



FIRST HALF FINANCIAL REPORT

2019/20

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MANAGEMENT REPORT ON THE FIRST HALF OF 2019/20

1-1 Revenue up 17% at €197.2 million (€+28.8 million)

OL Groupe experienced a considerable improvement in its financial performance in the first half of 2019/20, leveraging an effective business model that has delivered strong and consistent growth for the past four years. Its revenue and EBITDA reached record levels for the first half, even though on-pitch performance fell short of its targets during the first part of the French Ligue 1 championship, with the large number of injuries suffered by the men's professional squad taking their toll.

Revenue totalled €197.2 million in H1 2019/20 (€168.4 million in 2018/19), a record high for the first half of the year. This performance includes the Club's participation in the group stage of the Champions League, as it did last season, as well as significant player trading and stadium events, and it was achieved despite an unfavourable mid-season Ligue 1 ranking (12th vs 3rd).

In € m (1 July to 31 December)	H1 2019/20 6 months	H1 2018/19 6 months	Chg. (in € m)	Chg. in %
Ticketing	21.1	21.2	-0.1	0%
<i>of which French Ligue 1 and other matches</i>	14.5	15.8	-1.3	-8%
<i>of which European matches</i>	6.6	5.4	1.2	21%
Media and marketing rights	77.8	82.1	-4.3	-5%
<i>of which LFP-FFF</i>	20.3	24.8	-4.5	-18%
<i>of which UEFA</i>	57.6	57.4	0.2	0%
Sponsoring - Advertising	15.6	15.3	0.3	2%
Revenue from sale of player registrations	69.1	38.1	31.0	81%
Brand-related revenue	8.1	8.5	-0.4	-4%
<i>of which derivative products</i>	5.5	5.6	-0.1	-2%
<i>of which image/video and other</i>	2.6	2.9	-0.2	-9%
Events	5.5	3.2	2.3	70%
<i>of which seminars and stadium tours</i>	3.3	3.1	0.1	4%
<i>of which major events</i>	2.2	0.1	2.1	2973%
Total revenue	197.2	168.4	28.8	17%

Ticketing revenue: down 0.1%

(H1 2019/20: €21.1 million; H1 2018/19: €21.2 million)

Ticketing receipts were stable and totalled €21.1 million during the first half of 2019/20, reflecting a slight decline in Ligue 1 revenue (only 1 "gold" match in H1 2019/20 vs 2 in H1 2018/19), offset by a €1.2 million (+21%) increase in European match ticketing receipts, which totalled €6.6 million. European receipts included the revenue from three Champions League group stage matches vs two in 2018/19 (including one behind closed doors against Shaktar Donetsk).

Attendance at Ligue 1 matches in the first half of the year averaged 48,635 (vs 49,564 in H1 2018/19), also suffering an unfavourable calendar effect (only 1 "gold" match, against PSG, vs 2 in H1 2018/19 against Saint-Etienne and Marseille). Attendance was nonetheless double the average of all Ligue 1 clubs over the same period (22,588). The number of Ligue 1 season ticket holders also rose, to 22,403, vs 21,019 in H1 2018/19.

Average matchday revenue for all competitions combined, including general public and VIP (with services) ticketing, as well as merchandising revenue on matchdays, catering commissions and parking, also suffered the impact of the lower-drawing Ligue 1 fixtures and stood at €1.9 million in H1 2019/20 vs €2.0 million in H1 2018/19. The previous year included the match against Manchester City during the group stage of the Champions League. The average gross margin was 52%, vs 53% in H1 2018/19. Average matchday revenue per spectator for all competitions combined totalled €41 in H1 2019/20 vs €39 in H1 2018/19. Average revenue per seat totalled €33 in H1 2019/20, identical to H1 2018/19.

Second-half ticketing revenue will receive a boost from two Ligue 1 "gold" matches (Saint-Etienne and Marseille) and from the round-of-16 Champions League match against Juventus, which is expected to produce a new matchday revenue record.

N.B. H1 2018/19 matchday revenue included the percentage of subscription revenue corresponding to the actual number of matches and other events during the 2018/19 financial year, whereas H1 2019/20 matchday revenue includes a percentage of subscription revenue calculated on the basis of projected FY 2019/20 matches and events as of 31/12/2019.

Media and marketing rights: -5%, €-4.3 million, owing to OL's mid-season Ligue 1 ranking (12th as of 31/12/2019 vs 3rd as of 31/12/2018).

(H1 2019/20: €77.8 million; H1 2018/19: €82.1 million)

Media and marketing rights remained high at €77.8 million in H1 2019/20 (vs €82.1 million in H1 2018/19). For the fourth time in the past five years, the Club competed in the group stage of the Champions League. UEFA media rights were stable at €57.6 million (€57.4 million in H1 2018/19).

Domestic media rights (LFP, FFF) totalled €20.3 million, vs €24.8 million in H1 2018/19 (€-4.5 million, or -18%), reflecting the Club's mid-season Ligue 1 ranking (12th as of 31/12/2019 as opposed to 3rd on 31/12/2018).

The second half will see a boost in revenue from the Club's participation in the final of the Coupe de la Ligue against PSG on 4 April 2020.

Sponsoring and advertising revenue: +2%, €+0.3 million

(H1 2019/20: €15.6 million; H1 2018/19: €15.3 million)

Revenue from sponsoring and advertising totalled €15.6 million, up slightly from €15.3 million in H1 2018/19.

Sponsoring - Advertising revenue is expected to rise significantly from 2020/21 onwards, as the new, five-year "shirt front" agreement signed with Emirates on 5 February 2020 comes into force.

Revenue from sale of player registrations: +81%, €+31 million

(H1 2019/20: €69.1 million; H1 2018/19: €38.1 million)

Revenue from sales of player registrations set a record in H1 2019/20 of €69.1 million (increase of €31.0 million, or 81%). The largest transfers were Tanguy Ndombele, who was transferred to Tottenham for a €47.6 million fee and Nabil Fékir, who joined Real Betis for €19.8 million.

This excellent performance again demonstrated that OL's strategy, based on a top-notch academy, on the recruitment of talented young players and on its ability to unlock their sporting and economic potential, is an effective one.

In the European top four for the last eight years, OL Academy now ranks as the third-best training club in Europe, behind Real Madrid and FC Barcelona (CIES October 2019). At the domestic level, OL Academy ranks fourth after six consecutive years in the top spot (French Football Collective

Bargaining Agreement Commission, June 2019, on a proposal made by the National Technical Director). Olympique Lyonnais came top in the club licence ranking for the past four years (LFP, September 2019).

Brand-related revenue virtually stable: €-0.4 million

(H1 2019/20: €8.1 million; H1 2018/19: €8.5 million)

Brand-related revenue was virtually stable at €8.1 million, vs €8.5 million in the first half of 2018/19.

Events: +70%, €+2.3 million

(H1 2019/20: €5.5 million; H1 2018/19: €3.2 million)

The Events business continued to expand at a rapid pace. It posted growth of 70% in the first half of 2019/20, with revenue reaching €5.5 million (vs €3.2 million in H1 2018/19), as the success of Groupama Stadium as a venue for seminars, conventions and major events continued to grow.

Events revenue was boosted by the Women's World Cup semi-final and final matches, played in July 2019 at Groupama Stadium (no major events in H1 2018/19), with a total of 160,000 spectators over the three dates combined. As a result, revenue from major events totalled €2.2 million in H1 2019/20 (€0.1 million in H1 2018/19).

Nearly 200 seminars were held and more than 20,000 people visited the stadium during the period, generating record revenue of €3.3 million in H1 2019/20 (€3.1 million in 2018/19).

1-2 Components of net profit

Simplified, consolidated income statement

In € m (1 July to 31 December)	H1 2019/20 6 months	H1 2018/19 6 months	chg. (in € m)	chg. (in %)
Revenue	197.2	168.4	28.8	17%
External purchases and expenses	-45.9	-39.2	-6.7	17%
Taxes other than income taxes	-3.4	-3.4	0.0	NA
Personnel costs	-79.6	-64.8	-14.8	23%
Residual value of player registrations	-6.6	-7.2	0.6	8%
EBITDA	61.8	53.9	7.9	15%
Net depreciation, amortisation and provisions	-35.5	-25.7	-9.7	38%
Other ordinary income and expenses	0.3	-1.9	2.2	NA
Operating profit	26.7	26.3	0.4	2%
Net financial expense	-8.1	-7.1	-1.0	15%
Pre-tax profit/loss	18.5	19.2	-0.6	-3%
Income tax expense	-3.4	-4.1	0.8	18%
Share in net profit/loss of associates	-0.2	-0.1	-0.1	NA
Net profit	15.0	15.0	0.0	0%
Net profit attributable to equity holders of the parent	14.9	14.8	0.0	0%

Leveraging a business model that has delivered robust, recurrent growth in revenue and earnings, the Group once again generated record-high EBITDA in the first half of 2019/20.

Record-high EBITDA: €61.8 million, +15% vs H1 2018/19, 31% of revenue

(H1 2019/20: €61.8 million; H1 2018/19: €53.9 million, i.e. €+7.9 million or +15%)

EBITDA totalled €61.8 million, the highest first-half figure the Group has ever recorded, reflecting robust growth in the business. The EBITDA/revenue ratio stood at 31% (vs 32% in H1 2018/19).

External purchases and expenses were kept under control once again and represented 23% of total revenue (same percentage as in H1 2018/19). They totalled €45.9 million (€39.2 million in H1 2018/19). This increase reflected the costs of organising the two semi-finals and the final of the 2019 Women's World Cup (no event in H1 2018/19).

The payroll/revenue ratio also remained under control at 40% (vs 38% in H1 2018/19) and fully in line with the Group's objective (< 50%). Personnel expenses totalled €79.6 million, up 23%, resulting in particular from efforts to strengthen the men's team during the summer of 2019.

Operating profit up: €26.7 million (€+0.4 million or +2%)

(H1 2019/20: €26.7 million; H1 2018/19: €26.3 million, i.e. €+0.4 million or +2%)

Operating profit moved up 2% in the first half of 2019/20 to €26.7 million (€26.3 million in H1 2018/19), reflecting the rise in EBITDA. This was partially offset by an increase in the amortisation of player registrations, as during the summer of 2019, the Club invested €99 million to acquire new players.

