by the D.lgs. 139/2015 described in " Payables and receivables to/from football clubs and ii) financial income arising from the interest renunciation on Shareholder's loans by Great Horizon S.à.r.l.

Interests and other financial expenses

Financial expenses can be broken down as follows:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
On payables to banks	2.437	1.445
On payables for loans	149	147
On Bond loan	16.006	16.264
On payables to parent companies	5.530	9.833
On payables to companies subject to parent companies control	3.014	3.005
On payables to factoring	2.499	2.475
On late payments	22	112
On tax assessments	-	2
On actualization	4.305	2.451
Other expenses and bank commissions	43	26
	34.005	35.760

Financial costs were recognized, when applicable, gross of any withholdings for which the FC Inter Group, through Inter Media, is responsible in accordance with contractual provisions.

Interest expense on Bond loan calculated according to the amortised cost method amounted to Euro 16,006 thousand.

Financial expenses on payables to parent companies refer to interest on the shareholders' loan as better described in the paragraph "Shareholders' loan"; financial expenses to companies subject to parent companies control refer to interest on the portion of the loan sold to Grand Flagship Limited as better described in the paragraph "Payables to companies subject to parent companies control".

The expenses on factoring refer to the costs applied by the factor following the assignment without recourse in previous years of the receivables for the sale of the player Ever Banega and the assignment without recourse in the current year of the receivables for the sales of the players Zinho Vanheusden and Mauro Icardi.

The financial expenses on the actualization for an amount of Euro 4,305 thousand relate to the discounting of payables carried out in the financial year as required by the amendments, additions and changes introduced to the rules of the civil code by the Legislative Decree. 139/2015 described in "payables and receivables from football clubs".

Further details on this item were provided earlier in the comments on "Payables".

Gain and losses on foreign currency translation

These are sub-divided as follows:

	12 months as of June 30, 2020	12 months as of June 30, 2019
Euro thousand		
Income on exchange	562	192
Losses on exchange	(406)	(148)
	156	44

The effects on receivables and payables in foreign currency, deriving from the trend of exchange rates as of June 30, 2020, are insignificant.

Revaluations of equity investments

At June 30, 2020 these amounted to Euro 529 thousand and related to the recovery of the value of the investment in M-I Stadio S.r.l., which as of June 30, 2020 has recorded a shareholders' equity equal to 4,830 thousand, after a positive result obtained during the fiscal year.

Income taxes

Starting from fiscal year 2014/2015, 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 16 December 2013 for the three-year period 2013/2016, renewed for other three years.

The allocation for the fiscal year income taxes for the consolidated companies was made on the basis of the presumable tax burden according to outstanding law.

Taxes are calculated as follows:

- current taxes in the amount of Euro 6,618 thousand;
- pre-paid taxes in the amount of Euro 1,123 thousand;
- deferred tax assets in the amount of Euro 338 thousand.

As a result, income taxes also include the income and expenses resulting to the tax consolidation. The net income of F.C. Internazionale Milan S.p.A. from the tax consolidation, it amounted to Euro 12,240 thousand, while the tax burden transferred by Inter Media and Communication S.p.A. it is equal to Euro 12,027 thousand - divided into Euro 13,544 thousand as income related to the portion absorbable from the taxable income recognized by the subsidiary and Euro 1,517 as a charge related to the excess of RoI produced on interest payable that can be used and transferred to the Tax Consolidation as per specific regulation in the context of existing consolidation agreements – of Inter Brand is equal to Euro 210 thousand and of Inter Futura S.r.l. is equal to Euro 3 thousand.

The amount of tax losses pertaining to FC Inter, not valued for prudence, is equal to Euro 427,551 thousand, of which Euro 220,201 thousand can only be used by the Parent Company, while the remaining part can be used within the tax consolidation.

Litigation and tax assessments

The Parent Company 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 Parent Company considered this to be extraordinary and therefore not subject to IRAP taxation (the "Capital Gains" case).

The second case instead regards the relationships between the Parent Company, 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, and therefore are remuneration in kind paid to the football players (a fringe benefit). Therefore, with reference to such costs the failure to subject them to withholding tax, and their non-deductibility for Value Added Tax and their non-deductibility for purposes of IRAP and IRES was contested ("Sports Agents" case).