Other ordinary income and expenses included the sale of the next-to-last batch of building rights, intended for office buildings and located next to the medical centre.

Net financial expense: €8.1 million (€1.0 million or 15%)

(H1 2019/20: €8.1 million; H1 2018/19: €7.1 million, i.e. €1.0 million or 15%)

Net financial expense totalled €8.1 million in the first half. Receivables from the sale of player registrations have been financed by means of a discounted non-recourse facility with a financial institution, generating additional interest expense during the half-year period. This is because OL Groupe anticipated it would be more active during the winter transfer window, given the unusually high number of players injured during the first half of the year.

Net profit (Group share) stable: €14.9 million

(H1 2019/20: €14.9 million; H1 2018/19: €14.8 million)

Pre-tax profit totalled €18.5 million in H1 2019/20 (€19.2 million in H1 2018/19).

Net profit (Group share) totalled €14.9 million, vs €14.8 million in the year-earlier period.

1-3 Simplified, consolidated balance sheet as of 31 December 2019

ASSETS (in € m)	31/12/19	30/06/19	EQUITY & LIABILITIES (in € m)	31/12/19	30/06/19
Player registrations	156.4	89.5	Equity (incl. non-controlling interests)	281.8	266.4
Property, plant & equipment	374.0	385.5	Stadium bank and bond borrowings	157.2	158.2
Other non-current assets	3.5	3.4	Other borrowings and financial liabilities	58.7	64.0
Right-of-use assets ⁽¹⁾	10.1	-	Liabilities linked to right-of-use assets ⁽²⁾	10.4	-
TOTAL NON-CURRENT ASSETS	543.9	478.4	TOTAL FINANCIAL DEBT	226.4	222.3
Deferred taxes	1.8	3.7	Provisions	2.5	2.5
Player registration receivables	78.7	93.5	Player registration payables	94.9	40.9
Other assets	72.8	42.1	Other non-current liabilities	19.6	21.4
Cash and cash equivalents	19.9	12.0	Current liabilities	91.9	76.2
TOTAL ASSETS	717.2	629.7	TOTAL EQUITY AND LIABILITIES	717.2	629.7

(1) Of which €5.4 million related to the impact of IFRS 16 applicable from 1 July 2019 and €4.7 million reclassified in H1 2019/20 in respect of leases recognised under property, plant and equipment as of 30 June 2019

(2) Of which €4.3 million related to the impact of IFRS 16 applicable from 1 July 2019 and €6.1 million reclassified in H1 2019/20 in respect of leases recognised under Other borrowings and financial liabilities as of 30 June 2019

The balance sheet is now even stronger

As of 31 December 2019, the balance sheet total stood at €717.2 million, vs €629.7 million as of 30 June 2019.

Shareholders' equity recorded another increase to €281.8 million as of 31 December 2019 (including non-controlling interests), up from €266.4 million as of 30 June 2019.

On the assets side, the net book value of player registrations rose €66.9 million from €89.5 million as of 30 June 2019 to €156.4 million as of 31 December 2019 owing to summer 2019 player transfer activity (€99 million).

As of 31 December 2019, the market value of the men's professional team (valuation based on Transfermarkt and CIES) posted another increase. It now stands at over €500 million (€507.3 million, vs €436.5 million as of 30 June 2019, up 16%), implying potential capital gains of more than €350 million on player registrations.

Liabilities on acquisition of player registrations increased by €54 million as a result of players transferred to OL during the summer of 2019.

Debt net of cash (excluding player registration payables and receivables and excluding the impact of IFRS 16) fell back by €14.3 million with the increase in gross cash and contractual repayment of stadium borrowings (€4.1 million repaid over the first half).

Total debt net of cash (including net receivables and payables on player registrations) rose €64.9 million (including a €5.4 million rise from first-time adoption of IFRS 16) to €222.6 million as of 31 December 2019 (vs €157.7 million as of 30 June 2019).

OL Groupe was in compliance with covenants as of 31 December 2019.

At the end of July 2019, maximum borrowings under the Group's RCF increased from €73 million to €100 million.

1-4 First-half highlights

Several key events highlighted the first half of 2019/20.

Football results

Like last year, the Club took part in the group stage of the Champions League and qualified for the round of 16 against Juventus (26 February and 17 March 2020).

In Ligue 1, OL was in 12th place at mid-season (vs 3rd as of 31 December 2018).

Player transfers (in and out)

Player transfer activity, both into and out of the Club, was brisk during the first half of the year.

The Club transferred Tanguy Ndombele to Tottenham for €47.6 million, Nabil Fékir to Betis Seville for €19.8 million and Timothé Cognat, Hamza Rafia, Yassin Fékir and Gédéon Kalulu for a total of €0.4 million.

The Club acquired the following players:

- Tiago Mendes from Lille on a 4-year contract for €23.7 million.
- Youssouf Koné from Lille on a 5-year contract for €10.1 million.
- Joachim Andersen from Sampdoria (Genoa) on a 5-year contract for €28.0 million,
- Emmanuel Danso from Sporting Club Accra (Ghana) on a 3-year contract for €0.2 million,
- Jean Lucas from Flamengo (Brazil) on a 5-year contract for €8.7 million,
- Jeff Reine Adelaïde from Angers on a 5-year contract for €26.4 million,
- Sinaly Diomande from Guidars (Bamako) on a 4-year contract for €0.6 million.

Player contract extensions: Maxence Caqueret (2023), Léo Dubois (2024), Anthony Lopes (2023), Yann Kitala (2022), Maxwel Cornet (2023), Cédric Augarreau (2023), Titouan Thomas (2023).

Players loaned out for the 2019/20 season: Zachary Brault Guillard, Pape Cheikh Diop, Lenny Pintor, Théo Ndicka, Yann Kitala.

In addition, eight young players from the training academy signed their first professional contract with OL with effect from 1 July 2019: Titouan Thomas, Rayan Cherki, Melvin Bard, Boubacar Fofana, Malcom Barcola, Paul Devarrewaere, Théo Ndicka and Cédric Augarreau. Four players signed as free agents: Ciprian Tatarusanu, Nicolas Fontaine, Héritier Deyonge and Eli Wissa.

Events business

First-half events activity was boosted by the Women's World Cup semi-final and final matches played in July 2019 at Groupama Stadium, which attracted more than 160,000 spectators over the three matchdays (see Chapter 1.1).

Acquisition of US franchise "Reign FC"

In December 2019, Olympique Lyonnais signed an agreement to acquire the assets of US women's football club Reign FC (Seattle, Washington) for \$3.51 million. The closing took place on 24 January 2020. The assets will be held by Reign OL, a company being created that will be held by OL Groupe (89.5% for a \$3.145 million investment), Bill Predmore, the previous owner and chief executive of Reign FC, (7.5%) and Tony Parker (3%). The investment demonstrates the Group's ambition to develop the OL brand in the United States by supporting Reign FC at the highest level, to pool the staff of the two teams and to obtain global partners.

The OL Academy

The OL Academy confirmed its performance once again among the European top four, as it has for the last eight years, ranking third, behind Real Madrid and FC Barcelona (CIES October 2019).

Domestically, the OL Academy ranked fourth after six consecutive years in the top spot (source: French Football Collective Bargaining Agreement Commission, June 2019, on a proposal made by the National Technical Director). The Club has been first in the club licence ranking for the past four years (LFP September 2019).

Principal contracts – 1 July to 31 December 2019

Men's team sponsorships

SPONSORSHIP AGREEMENT WITH MDA

Partners since 2009, MDA and Olympique Lyonnais renewed their agreements for the 2019/20 season on the same terms and conditions that had applied in previous years. The MDA logo was visible above the Club's emblem on players' shirts during French Ligue 1 home and away matches.

SPONSORSHIP AGREEMENT WITH TEDDY SMITH

On 26 July 2019, Olympique Lyonnais and Teddy Smith signed a sponsorship agreement for two seasons (2019/20 to 2020/21).

The Teddy Smith brand will appear on the men's first team shorts during French Ligue 1 matches. The agreement also provides for visibility in the stadium and on social media to complement the shirt sponsorship arrangement, and for hospitality services.

Men's and women's team sponsorships

SPONSORSHIP AGREEMENT WITH DELIVEROO

On 15 October 2019, Olympique Lyonnais signed an agreement with Deliveroo for three seasons (2019-2022).

Deliveroo will appear on the back of the men's first team shirts for French Ligue 1 home and away matches and on the left sleeve of the women's team shirts for French Division 1 matches and for Champions League matches up to the quarter-final. The agreement also provides for visibility in the

stadium and on social media to complement the shirt sponsorship arrangement, as well as for hospitality services.

SPONSORSHIP AGREEMENT WITH VEOLIA ENVIRONNEMENT

Following on from the initial sponsorship agreements between Veolia Environnement and Olympique Lyonnais SASU that started with the 2011/12 season, new agreements have been signed. For the 2019/20 season, the Veolia brand appears on the front of the men's team shirts during European matches. During the 2020/21 and 2021/22 seasons, the company's logo will appear on the women's team shirts during Champions League matches up to the round of 16. The agreement also provides for visibility in the stadium and on social media to complement the shirt sponsorship arrangement, as well as for hospitality services.

[Other sponsorships](#)

SPONSORSHIP AGREEMENT WITH LDLC

In January 2020, Olympique Lyonnais Groupe and Olympique Lyonnais SASU signed a five-year, master sponsorship agreement with the LDLC group and its subsidiary LDLC Event in the area of esports.

1-5 Principal transactions with related parties

The principal transactions with related parties are detailed in Note 10.1 to the condensed consolidated first-half 2019/20 financial statements, found on page 56 of this report.

1-6 Approval of the condensed consolidated first-half financial statements

The consolidated financial statements for the first half of the 2019/20 financial year were approved by the Board of Directors on 11 February 2020.

1-7 Football results as of 31 December 2019

▪ Men's team

- French Division 1: 12th place
- UEFA Champions League: qualified for the round of 16 (against Juventus on 26 February and 17 March 2020)

▪ Women's team

- French Division 1: 1st place
- UEFA Women's Champions League: qualified for the quarter-final (against Bayern on 25 March and 1 April 2020)

1-8 Events since 1 January 2020

Player transfers

OL was particularly active during the winter transfer window because of the unusually high number of injuries during the first half of the season.

New players:

- Karl Toko Ekambi on loan from Villarreal for €4 million, with an option to buy (€11.5 million gross + up to €4 million in incentives + 15% of the gain on any future transfer or 50% if the transfer occurs before 15 September 2020).
- Bruno Guimaraes from Athletico Paranaense on a 4.5-year contract until 30 June 2024 (€20 million gross + 20% of any future transfer).
- Camilo Reijers de Oliveira from Ponte Preta (Brazil) for €2 million gross + 20% of any future transfer. The Brazilian midfielder has signed a 4.5-year contract with OL, i.e. until 30 June 2024.
- Tino Kadewere (€12 million gross + up to €2 million in incentives + 15% of any future gain), who will join the OL squad on 1 July 2020 for four years, following a loan to Le Havre AC until the end of the 2019/20 season.

In the meantime, the Club transferred Lucas Tousart to Hertha Berlin for €25 million gross, while keeping the player on loan until the end of the 2019/20 season, and Zachary Brault Guillard to Montreal Impact for €50 thousand + 50% of any future gain).

The Group continues to pursue its strategy to recruit high-potential young players, as a complement to the OL Academy, which underpins its strategy.

Sponsorship agreement with Emirates

On 5 February, a top-level partnership agreement was sealed with Emirates, a prestigious global brand that reflects positively on OL Groupe's own image. Emirates will be the exclusive shirt front sponsor for the men's team, both in the Ligue 1 championship and in European matches, for a five-year period from 1 July 2020 until 30 June 2025. This is the largest sponsorship deal the Group has ever signed.

1-9 Risk factors

In general, the risk factors indicated in the 2018/19 Universal Registration Document (pages 11-16) and online at www.olweb.fr did not change during the first half of this year.

1-10 Football results as of 10 February 2020

□ Men's team

- French Ligue 1: 9th place after matchday 24
- UEFA Champions League: qualified for the round of 16 against Juventus (26 February and 17 March 2020)

- Coupe de France: qualified for the quarter-final against Olympique de Marseille (12 February 2020)
- Coupe de la Ligue: qualified for the final against PSG on 4 April 2020.
- **Women's team**
 - French Ligue 1: 1st place
 - UEFA Women's Champions League: qualified for the quarter-final against Bayern (25 March and 1 April 2020)
 - Coupe de France: qualified for the quarter-final against Dijon (16 February 2020)

1-11 Short- and medium-term outlook

OUTLOOK FOR H2 2019/20

In H2 2019/20, OL Groupe will get a boost from new talents who have joined the Club, including Bruno Guimaraes, Karl Toko Ekambi and Camilo Reijers. Their arrival supports the ambitions of Olympique Lyonnais, which is still competing on four fronts. OL aims to perform at the highest possible level in the second half of the season and put the men's team back on track to meet its targets in the French Ligue 1 championship. The Club has qualified for the 4 April 2020 final of the Coupe de la Ligue against PSG.

The Group will also enjoy the benefit of its participation in the knock-out rounds of the Champions League (round of 16 against Juventus), automatically generating additional European ticketing and UEFA media rights revenue. A new matchday revenue record is anticipated from the match against Juventus.

Another boost will come from the busy line-up of events scheduled at Groupama Stadium over the summer. The first annual "FELYN" music festival will be staged on 19-20 June 2020 by OL Production (a 50-50 joint venture between OL Groupe and Olympia Production, a Vivendi subsidiary). The stadium will also host a friendly international match between France and Finland on 31 March 2020 as part of the French national team's preparations for UEFA Euro 2020, a private concert for Groupama on 5 June, a Paul McCartney concert on 7 June, a Monster Jam on 27 June 2020 and the Rammstein band on 9-10 July 2020.

The Group also anticipates a revenue contribution from further sales of player registrations, following on from a record level of €69.1 million in H1 2019/20. Lucas Tousart was transferred to Hertha Berlin for a €25 million gross fee during the winter transfer window, but was loaned back to OL for the remainder of the season. When the winter transfer window closed at the end of January 2020, the Group had recorded revenue from sales of player registrations in excess of €90 million (vs €88.2 million generated over all of 2018/19).

STRATEGIC PLAN COVERING THE PERIOD TO 2023/24

OBJECTIVES: REVENUE OF €420-440 MILLION, EBITDA OVER €100 MILLION

Under its growth strategy based on a **full entertainment** concept focused on its core business – football – and also on the development, diversification and recurrent nature of its event programming, the Group is today raising its revenue target for 2023/24 to a total of **€420-**

440 million. By the same target date, the Group aims to generate **EBITDA in excess of €100 million.**

This 2023/24 revenue target is underpinned by:

Major revitalisation of OL Groupe's partnerships from the 2020/21 season

The entry into force from 2020/21 of the new, five-year exclusive "shirt front" agreement signed with Emirates on 5 February 2020 will give a boost to Sponsoring - Advertising revenue. So will the new naming rights deals currently under discussion with several partners.

The Group aims to raise its Sponsoring - Advertising revenue by €12-15 million p.a. from the 2020/21 financial year onwards (vs €31.3 million in 2018/19). The annual Sponsoring - Advertising revenue target for 2023/24 stands at **€47 million and €50 million.**

Further rapid expansion in Events at Groupama Stadium and the indoor arena project

The Events business will receive a boost from Groupama Stadium's increasing attractiveness as a venue for major events and by robust demand from B2B customers for corporate seminars and conventions.

The Group is actively working on a property extension plan including a new events venue near the stadium with a capacity of 12,000 to 16,000 people. This new arena requiring an investment of around €115 million by the Group (target date for delivery: during the second quarter of 2023) would complement the existing Events line-up. Concerts, as well as seminars and large-scale trade fairs, could then be held throughout the year. The plan is also for the new venue to stage sports events, such as LDLC ASVEL's prestigious EuroLeague basketball matches and international esports competitions.

The annual Events revenue target for 2023/24 stands at **€42-45 million.**

A high and recurring level of player transfers

Amid relentless growth in the global transfer market (it rose 5.9% in 2019, source: FIFA January 2020 report), OL Groupe is ideally placed to create value through its Academy, which ranks among the best training academies in Europe, and the Club continues to recruit and nurture the development of high-potential young players.

The target for average annual revenue from player transfers over the 2020/21-2023/24 period stands at **€90-110 million.**

High-performance ticketing system maximising revenue

The Group aims to increase the number of season ticket holders with and without hospitality in the lower and middle stadium tiers so as to fill 100% of seating capacity in both of these areas (vs. 77% at present in both of these categories). A market will probably also be created for season ticket holders to resell unused tickets.

The Group targets annual Ticketing revenue in excess of **€52 million** by 2023/24.

Considerable increase in Ligue 1 media rights from 2020/21

Starting from the 2020/21 season, the Group anticipates a considerable increase in Ligue 1 media rights following the award of these rights to the Mediapro group for the 2020-24 period for €1.16 billion p.a. (overall rise of 60% from €726.5 million p.a. for the 2016-20 period). How these new media rights will be divided up between broadcasters is currently being discussed.

International development, a medium-term value driver

Under the June 2019 agreement with ASVEL, the Group's international development will benefit from the image and reputation of Tony Parker, particularly in the United States and in China.

Concurrently, following the acquisition completed on 24 January 2020 of US-based club Reign FC, renamed OL Reign for the start of its new season on 9 March, the Group will continue to pursue the development of the OL brand in the United States by raising its profile, unlocking B2B revenue enhancement synergies and harnessing staffing synergies between the two professional women's teams based in Lyon and Seattle.

These various initiatives will enhance the OL brand's international profile, which will be a source of additional revenue for the Group over the medium term.

Under the 5-year strategic plan and with the objectives presented in February 2019, the Group is now back in the Top 20 European clubs from a business perspective. It ranks in 17th position in the January 2020 Deloitte Football Money League standings, its first appearance since 2011/12.

As of 11 February 2020, OL Groupe was not involved in any dispute that could significantly jeopardise its business or the sporting objectives it has set for the 2019/20 financial year.

CONDENSED CONSOLIDATED FIRST-HALF 2019/20 FINANCIAL STATEMENTS

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The consolidated financial statements comprise the financial statements of the Company, Olympique Lyonnais Groupe SA (10 avenue Simone Veil, 69150 Décines-Charpieu, France), and those of its subsidiaries. The Group has been built essentially around its professional football team. As an extension of this activity, Group subsidiaries are active in sporting events and entertainment, as well as in complementary businesses that generate additional revenue.

The consolidated financial statements were approved by the Board of Directors on 11 February 2020.

HIGHLIGHTS

The principal events of the first half of the 2019/20 financial year were as follows:

□ **Increase in the revolving credit facility (RCF)**

The maximum drawdown under the Group's RCF was raised in late July 2019 from €73 million to €100 million through to the final maturity of the refinancing contract on 30 June 2024, following the unanimous agreement of all the bank lenders to cover a €27 million increase in their lending commitments in proportion to their initial share of the loan.

□ **New companies**

- On 19 July 2019, OL Groupe acquired 45,000 shares of a company called "Le Travail Réel" for €45,000, bringing its shareholding to 30%. The purpose of the company is to support and assist companies in their HR, recruitment and training programmes, with the aim of developing their human capital. It is accounted for by the equity method in the Group's financial statements.
- On 10 July 2019, OL Groupe and Olympia Production created OL Production. This new company will host the annual music festival at Groupama Stadium.

□ **Exchange of OL Groupe / LDLC Asvel shares**

OL Groupe exchanged 275,657 shares held in treasury for shares of LDLC Asvel presented to OL Groupe by other shareholders of LDLC Asvel.

At the close of the transaction, OL Groupe held 31.67% of the share capital of LDLC Asvel.

□ **Sale of property rights**

The next-to-last batch of building rights was sold for €2.8 million and included a capital gain €1.6 million, recognised in the income statement under "Other ordinary income and expenses".

□ **Sale of player registrations**

Tanguy Ndombele was transferred to Tottenham for €60 million (gross), plus potential incentives up to a maximum of €10 million. The capital gain was recognised under EBITDA (the impact of capital gains on the sale of player registrations is indicated in Note 6).

As a reminder, the following major events took place during the previous financial year:

● **adidas**

OL Groupe has signed a firm, irrevocable memorandum of understanding with adidas, which will thus continue to be the exclusive kit manufacturer for all Olympique Lyonnais teams over the 2020-25 period.