In relation to the "Capital Gains" case, the Parent Company has received various notices of tax assessments starting from fiscal year 2001/2002, specifically:

- with reference to the notices of assessment received for the 2001/2002, 2002/2003 and 2003/2004 financial years, the Parent Company appealed at various levels of judgment, in which favourable sentences (generally at first instance) alternated with contrary sentences. The appeals relating to the aforementioned assessments during 2019 were all cashed. The Court of Cassation (i) rejected the appeals filed by the Revenue Agency, thus recognizing that penalties are not applicable because at the time of the facts there were jurisprudential disagreements on the point, as pointed out in the ruling of the Council of State of 11-12-2012 (Cass.Civ. 2015 n. 24588) and (ii) rejected the appeals filed by the Company, thus recognizing the taxability of Capital Gains for IRAP purposes since, as clarified by the above mentioned Council of State ruling on the legitimacy, the transfer of a soccer player is an act that falls within the management of a soccer team, representing an event related to the ordinary activity of the club, so that the capital gains from the sale of fixed assets, when the disposal of the asset constitutes an ordinary event of the company's management, are part of the income and expenses of the accessory "ordinary" management. In November 2019, the Parent Company received from the Agenzia delle Entrate a payment slip of Euro 1,475 thousand, relating to the tax period 2001 and falling within the case of "Capital gains", following a ruling issued by the Court of Cassation; the amount due was paid in full in January 2020 and recorded in the Income Statement during the fiscal year;
- with respect to fiscal year 2004/2005, the assessment received only resulted in the variation of the IRAP taxable income base, which remains negative, and therefore no increased tax was imposed on the Parent Company;
- with reference to fiscal years 2005/2006 and 2006/2007, on 12 December 2011 the Parent Company received two notices of tax assessments and filed an appeal in front of the Provincial Tax Commission of Milan. 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 Parent Company, in accordance with legislation on appeals, paid the amount of Euro 654 thousand in fiscal year 2012/2013, which was entirely charged to the Income Statement. On 13 March 2014, the Parent Company received notice from the Provincial Tax Commission of Milan related to the judgment in which the appeal was accepted for both notices of 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 Parent Company 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 Parent Company received a notice of payment in the amount of Euro 2,095 thousand related to the above mentioned notices of tax assessments for fiscal years 2005/2006 and 2006/2007 consequent to the unfavourable judgment on appeal. The above tax notice, which will be paid in accordance with an agreed-upon instalment plan, resulted in the use of the "Provision for risks and charges" in the amount of Euro 1,441 thousand, as better described in the paragraph "Provisions for risk and charges", while for the remaining portion already entered into debt, during the previous year has been pre-paid. For completeness it is noted that the Parent Company has appealed in the month of March 2016.

For completeness of information, it is noted that, as is known, in relation to the "Capital Gains" case that was just described, in the month of December 2012 the State Council, upon the request for an opinion by the Ministry of the Economy and Finance, gave its favourable opinion for the taxation of the capital gains for the purposes of IRAP.

The Parent Company has not received further notices of tax assessments with reference to such cases and the years that are still open from a tax standpoint.

Even with reference to the "Sports Agents" case, the Parent Company has received various notices of tax assessments starting from fiscal year 2004-2005, whose description is relevant for purposes of the information regarding these consolidated financial statements, specifically:

- with reference to fiscal years 2004-2005, 2005-2006 and 2006-2007, in fiscal year 2011/2012 the Parent Company agreed to settle the tax assessments received related to the above fiscal years that contested non-deductible costs for purposes of IRAP in relation to the 2004-2005 fiscal year, as well as more VAT and withholding tax for the years 2005, 2006 and 2007. The overall cost, inclusive of ancillary penalties and interest, was approximately Euro 7.7 million;
- with reference to fiscal years 2007/2008, 2008/2009, 2009/2010, 2010/2011, 2011/2012 and 2012/2013, in March 2018 the Parent Company received a tax transaction proposal from the Tax Authority ("Agenzia delle Entrate") in order to avoid the continuation of situations of tax litigation; the Parent Company 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 current fiscal year. Specifically, with reference to the settlement agreement relating to the "Sports Agents" case, these were carried out with a view to cost / benefit, assessing on the one hand the residual duration of disputes which, more likely, would have been prolonged. Up to the third degree 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 reference to 2012/13 and 2013/14 fiscal years, in December 2018 the Company 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 2012/2013, higher withholding tax not applied as a withholding agent in relation to the financial year 2012/2013 as well as higher VAT tax in relation to the financial years 2012/2013 and 2013/2014. 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 what is written in the note "Provisions for risks and charges".
- in relation to the years 2013/2014 and 2014/2015, in July 2019 the Company received from the Tax Authority an Act that contests higher VAT tax during those years. The Parental Company paid Euro 17 thousand in August 2019..

Transactions with related parties

Transactions carried out by the Group with related parties relate mainly to the financing and sponsorship by the new Leading Shareholder (Great Horizon S.à.r.l and Jiangsu Suning Sports Industry Co., Ltd.) against the Group, as specified in the section "Payables to shareholders for loans" and "Receivables from parent companies", as well as for reinsurance for the cost of personnel and related services of the related Beyond Media and Dc Soccer Llc., companies not belonging to the group of the parent company. No further significant transactions with related parties were made.

All transactions with related parties were made at normal market conditions.

During the fiscal year, the following assets and liabilities were reported with subsidiaries and related companies:

Company	Nature of relationship	Receivables/Accruals	Payables/Deferrals	Revenue	Costs
		June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Great Horizon S.à.r.l.	Financial	-	78.233	4.087	3.419
Grand Flagship Ltd.	Financial	-	51.164	-	2.230
Jiangsu Suning Sports Industry Co., Ltd.	Commercial	7.344	285	16.017	-
Suning Sports International Ltd.	Commercial/Financial	4.200	-	9.500	-
Jiangsu Family Sports & Culture Development Co., Ltd.	Commercial	220	-	-	-
Jiangsu Suning Football Club Co., Ltd.	Commercial	10	-	-	-
Suning Appliance Group Co., Ltd.	Commercial	219	-	-	-
Great Mercury Limited	Commercial	2.000	-	2.000	-
Inter Brand China Co., Ltd. in liquidazione	Commercial/Financial	16	16	-	-
Shanghai I.Brand Trading Co., Ltd.	Commercial	32	-	-	-
M-I Stadio S.r.l.	Commercial	-	3.064	725	5.073
Total		14.041	132.762	32.329	10.722

Fees for Directors and Auditors

The fees to which the Statutory Auditors and Independent Auditing Firm were entitled as of June 30, 2020 amounted respectively to Euro 223 thousand and Euro 104 thousand.

The Board of Directors fees amount to Euro 1,690 thousand.

For the sake of complete disclosure, it is noted that all of the fees paid to the Independent Auditing Firm exclusively refer to normal auditing activities.

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

The consolidated companies do not have any of the securities in object.

Number and characteristics of other financial instruments issued by the Group Companies

The companies that are part of the consolidation perimeter do not have any other financial instruments.

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 as of June 30, 2020.

Euro thousand	
Pledges	
Pledge on the shares of the equity investment in the subsidiary Inter Media	105.597
Pledge on Inter Media brands in favor of Bond loan investors	272.458
Guarantees	
to associated companies	106
to third parties	4.013
Commitments	
Operating leasing fees	478

The Group has granted a pledge the shares of the share capital held in the company Inter Media to guarantees of the bond as described in the paragraph "Contribution in kind and debt refinancing".

The main guarantees, as shown in the table presented at the end of the financial statements for the year, are in favor of third parties and amount to Euro 4,013 thousand and are due to the lease contract with the City of Milan for the use of San Siro Stadium. The guarantees in favor of associated companies amount to a total of Euro 106 thousand and are for the entire amount in favor of the associate M-I Stadium to guarantee the activity of the associated company.

The commitments for operating lease payments not yet due amount to Euro 478 thousand and represent the total value of future lease payments to be paid to the leasing company under the contracts and excluding installments already paid.

It is also noted that some contracts for the purchase of players in the transfer campaigns foresee adjustments upon the occurrence of specific future sports results that could lead to exposure of the Parent Company for a maximum amount of Euro 68,450 thousand; the active side of contingent consideration due from other clubs to achieve sports results defined relative to major divestments of players in the different transfer campaigns (including loan sales and repurchase obligation not yet due conditions) would be equal to Euro 7,750 thousand.

Value and type of assets and legal relationship included in each asset to be used for a specific transaction

The F.C. Internazionale Milano Group does not have any assets to be used for a specific transaction.

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

None of the cases in question regard the consolidated companies.

Finance leasing transactions

The companies of the F.C. Internazionale Milano Group do not have any finance leasing transactions.

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

During the fiscal year, the companies within the consolidation perimeter did not stipulate any agreements that are not reflected in the Balance Sheet.