Under this agreement, Olympique Lyonnais will continue to receive from adidas, for every football season, an increased minimum lump-sum payment and royalties based on the sale of products bearing the Olympique Lyonnais and adidas brands. This payment may be adjusted based on actual product sales and Olympique Lyonnais' results in the French and/or European competitions in which it plays.

● **Sales of player registrations**

Ferland Mendy was transferred to Real Madrid in June 2019 for €48 million. Future incentive payments of €5 million could be added to this amount.

PRESENTATION OF THE FINANCIAL STATEMENTS

The condensed consolidated first-half financial statements have been prepared in accordance with IAS 34 "Interim financial reporting" and on the basis of the IFRSs and their amendments and interpretations published by the International Accounting Standards Board (IASB), as adopted by the European Union and that are mandatory from 1 January 2019. These statements are accompanied by a selection of explanatory notes.

The first-half financial statements do not include all of the information and notes that are presented with the annual financial statements. Consequently, these consolidated first-half financial statements should be read in conjunction with the consolidated financial statements for the financial year ended 30 June 2019 (Universal Registration Document no. D.19-0920). Unless otherwise indicated, the Group's financial statements and notes are presented in thousands of euros (€ 000).

The accounting methods applied are identical to those applied to the full-year financial statements dated 30 June 2019, with the exception of the standards, amendments and interpretations that are mandatory as of 1 July 2019 and are described below:

- IFRS 16 – "Leases" (see below);
- IFRIC 23 – Uncertainty over income tax treatments; Analysis of this interpretation did not lead to the recognition of any additional liabilities relating to tax risks. There are no provisions for tax risks in the financial statements presented;
- 2015-17 annual improvement cycle (amendments to IFRS 3, 11, 12 and 23),
- Amendments to IAS 28 – Investments in associates and joint ventures,
- Amendments to IAS 19 – Employee benefits.

As a reminder, OL had opted for early adoption as of 30 June 2019 of the IFRS 9 amendment on early repayment clauses with negative compensation and the restructuring of financial liabilities.

The impact of the initial application of IFRS 16 is presented below. The other standards, amendments and interpretations did not have an impact on the Group's financial statements or were not applicable.

Application of the other amendments and interpretations did not have a significant impact on the Group's financial statements.

In addition, the Group has not opted for early application of standards, amendments and interpretations adopted by the European Commission (or that could have been applied in advance) which will come into effect after the closing date.

These consist primarily of the following standards, amendments and interpretations:

- Standards, amendments and interpretations applicable to financial years beginning on or after 1 January 2019, provided they are adopted by the European Union;
- Amendments to IAS 1 / IAS 8 "Definition of materiality in financial statements", published by the European Union on 10 December 2019;
- Amendment to IFRS 3 "Definition of a business", expected to be adopted in the first quarter of 2020;
- Amendments to references to the conceptual framework in IFRS standards, published by the EU on 6 December 2019;
- Amendments to IFRS 9, IAS 39 and IFRS 7, published by the EU on 16 January 2020.

OL Groups is currently analysing the impact of these changes. As of the date of this report, the Group had not identified any significant impact related to the application of these amendments.

There are no accounting principles contrary to IFRS that are mandatory for financial years beginning on or after 1 July 2019 and not yet adopted at the European level, which would have had a material impact on the financial statements for the financial period under review.

In certain cases, these rules have been adapted to the specific requirements of interim financial statements.

The information disclosed in the notes to the first-half financial statements relates to the significant items, transactions and events needed to understand the changes in the financial condition and performance of the Group.

The first-half statements of OL Groupe include the financial year's initial sales of player registrations (the summer transfer window between 1 July and 31 August 2019) and receipts relating to the group stage of the Champions League. The results of the first half of the year are therefore not representative of those that can be expected for all of the 2019/20 financial year.

IFRS 16 – Leases

Transition method

The Group began applying this standard on 1 July 2019. Concerning the transition method, the standard was applied using the simplified retrospective approach. This approach consists in recognising the cumulative effect of the initial application as an adjustment to the opening balance of shareholders' equity and in considering the right-of-use asset to be equal to the amount of the lease obligations.

As indicated in the notes to the 2018/19 financial statements, OL Groupe applied IFRS 16 to leases from 1 July 2019, using the simplified retrospective approach.

The determination of whether an existing contract is a lease or contains a lease was carried out as of 1 July 2019.

The Group has opted for the following practical expedients:

- Right-of-use assets are equal to the lease obligations as of 1 July 2019,
- The incremental borrowing rate is calculated as of the date of initial application, taking into account the initial term of the contract and not the residual term,
- Leases with a residual term of more than 12 months as of 1 July 2019 are restated,
- Initial direct costs of asset valuation are excluded,
- It may use information obtained after the start of a lease, such as for determining the term of a lease that contains a renewal or cancellation option.

In practice, restated leases relate principally to property leases.

In accordance with the standard's provisions with regard to the simplified retrospective approach, comparatives are not restated. The principal financial consequences on amounts appearing in the first-half 2019 financial statements are as follows:

- Impact on the opening balance of shareholders' equity as of 1 July 2019: €0, given the practical expedients chosen (see above),
- Increase in right-of-use assets: €5.899 million (provision during the period of €548 thousand; hence net assets of €5.351 million),
- Increase in financial debt on lease obligations: €5.899 million (repayment of €505 thousand during the period; hence net debt of €5.394 million),
- Reduction in external costs: €610 thousand,
- Increase in financial expense: €106 thousand,
- Increase in depreciation: €548 thousand.

The impact of applying IFRS 16 as of 1 July 2019 has been presented on a specific line of the tables showing the changes in property, plant & equipment and financial liabilities.

The Group has chosen to present right-of-use assets and lease obligations on separate lines on the balance sheet.

As a reminder, OL Groupe had reported finance leases that previously came under the scope of the IAS 17 on its 30 June 2019 balance sheet. As part of the application of IFRS 16, these leases were reclassified on the balance sheet as right-of-use assets and as lease obligations.

The reconciliation between IAS 17 contingent liabilities as of 30 June 2019 on the one hand, discounted at the incremental borrowing rate as of 1 July 2019, and IFRS 16 lease obligations on the other is as follows:

Contingent liabilities as of 30/06/2019 (in € 000)	129,505
Contracts previously restated under IAS 17	6,850
Contracts outside the scope of IFRS 16 (1)	-123,128
Discounting based on the term applicable under IFRS 16	-479
Restatement of lease agreements as of 1 July 2019	12,748

(1) Service agreements that do not grant the right to use an underlying asset

The rules for accounting for leases are presented in Note 6.2 to the consolidated financial statements.

INCOME STATEMENT

(in € 000)	Note	H1 2019/20	% of Rev.	H1 2018/19	% of Rev.
Total revenue	4.1	197,233	100%	168,407	100%
Purchases used during the period		-24,303	-12%	-21,380	-13%
External costs		-21,566	-11%	-17,803	-11%
Taxes other than income taxes		-3,438	-2%	-3,401	-2%
Personnel costs	5.2	-79,556	-40%	-64,750	-38%
Residual value of player registrations	6.1	-6,552	-3%	-7,153	-4%
EBITDA		61,818	31%	53,918	32%
Net depreciation, amortisation and provisions	7.3	-35,467	-18%	-25,738	-15%
Other ordinary income and expenses		343	0%	-1,897	-1%
Operating profit		26,694	14%	26,284	16%
Net financial expense	8.6	-8,146	-4%	-7,101	-4%
Pre-tax profit/loss		18,548	9%	19,183	11%
Income tax expense	9.1	-3,372	-2%	-4,133	-2%
Share in net profit/loss of associates		-211	0%	-82	
Net profit		14,966	8%	14,969	9%
Net profit attributable to equity holders of the parent		14,869		14,841	
Net profit/loss attributable to non-controlling interests		96		128	
Net profit per share (in €)		0.26		0.25	
Diluted net profit per share (in €)		0.11		0.11	

STATEMENT OF COMPREHENSIVE INCOME (in € 000)

Actuarial gains/losses on pension obligations	5.4	0		0	
Items not recyclable into net profit/loss		0		0	
Fair value of hedging instruments (stadium)		547		398	
Corresponding deferred taxes		-188		-137	
Items recyclable into net profit/loss	11.6	359		261	
Comprehensive income		15,325		15,230	
Comprehensive income attributable to equity holders of the parent		15,228		15,102	
Comprehensive income/loss attributable to non-controlling interests		96		128	

As indicated in the paragraph entitled "Presentation of the financial statements", the Group has applied IFRS 16, opting for the simplified retrospective approach, which did not require restatement of comparatives.

CONSOLIDATED STATEMENT OF NET FINANCIAL POSITION

Balance sheet – Assets

Net amounts (in € 000)	Note	31/12/19	30/06/19
Intangible assets			
Goodwill	6.1	1,866	1,866
Player registrations	6.1	156,415	89,478
Other intangible assets	6.1	1,591	1,554
Property, plant & equipment	6.2	373,992	385,501
Right-of-use assets (1)	6.2	10,060	
Other financial assets	8.1	4,605	4,159
Receivables on sale of player registrations (portion > 1 year)	4.2 & 8.4 & 8.5	41,000	36,462
Investments in associates	4.6	4,299	3,620
Deferred taxes	9.2	1,791	3,701
Non-current assets		595,619	526,341
Inventories	4.3	4,237	2,469
Trade receivables and assets related to customer contracts	4.2	28,492	14,875
Receivables on sale of player registrations (portion < 1 year)	4.2 & 8.4 & 8.5	37,727	57,044
Other current assets, prepayments and accrued income	4.4 & 8.4	31,177	16,992
Cash and cash equivalents	8.2 & 8.4	19,902	11,962
Current assets		121,535	103,342
TOTAL ASSETS		717,154	629,683

(1) As indicated in the paragraph entitled "Presentation of the financial statements", the Group has applied IFRS 16, opting for the simplified retrospective approach, which did not require restatement of comparatives.

Balance sheet – Equity and liabilities

Net amounts (in € 000)	Note	31/12/19	30/06/19
Share capital	10.1	88,461	88,429
Share premiums	10.1	123,390	123,396
Reserves	10.1	-86,504	-92,889
Other equity	10.1	138,021	138,047
Net profit attributable to equity holders of the parent		14,869	6,186
Equity attributable to equity holders of the parent		278,237	263,169
Non-controlling interests		3,609	3,262
Total equity		281,846	266,431
Stadium bonds	8.3 & 8.4 & 8.5	50,101	50,014
Stadium bank loan	8.3 & 8.4 & 8.5	97,815	100,414
Borrowings and financial liabilities (portion > 1 year)	8.3 & 8.4 & 8.5	56,667	58,265
Player registration payables (portion > 1 year)	8.3 & 8.4 & 8.5	41,893	11,915
Non-current financial debt related to lease obligations (1)	8.3 & 8.4 & 8.5	5,790	
Other non-current liabilities	8.3 & 8.4	19,645	21,394
Provision for pension obligations	5.4	2,408	2,420
Non-current liabilities		274,319	244,422
Provisions (portion < 1 year)	7.1	114	90
Financial liabilities (portion < 1 year)			
Bank overdrafts	8.3 & 8.4 & 8.5	275	354
Stadium bonds	8.3 & 8.4 & 8.5	1,374	71
Stadium bank loan	8.3 & 8.4 & 8.5	7,911	7,736
Current financial debt related to lease obligations (1)	8.3 & 8.4 & 8.5	4,659	
Other borrowings and financial liabilities	8.3 & 8.4 & 8.5	1,761	5,425
Trade payables & related accounts	8.3 & 8.4	24,835	22,959
Tax and social security liabilities	8.3	37,507	41,393
Player registration payables (portion < 1 year)	8.3 & 8.4 & 8.5	53,016	28,988
Other current liabilities and deferred income	8.3 & 8.4	29,538	11,814
Current liabilities		160,989	118,829
TOTAL EQUITY AND LIABILITIES		717,154	629,683

(1) As indicated in the paragraph entitled "Presentation of the financial statements", the Group has applied IFRS 16, opting for the simplified retrospective approach, which did not require restatement of comparatives.

CASH FLOW STATEMENT

(in € 000)	31/12/19	31/12/18
Net profit/loss	14,966	14,969
Share in net profit/loss of associates	211	82
Depreciation, amortisation & provisions (1)	35,467	25,141
Other non-cash income and expenses (2)	296	-218
Capital gains on sale of player registrations	-62,499	-30,917
Capital gains on sale of other non-current assets	-1,467	0
Income tax expense (3)	3,372	4,133
Pre-tax cash flow	-9,655	13,189
Income tax paid	-731	-392
Net cost of financial debt	7,240	7,014
Change in trade and other receivables	-15,293	-8,001
Change in trade and other payables	1,076	7,025
Change in working capital requirement	-14,217	-976
Net cash from operating activities	-17,363	18,835
Acquisition of player registrations net of change in liabilities	-44,975	-40,153
Acquisition of other intangible assets	-226	-58
Acquisition of property, plant & equipment	-4,727	-5,055
Acquisition of non-current financial assets	-931	-1,724
Investments in associates	-889	
Sale of player registrations net of change in receivables	83,831	47,391
Disposal or reduction in other non-current assets	3,331	1,522
Net cash from investing activities	35,414	1,923
New bank and bond borrowings (5)	3,000	
Interest paid	-4,567	-3,506
Interest paid on liabilities related to lease obligations (6)	-269	
Repayment of borrowings (5)	-5,134	-9,634
Repayment of liabilities related to lease obligations (7)	-2,300	
Acquisition of treasury shares	-762	
Net cash from financing activities	-10,032	-13,140
Opening cash balance	11,608	8,760
Change in cash	8,019	7,618
Closing cash balance	19,627	16,378

(1) See Note 7.3 / (2) Other non-cash income and expenses primarily included the effect of discounting on non-current assets, and accrued interest on financial debt / (3) See Note 9 / (4) See Note 6.2 / (5) See Note 8.3

(6) Of this amount, €105k resulted from the initial application of IFRS 16 using the simplified retrospective approach with no impact on comparatives. The balance relates to interest on leases that were previously governed by IAS 17.

(7) Of this amount, €505k resulted from the initial application of IFRS 16 using the simplified retrospective approach with no impact on comparatives. The balance relates to the repayment of principal on leases that were previously governed by IAS 17.

As indicated in the paragraph entitled "Presentation of the financial statements", the Group has applied IFRS 16, opting for the simplified retrospective approach, which did not require restatement of comparatives.

(in € 000)	31/12/19	31/12/18
Cash and DSRA	19,902	16,667
Bank overdrafts	-275	-289
Closing cash balance	19,627	16,378

Detail of cash flows related to the acquisition of player registrations

(in € 000)	31/12/19	31/12/18
Acquisition of player registrations	-98,981	-50,657
Player registration payables as of 31/12/19	94,909	
Player registration payables as of 30/06/19	-40,903	
Player registration payables as of 31/12/18		50,315
Player registration payables as of 30/06/18		-39,811
Acquisition of player registrations net of change in liabilities	(44,975)	(40,153)

Detail of cash flows related to the sale of player registrations

(in € 000)	31/12/19	31/12/18
Proceeds from the sale of player registrations	69,051	38,070
Player registration receivables as of 31/12/19	-78,726	
Player registration receivables as of 30/06/19	93,506	
Player registration receivables as of 31/12/18		-79,096
Player registration receivables as of 30/06/18		88,417
Sales of player registrations net of change in receivables	83,831	47,391

Change in working capital requirement

Change in trade and other receivables

(in € 000)	Changes during the period
Trade receivables	-13,480
Provision for bad debts	137
Deferred income and accruals	12,790
Trade receivables	-553
Other receivables	-12,973
Inventories	-1,781
Provisions on inventory	14
Inventories	-1,767
Change in trade and other receivables	-15,293

Change in trade and other payables

(in € 000)	Changes during the period
Trade payables	1,876
Prepayments and accrued income	-1,848
Trade accounts payable	28
Other liabilities	1,048
Other financial liabilities	1,048
Change in trade and other payables	1,076

STATEMENT OF CHANGES IN EQUITY

(in € 000)	Equity attributable to equity holders of the parent							non-controlling interests	Total equity
	Share capital	Share premiums	Treasury shares	Reserves and retained earnings	Other equity	Profit/loss recognised directly in equity	Total Group share		
Equity at 30/06/18	88,423	123,397	-882	-85,747	138,053	-5,448	257,794	3,044	260,838
Net profit				6,186			6,186	218	6,404
Fair value of hedging instruments (1)						457	457		457
Actuarial gain/loss						-286	-286		-286
Comprehensive income				6,186		171	6,357	218	6,575
Dividends									0
Capital increase (2)	7	-1					6	0	6
Change in OSRANes (2)					-6		-6		-6
Share-based payments						469	469		469
Shares held in treasury			-1,496			-17	-1,513		-1,513
Currency translation adjustment						-4	-4		-4
Other						65	65	0	65
Equity at 30/06/19	88,429	123,396	-2,378	-79,561	138,047	-4,764	263,169	3,262	266,431
Net profit				14,869			14,869	96	14,965
Fair value of hedging instruments (1)						359	359		359
Actuarial gain/loss							0		0
Comprehensive income				14,869		359	15,229	96	15,325
Dividends									0
Capital increase (2)	32	-6					26	0	26
Change in OSRANes (2)					-26		-26		-26
Share-based payments						614	614		614
Shares held in treasury			-782			35	-747		-747
Currency translation adjustment						1	1		1
Other				-66		37	-29	250	221
Equity as of 31/12/19	88,461	123,390	-3,160	-64,758	138,021	-3,718	278,237	3,609	281,846

The application of IFRS 16 did not have an impact on consolidated shareholders' equity as of 1 July 2019, because of the practical expedients the Group chose to apply under the simplified retrospective approach (see Note 6.2).

(1) This amount corresponds to the change in fair value, net of taxes, of the hedging instruments put in place as part of the Groupama Stadium loan agreement (see Note 11.6).

(2) See Note 10.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SCOPE OF CONSOLIDATION

Companies over which the Group directly or indirectly has exclusive control are fully consolidated.

Companies over which the Group directly or indirectly has significant influence, particularly because it holds more than 20% of the voting rights, are accounted for using the equity method.

The companies included in the scope of consolidation are presented in the table below.

Company	Head office Company no.	Activity	Number of months consolidated	% Control 31/12/19	% Interest 31/12/19	% Control 30/06/19	% Interest 30/06/19	
Olympique Lyonnais Groupe SA	Lyon 421577495	Holding company	6					--
COMPANIES OWNED BY OLYMPIQUE LYONNAIS GROUPE								
Olympique Lyonnais SASU	Lyon 385071881	Sports club	6	100.00	100.00	100.00	100.00	FC
AMFL SAS	Lyon 788746212	Medical centre	6	51.00	51.00	51.00	51.00	FC
OL Loisirs Développement SAS	Lyon 832341143	Services and Consulting	6	100.00	100.00	100.00	100.00	FC
OL Partner SAS	Lyon 832992671	Insurance broker	6	95.00	95.00	95.00	95.00	FC
OL Production SAS (1)	Lyon 853249464	Shows & entertainment	6	50.00	50.00	0.00	0.00	FC
Beijing OL FC Ltd	Beijing	Services and Consulting	6	45.00	45.00	45.00	45.00	EM
Asvel Basket SASP (2)	Lyon 388883860	Sports club	6	31.67	31.67	25.00	25.00	EM
Le Travail Réel SAS (3)	Lyon 852695741	Human Resources	6	30.00	30.00	0.00	0.00	EM
Lyon Asvel Féminin	Lyon 534560552	Sports club	0	10.00	10.00	10.00	10.00	NC
Gol de Placa	Brazil	Sports club	0	10.00	10.00	10.00	10.00	NC
SPECIAL-PURPOSE ENTITIES⁽⁴⁾								
OL Association	Lyon 779845569	Association	6					FC

FC: Full consolidation

EM: Equity method

NC: Not consolidated

(1) On 10 July 2019, OL Groupe and Olympia Production created OL Production, which will organise the FELYN music festival.

(2) OL Groupe completed a share exchange with the shareholders of Asvel Basket SASP, giving it an additional 6.3% holding in the share capital of LDLC ASVEL.