Nature and effect balance, financial and economic of facts occurred after June 30, 2019 (Article 2427 – 22 quarter Civil Code)

The summer transfer campaign in July, August, September and October 2020 was mainly characterised by:

- The definitive acquisition of the football registration rights of the players Alexis Sánchez from Manchester United, Aleksandar Kolarov from Roma and Andrea Pinamonti from Genoa;
- The temporary transfer of the football registration rights of the player Valentino Lazaro to Borussia Moenchengladbach for the 2019/2020 season;
- The temporary transfer of the football registration rights of the player Xian Emmers to Almere City with a purchase option to be finalized within May 31, 2021;
- The temporary transfer of the football registration rights of the player Federico Dimarco to Hellas Verona with a purchase option to be finalized within the end of the 2020/2021 season;
- Option for the definitive acquisition of the player registration rights exercised for of the football players Stefano Sensi from Sassuolo.
- The definitive transfer of the football registration rights of the player Diego Godin to Cagliari with recognition of the economic effect in these financial statements, as better described in the paragraph "Impairment of assets";
- The definitive transfer of the football registration rights of the player Samuele Longo to Vicenza with recognition of the economic effect in these financial statements, as better described in the paragraph "Impairment of assets";
- The temporary transfer of the football registration rights of the player Antonio Candreva to Sampdoria for the 2020/2021 season with a purchase obligation at the first match or at the first point of Sampdoria after the date of February 1, 2021;
- The definitive acquisition of the football registration rights of the player Darian Males from Lucerna, and the free temporary transfer with option to purchase of the football registration rights of the same player to Genoa until the end of the season 2020/2021;
- The temporary transfer of the football registration rights of the player Naval Da Costa Eduardo Joao Mario to Sporting Lisbona;
- The temporary acquisition of the football registration rights of the player Matteo Darmian from Parma for the 2020/2021 season with a purchase obligation at the first point of the Company after the date of February 1, 2021.

In October 2020 the Company terminated the contract of the players Kwadwo Asamoah and Andrea Romanò, expiring on June 30, 2021, with recognition of the economic effect in these financial statements, as better described in the paragraph "Impairment of assets".

Finally, in August 2020 the Company renewed the economic contract to Samir Handanovic till June 30, 2022 and to Sebastiano Esposito till June 30, 2025.

On July 31, 2020, in order to finance the ordinary activities of FC Inter and mitigate the impact of the effects caused by the COVID-19 pandemic, the Company issued and placed with institutional investors an additional tranche of senior secured bonds for a total amount of Euro 75 million, maturing on December 31, 2022 and with a fixed rate of 4.875% at an issue price of 93%, with the same guarantees and characteristics Bond issued and placed on December 21, 2017. The issue discount and the expenses incurred for the issue and placement of the bonds (mainly legal advice and bank fees),

amounting to Euro 8.9 million, were also included in the calculation of the amortised cost using the effective interest method and amortised over the expected duration of the debt (2 years and 5 months).

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

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

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

In order to find new financial resources, the Parent Company in September 2020, through Generali Italia S.p.A., took out an insurance guarantee policy for a total of Euro 50 million to guarantee the Parent Company's transfer account balances in favour of the Lega Nazionale Professionisti Serie A, as envisaged by the regulations issued by the FIGC regarding players' registration and transfers (in particular, by FIGC Official Press Release no. 222/A, published on June 15, 2020).

Discipline on transparency of public grants and subsidies

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

In accordance with this obligation, it is indicated below, adopting the cash criterion of subsidies, contributions, remunerated engagements and, in any case, economic advantages of any kind received in the period of more than Euro 10 thousand. During the fiscal year ended June 30, 2020, the Company did not receive public grants and subsidies to be reported.

This Consolidated Financial Statements, consisting of the Balance Sheet, Income Statement, Cash Flow and Explanatory Notes, represent in a truthful and accurate manner the financial and economic position as well as the economic result of the fiscal year and correspond to the accounting records.

On behalf of the Board of Directors

The President
(Zhang Kangyang)



F.C. Internazionale Milano S.p.A.

Sede sociale in Milano – Corso Vittorio Emanuele II n. 9

Capitale Sociale Euro 19.195.313 = i.v.

Codice Fiscale n. 80066310154

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

All'Assemblea degli Azionisti della società F.C. Internazionale Milano S.p.A.

Signori Azionisti,

il bilancio consolidato chiuso al 30 giugno 2020 del gruppo F.C. Internazionale Milano S.p.A. (di seguito anche “**Gruppo**”), redatto dagli amministratori, è stato approvato dal Consiglio di Amministrazione in data 27 ottobre 2020 e trasmesso, nei termini di cui al primo comma dell'articolo 2429 del Codice Civile, al Collegio Sindacale unitamente ai prospetti, agli allegati di dettaglio ed alla relazione sulla gestione in applicazione delle norme di cui all'art. 106 del DL 17/3/2020 n.18.