(3) On 19 July 2019, OL Groupe acquired 45,000 shares in the company “Le Travail Réel” for €45 thousand, bringing its shareholding to 30%. The purpose of the company is to support and assist companies in their recruitment and training issues, with the aim of developing their human capital. It will be accounted for by the equity method in the Group’s financial statements.

(4) Entities controlled by the Group by virtue of a contract, agreement or clause in the entity’s articles of association are fully consolidated, even if the Group does not own any of the entity’s share capital (special-purpose entities).

Closing dates

All Group companies close their accounts on 30 June each year except for Beijing OL FC (31 December). Financial statements for Beijing OL FC Ltd. have been prepared for the period from 1 July to 31 December.

NOTE 2: USE OF ESTIMATES

In preparing financial statements that comply with the IFRS conceptual framework, management is required to make estimates and assumptions that affect the amounts shown in the financial statements. The key items affected by estimates and assumptions are impairment tests of intangible assets of a finite or indefinite life, deferred taxes, and provisions. These estimates are based on the assumption that the entity is a going concern and are calculated using available information. Estimates may be revised if the circumstances on which they were based should change or if new information becomes available. Actual results may differ from these estimates.

For the first-half financial statements, valuations have been established as if the interim period were a stand-alone period. The notes presented below reiterate the principles for determining certain balance sheet and income statement line items.

There was no change in estimates and uncertainties during the period.

NOTE 3: SEGMENT INFORMATION

Pursuant to IFRS 8, “Operating Segments”, an operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses and satisfies the following conditions:

- its operating results are reviewed regularly by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance;
- discrete financial information is available for the segment.

The Group has not identified any material, distinct business segments within the meaning of this standard. To this end, the Group presents information in Note 4.1 breaking down revenue by nature and activity and detailing sales of player registrations.

The operation of Groupama Stadium is not considered a distinct business segment since it cannot be separated from the sporting activities developed around the professional football team, owing in particular to the size of its facilities, the attractiveness of the venue and the sources and amounts of revenue.

Reporting by geographical segment is not relevant to the Group in view of its business as a football club.

NOTE 4: OPERATING ACTIVITIES

Note 4.1: Total revenue

Revenue recognition

IFRS 15 defines a five-step model for recognising ordinary revenue from contracts with customers:

- Identify the contract;
- Identify the various performance obligations, i.e. the list of distinct goods or services that the seller has promised to supply to the customer;
- Determine the overall transaction price for the contract;
- Allocate the overall transaction price to each performance obligation;
- Recognise revenue when a performance obligation has been satisfied.

Revenue recognition is tied to the performance obligation for each type of contract.

Revenue is measured and recognised as follows:

□ **Sponsoring - Advertising (including partnerships):**

The terms of sponsoring agreements indicate the amounts to be recognised for each half-year period.

□ **Media and marketing rights:**

- *French Professional Football League (LFP – Ligue 1) and French Football Federation (FFF)*

This category of revenue is dependent on the Club's participation in this national competition. At the start of the season, the Board of Directors of the League defines the amounts to be allocated to the Clubs for the current season and the method of allocation.

Determination as to whether the obligation has been realised is based on the number of matches played as the season advances.

- *UEFA / Champions League revenue*

The triggering event for UEFA / Champions League revenue is the Club's participation in this European competition. Receipts depend on the stage the Club reaches in the competition, as set out in UEFA's financial memorandum for the season in question.

In accordance with the CNCC (French professional accounting body) instruction of 28 March 2007, and in compliance with IFRS, the options adopted by the Group for the first-half closing are as follows:

Fixed rights are recognised proportionately to the matches played as of the date of the first-half closing.

Variable rights and sponsorship receipts are recognised using an estimate as of 31 December 2019 (OL Groupe assumed a twelfth-place finish), on a pro rata basis.

- Brand-related revenue includes revenue relating to the sale of merchandising products, use of licences and infrastructure, as well as signing fees. Signing fees are recognised when a distinct performance obligation has been satisfied or are spread over the term of the contract to which they relate in the absence of a distinct performance obligation.
- Revenue from ticketing is tied to the football season and is recognised when the games are played. The performance obligation is realised when the matches are played. Season tickets sold for the coming season are recorded as deferred income.

- Events revenue derives from new additional businesses developed since Groupama Stadium entered service. It includes concerts, non-football sporting events, conventions, B2B seminars and corporate events, stadium tours, etc. Revenue is recognised when the services are provided.

The Group acts as principal in its relationship with its customers.

Customer contracts do not include a financing component, with the exception of receivables related to the settlement of player transfer contracts (settlements over 1 to 5 years). The impact of discounting these receivables is not material for the half-year period presented.

The revenue recognition methods employed do not require significant judgements.

In addition, the Group's analysis did not identify any assets relating to the marginal costs of obtaining contracts or to contract performance costs.

Proceeds from the sale of player registrations

Player transfers form a recurring part of the Group's business, and in line with the practice adopted by other football clubs, proceeds from the sale of player registrations are included in revenue.

Proceeds from the sale of player registrations are recognised as of the date the transfer contract is approved by the League, which corresponds to the date on which control is transferred. In the event such approval does not apply, the date at which the League was informed of the signature of the transfer contract prevails. Earn-outs and other contingent fees are recognised when the condition precedent is met. So long as the condition precedent is not met, the contingent fee is recognised as a contingent liability.

Breakdown of revenue

Breakdown of revenue by category

Revenue broke down as follows:

(in € 000)	H1 2019/20	H1 2018/19
Media and marketing rights (LFP-FFF)	20,260	24,762
Media and marketing rights (UEFA)	57,589	57,362
Ticketing	21,137	21,232
Sponsoring – Advertising	15,593	15,268
Events	5,473	3,216
Brand-related revenue ⁽¹⁾	8,129	8,496
Proceeds from the sale of player registrations ⁽²⁾	69,051	38,070
Revenue	197,232	168,407

(1) Brand-related revenue

(in € 000)	H1 2019/20	H1 2018/19
Derivative products	5,520	5,644
Image-related revenue	886	1,088
Other	1,723	1,764
Brand-related revenue	8,129	8,496

(2) Proceeds from the sale of player registrations

(in € 000)	H1 2019/20	H1 2018/19
Alexandre Lacazette		585
Alassane Pléa		4,950
Mariano Diaz		21,697
Myziane Maolida		10,000
Ishak Belfodil		99
Rachid Ghezzal		665
Loïc Remy		49
Yassine Benzia		16
Tanguy Ndombélé	47,550	
Timothé Cognat	72	
Hamzia Rafia	374	
Nabil Fekir	19,750	
Diop	250	
Sergi Darder	491	
Jean Philippe Mateta	400	
Clinton Njie	119	
Aldo Kalulu	10	
Lindsay Rose	1	
Timothée Kolodziejczak	43	
Mouctar Diakhaby	(9)	9
Proceeds from the sale of player registrations	69,051	38,070

Note 4.2: Trade receivables and assets related to customer contracts

Trade receivables and assets related to customer contracts

Receivables are initially measured at fair value, which is usually their face value. These receivables are discounted if their due date is more than six months hence. The discount rate used is the Euribor and/or BTAN rate for the maturity of the receivable.

The principal customers (revenue > 10% of consolidated total) are the LFP (French professional football league) and the sports marketing company Lagardère Sports.

In accordance with the principles defined in IFRS 9, provisions on customer receivables are recognised to account for expected losses and are determined according to the following model:

- ☐ Doubtful accounts, i.e. those with a high risk of non-payment: provisions recognised on a case-by-case basis;
- ☐ Customers for which indications of loss in value have been identified (late payments, disputes, etc.): individual provisions if there are payments more than 12 months past due.
- ☐ Customers without any indication of a loss in value as of the closing date: provisions for expected losses are recognised on a case-by-case basis, taking into account both quantitative and qualitative information about the customer, its rating, etc. No provisions have been recognised, as the probability of non-payment is considered to be immaterial.

Trade receivables and assets related to customer contracts broke down as follows:

(in € 000)	31/12/19	30/06/19
Trade receivables	14,480	15,805
Assets related to customer contracts (1)	14,805	
Provision for bad debts	-793	-930
Trade receivables and assets related to customer contracts	28,492	14,875

(1) Corresponds to the receivable from the LFP, recognised in the financial statements as of 31 December 2019 and reflecting the Club's non-definitive ranking as of that date.

(in € 000)	31/12/19	30/06/19
Player registration receivables	78,726	93,506
Provisions on player registration receivables		
Net player registration receivables	78,726	93,506
of which less than 1 year	37,726	57,044
of which more than 1 year	41,000	36,462

Receivables on player registrations broke down as follows:

(in € 000)	31/12/19		30/06/19	
	current	non-current	current	non-current
Receivables on registrations sold in 2017/18	16,929	3,000	21,006	9,891
Receivables on registrations sold in 2018/19	10,464		36,038	26,572
Receivables on registrations sold in 2019/20	10,333	38,000		
Total player registration receivables (gross)	37,726	41,000	57,044	36,463
	78,726		93,507	

Receivables on player registrations primarily included the balance of transfers in 2017/18: €7.2 million related to W. Geubbels, €4.8 million to M. Diakhaby and €3 million to A. Lacazette; transfers in 2018/19: €7.3 million related to M. Diaz; and transfers in 2019/20: €38 million related to T. Ndombéle and €9.9 million to N. Fekir.

In November 2019, OL Groupe completed a no-recourse transfer of €38 million in receivables to a financial institution in respect of transfers that took place in 2018/19 and 2019/20.

The impact of discounting player registration receivables was not material as of 31 December 2019 or 30 June 2019.

Note 4.3: Inventories

Under IAS 2, "Inventories", the acquisition cost of inventories includes the purchase price, transport and handling costs, and other costs directly attributable to the acquisition of goods held for resale, less any price reductions, rebates or financial discounts.

Inventories of goods held for resale are valued at their weighted average unit cost. This value is compared to the net realisable value (estimated sale price of the products). The inventory is valued at the lower of the two values. An impairment loss may be taken against obsolete, defective or slow-moving goods.

OL Groupe inventories are related to the Merchandising business unit. These inventories solely comprise goods held for resale.

(in € 000)	31/12/19	30/06/19
Inventories	4,399	2,618
Provisions on inventory	-162	-148
Net inventories	4,237	2,469

Note 4.4: Other current assets

Other current assets, prepayments and accrued income broke down as follows:

(in € 000)	31/12/19	30/06/19
Turnover tax	15,749	8,888
Income tax receivables		637
Other tax receivables	6	
Social security receivables	429	1,130
Other current assets (1)	11,978	5,168
Accruals and prepayments	3,016	1,168
Total other current assets	31,177	16,992
Provisions on other assets		
Net other assets	31,177	16,992

Note 4.5: Other current liabilities

(in € 000)	31/12/19	30/06/19
Trade payables	24,835	22,959
Tax and social security liabilities	37,507	41,393
<i>of which: tax liabilities due in less than 1 year</i>	<i>13,222</i>	<i>16,218</i>
<i>of which: social security liabilities</i>	<i>24,285</i>	<i>25,175</i>
Other current liabilities, deferred income and accruals	29,538	11,814
<i>of which: liabilities on non-current assets and other liabilities</i>	<i>8,196</i>	<i>3,262</i>
<i>of which deferred income (1)</i>	<i>21,342</i>	<i>8,552</i>
Total current liabilities	91,880	76,166

(1) Deferred income includes season ticket receipts for sporting events scheduled for the second half of the financial year (€6.9 million), the portion of French media rights relating to the second half of the financial year (€6.5 million) and €3 million in revenue from other events (concerts) due to take place in the second half of the year.

Note 4.6: Investments in associates

Associates are companies in which the Group exercises significant influence over financial and operating policies, but which it does not control. Associates are recognised in the balance sheet using the equity method.

Equity method

The equity method requires the investment in an associate or joint venture to be initially recognised at cost and adjusted thereafter for the Group's share of the associate's or joint venture's profit or loss and, if applicable, other comprehensive income. Goodwill related to these entities is included in the carrying amount of the investment.

(in € 000)	31/12/19	30/06/19
Opening balance	3,620	338
Dividends		
Change in the scope of consolidation*	890	3,400
Share in net profit of associates	(211)	(118)
Write-down of shares		
Closing balance	4,299	3,620

* The change as of 31 December 2019 represents OL Groupe's acquisition of a shareholding in "Le Travail Réel", leading to a €45 thousand increase, and an exchange of shares between OL Groupe and ASVEL Basket SASP, with an impact of €844 thousand.

NOTE 5: EXPENSES AND EMPLOYEE BENEFITS

Note 5.1: Employee numbers

The average number of employees in the Group, broken down by company, was as follows:

	H1 2019/20	H1 2018/19
Olympique Lyonnais Groupe	120	98
Olympique Lyonnais SAS	250	152
OL Association	131	119
OL Organisation (1)	0	71
Total	501	440

(1) OL Organisation was merged into OL SASU during the previous financial year.

Note 5.2: Personnel costs

(in € 000)	H1 2019/20	H1 2018/19
Payroll	-59,428	-48,041
Social security charges	-20,128	-16,709
TOTAL	-79,556	-64,750

Including the expense under the bonus share allotment plan presented in Note 5.5

Note 5.3: Senior management remuneration

Senior management remuneration broke down as follows:

- Short-term benefits (excluding employer's share):
 - o The nine members of the senior management team received €1,531 thousand (€872 thousand fixed, €645 thousand variable, and €14 thousand in benefits-in-kind, i.e. the use of vehicles).
 - o Remuneration paid to the eight senior managers totalled €1,149 thousand in the first half of 2018/19.

The Chairman and CEO receives no remuneration from OL Groupe apart from directors' fees.
The Chairman and CEO of OL Groupe receives remuneration for his professional activities at Holnest, an investment and management holding company.

Note 5.4: Pension obligations

(in € 000)	31/12/19	30/06/19
Present value of opening commitments	2,420	1,733
Interest expense	18	26
Cost of services provided during the financial year	258	167
Benefits paid	-288	
Plan amendment		64
Projected present value of closing commitments	2,408	1,991
Actuarial gains/losses for the period		429
Present value of closing commitments	2,408	2,420

Changes were recognised by extrapolating the commitment from 30 June to 31 December 2019, holding actuarial parameters constant, as the impact of actuarial gains and losses was not material during the half-year period.

Note 5.5: Share-based payments

On 12 February 2019, the Group implemented a bonus share plan. The plan is composed of two tranches and grants its beneficiaries shares in the Company provided they meet service and performance conditions.

This plan falls within the scope of IFRS 2.

In accordance with IFRS 2 "Share-based payment", the Company recognises an expense for benefits granted to employees of the Company under the bonus share plan.

The fair value of the benefit granted is set at the grant date. It was recognised in personnel expenses during the vesting period, with the offsetting entries being posted to a special reserve account.

The expense was calculated over the financial year based on whether or not objectives had been met and whether the beneficiaries were still employed, so as to recognise an amount corresponding to the fair value of the shares expected to vest.

At the end of the vesting period the cumulative total of the benefits recognised will be held in reserves, whether or not the options are subsequently exercised.

Plan characteristics for tranche 1	
Grant date	12/02/2019
Vesting date	12/02/2020
Share price on grant date	€2.85
Maximum number of shares that can be granted	377,500
Vesting period	1 year
Vesting conditions	Service condition
Performance condition	Performance of consolidated total revenue and consolidated EBITDA for FY 2018/19 and on the basis of the final budget approved by the Board of Directors

By the end of the 2018/19 financial year, 346,937 shares had been granted on the basis of the performance conditions for the tranche 1 plan.

Plan characteristics for tranche 2	
Grant date	12/02/2019
Vesting date	12/02/2021
Share price on grant date	€2.85
Maximum number of shares that can be granted	387,500
Vesting period	2 years
Vesting conditions	Service condition
Performance condition	Performance of consolidated total revenue and consolidated EBITDA for FY 2019/20 and on the basis of the final budget approved by the Board of Directors

Total costs and allocation thereof

Based on the fair value per share and the number of bonus shares granted, and assuming performance criteria are achieved, the expense recognised in the first half came to €936 thousand, including €158 thousand in employer contributions, vs €715 thousand and €134 thousand, respectively, in the previous period.

NOTE 6: PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Note 6.1: Goodwill and other intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, held with a view to its use, from which future economic benefits are expected to flow to the entity.

a) Goodwill

Business combinations are accounted for using the purchase method in accordance with IFRS 3. The amended IFRS 3, "Business Combinations", is applied to all acquisitions carried out on or after 1 July 2009.

On first-time consolidation of a company, the company's assets and liabilities are measured at their fair value.

Any difference between the purchase cost of the shares and the overall fair value of identified assets and liabilities as of the acquisition date is accounted for as goodwill.

The fair values and goodwill may be adjusted during a period of one year after acquisition. If the purchase cost is less than the fair value of identified assets and liabilities, the difference is recognised immediately in the income statement.

As required by IFRS 3 "Business combinations" and IAS 36 as amended, goodwill is not amortised. As goodwill is an intangible asset with an indefinite useful life, it is subject to an annual impairment test in accordance with IAS 36, as amended (see below for a description of the procedures for implementing impairment tests).

b) Player registrations

Player registrations meet the definition of an intangible asset. They are capitalised at their acquisition cost, which is discounted if the payment is deferred over more than six months (the acquisition cost is equal to the purchase price plus costs incidental to and directly related to the transaction). The discount rate used is the Euribor and/or BTAN rate for the maturity of the receivable.

The registration is recognised as an asset from the date on which the Group deems the transfer of ownership and risk to be effective. These conditions are deemed to be met on the date the transfer agreement is approved by the League, or on the date it is signed if such approval is not applicable.

Player registrations are amortised on a straight-line basis over the term of the initial contract (typically 3 to 5 years). If a contract is extended, the related external costs are included in the value of the registration and the amortisation charge is recalculated on the basis of the new residual term.

Earn-out fees provided for in transfer deals usually require the fulfilment of certain conditions. The amount of the earn-out is capitalised if there is a strong probability that the conditions for payment will be met. Otherwise, earn-outs are disclosed as contingent liabilities and capitalised when the conditions are met.

Special features of certain transfer agreements

Certain transfer agreements may provide for retrocession of part of the proceeds of a future transfer. This retrocession fee may be paid to the transferred player, his agent or the player's original club. At the time of the transfer, if these retrocession fees are paid to the player they are recorded as personnel expenses. If they are paid to the agent or to the Club, they are offset against the proceeds from the sale of player registrations.

Existing transfer agreements that provide for a fixed retrocession fee are disclosed as contingent liabilities at the financial year-end. If this amount is calculated as a percentage of the transfer fee or the capital gain realised, then no calculation can be made.

Impairment of non-financial assets related to player registrations

Assets with a finite useful life, such as player registrations, are tested for impairment whenever there is an indication that their value may be impaired. A further write-down (in addition to scheduled amortisation) is then recognised if the carrying value exceeds the recoverable amount.

Impairment tests are performed based on the following three criteria:

- For player registrations held with the intent to sell, the estimated or known sale price, net of selling fees, is compared to the contract's carrying value, and a write-down may be recognised where necessary;
- If an event occurs that could have an impact on the useful life of the contract (early termination of the player's contract, irreversible disability, etc.), it may be amortised ahead of schedule;
- Indications of an impairment loss are determined on two levels:
 - At the team level, an overall assessment of value in use is made by comparing the Club's discounted cash flows to the cumulative carrying value of all player registrations.
 - At the individual player level, potential impairment loss is evaluated using various criteria including the player's appearance on match sheets.
- The cash flows used for these tests on players are consistent with those used to calculate deferred tax assets (see Note 9.2). Management has created several scenarios, taking into account assumptions that the Club will participate in European competitions, rank near the top of the Ligue 1 table and that the player registration sales strategy will continue. No scenario is considered reasonably likely to give rise to an impairment loss.

c) Future media rights

Future media rights are initially measured at fair value and are not amortised. They are tested for impairment at the close of each subsequent financial year.

d) Purchased software

Purchased software is amortised over three to five years.

e) Impairment of non-financial assets

According to IAS 36 "Impairment of Assets", the recoverable amount of property, plant & equipment and intangible assets must be tested as soon as indications of impairment appear.

- Intangible assets with an indefinite life (goodwill and future media rights), which are not amortised, are tested for impairment at least once a year. Losses in the value of goodwill are irreversible. The goodwill recognised in the balance sheet is not material.