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

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

Come evidenziato nella nota integrativa, l'esercizio chiuso in data 30 giugno 2016 è stato caratterizzato dall'ingresso nella compagine sociale della Società di un nuovo azionista di maggioranza facente capo al gruppo Suning Commerce Group, multinazionale cinese quotata allo Shenzhen Stock Exchange dal 2004. A seguito di tale operazione la compagine sociale della Società risulta di seguito dettagliata:

- Great Horizon S.a.r.L. 68,55%;
- International Sport Capital S.p.A. 31,05%;
- Altri azionisti di minoranza 0,4%.

A seguito del summenzionato riassetto della compagine sociale, a partire dall'esercizio chiuso al 30 giugno 2016, la Società è tenuta, anche ai fini di legge, alla redazione del bilancio consolidato precedentemente redatto esclusivamente per le finalità previste dalle Norme Organizzative Interne Federali (N.O.I.F.) della F.I.G.C. e dal "Manuale delle Licenze UEFA".

Nel mese di febbraio 2019 il socio International Sports Capital HK, Ltd. ("ISC HK") e LionRock Zuqiu Limited ("LionRock") – società controllata da LionRock Capital, investitore istituzionale con sede in Hong Kong – hanno perfezionato un'operazione di trasferimento, da parte di ISC HK a favore di LionRock, dell'intera partecipazione detenuta dalla stessa ISC HK nella società International Sports Capital S.p.A., la quale è titolare di n. 4.636.221.998 azioni rappresentanti il 31,05% del capitale sociale della società F.C. Internazionale Milano S.p.A..

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

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

Lo Stato patrimoniale evidenzia una perdita di euro 102.393.789 e si riassume nei seguenti valori:

Immobilizzazioni	euro	557.640.063
Attivo circolante	euro	329.755.291
Ratei e risconti attivi	euro	27.828.212
Totale attivo	euro	915.223.566
Patrimonio Netto	euro	(36.948.957)
TFR – Fondi rischi e oneri	euro	30.812.104
Debiti	euro	871.343.786
Ratei e risconti passivi	euro	50.016.633
Totale passivo	euro	915.223.566

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

Valore della produzione	euro	372.370.111
Costi della produzione	euro	443.923.801
Differenza	euro	(71.553.690)
Proventi e oneri finanziari	euro	(26.213.126)
Rettifiche valore di attività finanziarie	euro	529.404
Risultato prima delle imposte	euro	(97.237.412)
Imposte sul reddito	euro	(5.156.377)
Utile (Perdita) dell'esercizio	euro	(102.393.789)

Nonostante la perdita conseguita dalla Capogruppo nell'esercizio, il patrimonio netto di gruppo risulta attualmente congruo con riferimento ai requisiti patrimoniali previsti dal Codice Civile, anche grazie alla conversione dei finanziamenti soci precedentemente concessi al Gruppo per complessivi Euro 215 milioni, di cui Euro 70 milioni nel corso del corrente esercizio. Il Collegio Sindacale ricorda in ogni caso che i limiti minimi di capitalizzazione previsti dall'art. 2447 del Codice Civile non sono applicabili al bilancio consolidato.

La Deloitte & Touche S.p.A. ha ultimato la propria revisione del bilancio consolidato chiuso al 30 giugno 2020 e ha rilasciato la propria relazione con la quale certifica che “[...]il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo F.C. Internazionale Milano al 30 giugno 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.”, “[...] la relazione sulla gestione è coerente con il bilancio consolidato del gruppo F.C. Internazionale Milano al 30 giugno 2020 ed è redatta in conformità alle norme di legge.”.

Si evidenzia, come adeguatamente dettagliato sia nella Nota Integrativa che nella Relazione sulla gestione, come i risultati economici, finanziari e patrimoniali della Società siano stati sostanzialmente impattati dagli effetti della diffusione della pandemia COVID-19 e dalle conseguenziali misure di salvaguardia attuate, a partire dal mese di febbraio, dal Governo e delle Autorità Federali. Al riguardo si rinvia al richiamo di informativa di cui alla Relazione Deloitte. Il Collegio Sindacale nella sua attività di vigilanza sul bilancio d'esercizio ha verificato l'osservanza, da parte degli amministratori, delle disposizioni del Codice Civile sul procedimento di formazione, controllo e approvazione del bilancio.

L'esame sul bilancio consolidato è stato svolto facendo riferimento alle norme di legge che disciplinano il bilancio d'esercizio interpretate e integrate dai corretti principi contabili enunciati dai Consigli nazionali dei Dottori commercialisti e dei Ragionieri così come modificati dall'Organismo Italiano di Contabilità (O.I.C.) in relazione alla riforma del diritto societario tenendo conto anche della prassi di settore e delle disposizioni diramate dalla Federazione Italiana Giuoco Calcio (F.I.G.C.) e dalla Commissione di Vigilanza per le Società di Calcio che hanno permesso di interpretare sotto l'aspetto tecnico le norme di legge.

In particolare è stato verificato:

- che gli schemi di stato patrimoniale e conto economico siano conformi alle disposizioni dell'art. 32 D.lgs. 127/1991 e che gli stessi presentino ai fini comparativi i valori dell'esercizio precedente;
- che la valutazione delle voci di bilancio consolidato sia stata fatta ispirandosi ai criteri generali di prudenza e competenza nella prospettiva della continuazione dell'attività;
- che la Nota Integrativa e la Relazione sulla gestione riportino, rispettivamente, quanto prescritto dall'art. 38 e 40 del D.lgs. 127/1991;

- che i principi di consolidamento ed i criteri di formazione dell'area di consolidamento siano conformi alle disposizioni del D.lgs. 127/1991;
- la completezza e la chiarezza informativa della nota integrativa e della relazione sulla gestione alla luce dei principi di verità, correttezza e chiarezza stabiliti dalla legge;
- che la Relazione sulla gestione fornisca adeguate informazioni sui principali rischi e incertezze, di natura sia organizzativa sia funzionale, cui il Gruppo è esposto;
- la rispondenza del bilancio consolidato ai fatti e alle informazioni di cui il Collegio Sindacale è a conoscenza a seguito della partecipazione alle riunioni degli organi sociali, dell'esercizio dei suoi doveri di vigilanza e dei suoi poteri di ispezione e controllo.
- in relazione alla "continuità aziendale" si rinvia al richiamo di informativa di cui alla Relazione Deloitte.

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

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

2. Attività di vigilanza

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

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

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

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

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

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

Amministratori ed accluse al bilancio di esercizio.

3. Conclusioni

Considerato quanto riassunto nei paragrafi precedenti e considerando anche le risultanze dell'attività svolta dal soggetto incaricato della revisione legale dei conti, concordiamo sul contenuto e sulla forma del bilancio consolidato chiuso al 30 giugno 2020 del Gruppo FC Internazionale Milano.

Milano, 12 novembre 2020.

IL COLLEGIO SINDACALE

Luca Nicodemi



Giacomo Perrone



Alessandro Padula



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

To the Shareholders of
F.C. Internazionale Milano S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of F.C. Internazionale Milano S.p.A. and its subsidiaries (the F.C. Internazionale Milano Group), which comprise the balance sheet as at June 30, 2020, the income statement and statement of cash flows for the year then ended and the explanatory notes.

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

Basis for Opinion

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

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosure provided by Directors in the paragraphs "Going Concern" of Management Report and Explanatory Notes to the consolidated financial statements, which describes the consideration and the evaluation carried out related to the going concern assumption after the break out of the epidemiological emergency related to the Covid-19 pandemic.

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

As indicated in the above paragraphs, the spread of the pandemic caused by Covid-19 has represented and represents for the sports sector, in particular for the football, a significant event with important negative impacts on the economic, financial and equity situation of the Group, which is characterized by a negative income trend that is expected to be reconfirmed in the future and by a significant financial requirement, which is expected to worsen in the coming months, especially in the current context of pandemic escalation.

In this context, the Main Shareholder has reconfirmed the commitment to support the Parent Company and its subsidiaries in the foreseeable future of the next twelve months.

In this regard, The Directors considered the going concern assumption appropriate for the preparation of the consolidated financial statements despite the loss suffered by the Group and the projections that foresee a loss also for the end of the financial year as at 30 June 2021 impacted by the worsening of the COVID-19 pandemic.

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 the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of 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 skepticism 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 consolidated 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of F.C. Internazionale Milano S.p.A. are responsible for the preparation of the report on operations of F.C. Internazionale Milano Group as at June 30, 2020, including its consistency with the related consolidated financial statements and its compliance with the law.

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

In our opinion, the report on operations is consistent with the consolidated financial statements of F.C. Internazionale Milano Group as at June 30, 2020 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Daide Bertoia
Partner

Milan, Italy
November 12, 2020

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