An impairment loss is recognised when the carrying amount of an asset is higher than its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

- The value in use of assets is determined on the basis of future cash flows calculated according to the discounted cash flow method. This estimation covers a five-year period.

The discount rate used for calculations is an after-tax rate, applied to cash flows after tax.

- Assets with a finite useful life are tested for impairment whenever there is an indication that their value may be impaired. A further write-down (in addition to scheduled amortisation) is then recognised if the carrying value exceeds the recoverable amount.

Goodwill

Movements during the period were as follows:

(in € 000)	30/06/19	Increases	Decreases	31/12/19
Olympique Lyonnais SASU	1,866			1,866
TOTAL	1,866	0	0	1,866

Other intangible assets

Movements during the period were as follows:

(in € 000)	30/06/19	Increases	Increases though retirement	Decreases	31/12/19
Concessions, patents and media rights	2,804	226	182	-130	3,082
Amortisation of concessions and patents	-1,250	-241			-1,491
Other intangible assets	1,554	-15	182	-130	1,591

Intangible assets - player registrations

Player registrations: movements during the period

Movements during the period were as follows:

(in € 000)	30/06/19	Increases	Decreases though retirement	Decreases	31/12/19
Player registrations	147,924	98,981		-9,843	237,064
Player registrations in effect					0
Amort. of player registrations (1)	-58,445	-24,901		2,701	-80,649
Impairment of player registrations (2)	0				0
Player registrations	89,478	74,080	0	-7,142	156,415

(1) The analysis performed did not lead to a change in the useful life of player registrations as of 31 December 2019.

(2) The impairment tests on player registrations did not reveal a loss in value during the period. No impairment was recognised as of the opening date.

Capital gains on sale of player registrations

(in € 000)	31/12/19	31/12/18
Proceeds from the sale of player registrations	69,051	38,070
Residual value of player registrations	-6,552	-7,153
	62,499	30,916

(in € 000)	Net value as of 31/12/19	Net value as of 31/12/18
Disbursement of agent fees	10,538	7,261

Player registration expiry schedule

The player registration expiry schedule (in terms of net carrying value) is as follows:

(in € 000)	Net value as of 31/12/19	Net value as of 30/06/19
Contracts expiring in 2020	1,316	2,647
Contracts expiring in 2021	15,183	20,554
Contracts expiring in 2022	28,338	33,494
Contracts expiring in 2023	44,859	32,783
Contracts expiring in 2024	66,720	
Total player registrations	156,415	89,478

Note 6.2: Property, plant & equipment

a) Property, plant & equipment

Property, plant & equipment are measured at cost (purchase price, transaction costs and directly attributable expenses). They have not been revalued.

As required by IAS 16, buildings are accounted for using the component approach.

The Group does not use the fair value of its non-financial assets to determine their recoverable amount, apart from assets held for sale.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as estimated by the Company:

• Buildings (including long-term leases)	25-50 years
• Building improvements	3-10 years
• Computer equipment	3 and 4 years
• Office equipment	5 years
• Office furniture	8 years
• Machinery and equipment	5 years
• Vehicles	3-5 years

Residual values are considered to be either not material or not reliably determinable.

In accordance with IAS 23, borrowing costs directly attributable to the construction of property, plant & equipment are included in their cost.

Investment grants, in particular the €20 million attributed during the 2011/12 financial year as part of the new stadium financing, have been recognised as deferred income.

b) Leases

Lease accounting rules until 30 June 2019, in accordance with IAS 17:

In accordance with IAS 17, a finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset, whether or not title is ultimately transferred.

Criteria used to assess whether a contract should be classified as a finance lease include:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price substantially less than the fair value;
- the lease term is for the economic life of the asset;
- the present value of future rental payments is greater than or equal to substantially all of the fair value;
- the leased assets are of such a specialised nature that only the lessee can use them;
- in case of cancellation, the associated losses are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual value are borne by the lessee;
- the lessee has the option to renew the lease at a rent that is substantially lower than market rent.

All finance leases with a material value at inception are restated from French GAAP to IFRS.

Restatement involves:

- recognising the assets financed by the lease and the corresponding debt in the balance sheet;
- recognising the corresponding depreciation of the assets and the financial expense related to the debt, instead of the lease payments and rental expenses. The depreciation term is the same as that used for other, similar assets that the company has acquired.

Lease accounting rules since 1 July 2019, in accordance with IFRS 16:

Under IFRS 16, there is no longer any distinction for lessees between finance leases and operating leases, as was previously made under IAS 17.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases covered by this definition are accounted for as presented below, unless they fall within the scope of one of the exemptions provided for by the standard (leases with a lease term of 12 months or less and/or underlying asset has a low value).

In practice, property leases account for the bulk of the restatements required. For contracts not restated as leases, rent payments continue to be booked as operating expenses.

Contracts falling within the scope of IFRS 16 are recognised using the following rules.

Upon lease commencement the Company recognises a right-of-use asset and a lease liability. The asset and the liability are reported on separate lines of the balance sheet.

The lease liability is measured at the present value of the lease payments payable over the lease term.

Present value is determined using the incremental borrowing rate calculated for each country, according to the lease term. The incremental borrowing rate is a rate that reflects the profile of the lease payments.

The lease term is the period for which the lease is enforceable, which is the non-cancellable period for which a lessee has the right to use an underlying asset; plus any periods covered by an extension option if exercise of that option by the lessee is reasonably certain; and periods covered by a termination option if the lessee is reasonably certain not to exercise that option.

In practice, the terms adopted for the principal property leases are:

- An enforceable period of nine years (3/6/9-year commercial leases): non-cancellable period of three years and certainty of exercising the extension options after three and six years,

The various leases do not contain any early termination options, and neither are there any provisions likely to require the lessors to pay the Group a non-negligible amount should the lease not be renewed at the end of the non-cancellable period.

Lease payments consist of fixed payments, variable payments that depend on an index or a rate and exercise prices of purchase options that the lessee is reasonably certain to exercise. In practice, most of the leases are fixed, there are no purchase options and no non-negligible penalties are provided for should the lease be terminated by the lessor.

Deferred taxes:

Pending confirmation by the IFRS Interpretations Committee, the Group has decided to recognise deferred tax on the restatement of leases (unless the impact is non-material).

The right-of-use asset is measured using the cost model as follows: cost less accumulated depreciation and impairment, adjusted, where necessary, for any lease revaluations. No impairment and no lease revaluations were recognised in 2019.

Unless there is a purchase option, the right-of-use assets are depreciated over the term of the lease as presented above.

Fixtures and fittings related to leases are depreciated over the term of the lease, unless there is a set of assumptions demonstrating that the underlying asset will be used over a period that extends beyond the term of the lease.

The Group has not identified any situations in which it is a lessor nor any sale-and-leaseback transactions.

Impairment testing:

Based on the analysis performed, no assets related to leases were identified that would need to be tested separately from a CGU.

Pending the anticipated clarifications of how to conduct impairment tests incorporating the IFRS 16 restatement and given the multiple practical difficulties identified, impairment testing was performed, firstly on a pre-IFRS 16 basis, and, secondly, on an approximate basis including the right-of-use asset and the lease liability in the carrying amount of each CGU, without changing projected cash flows.

It should be noted that none of the CGUs had a recoverable amount close to their carrying amount as of 30 June 2019 and also held leases. In addition, the first-time adoption of IFRS 16 should not in principle have a material impact on a recoverable amount calculated based on projected cash flows.

Movements during the period were as follows:

(in € 000)	30/06/19	Increases	Increases via reclassification	Decreases via reclassification	Retirements	31/12/19
Buildings and improvements	433,383	6,838	506			440,727
- of which right-of-use assets (2)	14,939	4,317				19,256
Work-in-progress: Stadium (1)	3,304	199		-287	-1,193	2,023
Work-in-progress: Groupama OL Training Center	51	249				300
Work-in-progress: Groupama OL Academy	303	87				390
Work-in-progress: arena	100	518				618
Work-in-progress: OL City	25	585				610
Work-in-progress: IT development	436	12		-401		47
Equipment and facilities	12,771	2,138				14,909
- of which right-of-use assets (2)	3,119	1,582				4,701
Gross amounts	450,373	10,626	506	-688	-1,193	459,624
Buildings and improvements	-60,833	-9,684				-70,517
- of which right-of-use assets (2)	-11,675	-1,835				-13,509
Equipment and furniture	-4,038	-1,017				-5,055
- of which right-of-use assets (2)		-386				-386
Accumulated depreciation	-64,871	-10,701			0	-75,572
Net amounts	385,502	-75	506	-688	-1,193	384,052

(1) The work-in-progress relating to Groupama Stadium corresponded primarily to unsold building rights. Land parcel no. 3 was sold for €2.8 million during the half-year period.

(2) Impact of the first-time adoption of IFRS 16. In accordance with the provisions of the standard, the increases are not shown under investing activities in the cash flow statement (offset against the corresponding increase in liabilities).

Note 6.3: Contingent liabilities (operating activities)

6.3.1: Player-related commitments

Player-related commitments given

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/19	30/06/19
Conditional commitments to clubs related to the acquisition of player registrations (1)	11,725	22,675		34,400	19,850
Conditional commitments to agents related to player registrations (2)	984	952		1,935	1,451
Conditional commitments to players and staff as part of players' contracts (3)	3,973	10,429		14,402	12,407
Total	16,682	34,055	0	50,737	33,708

(1) Commitments made to clubs as part of the sale of player registrations primarily corresponded to additional contingent transfer fees to be paid in the future. They are typically contingent on the player remaining with the Club and specific sporting performance objectives being achieved.

(2) Commitments made to agents as part of the sale of player registrations are typically contingent on the player remaining with the Club and only concern those agents of players not presented as balance sheet assets.

(3) Commitments made as part of staff and players' employment contracts are typically contingent on the player remaining with the Club and specific sporting performance objectives being achieved. They correspond to the maximum amount committed, based on the assumption that all the related conditions are met.

Players loaned out with a purchase option will re-join the squad in the event the purchase option is not exercised at the end of the loan period.

In connection with the acquisition of certain players, commitments have been made to pay a percentage of the amount of a future transfer to certain clubs or players.

At the reporting date, there were no payables on player registrations secured by bank guarantees.

6.3.2: Commitments related to Groupama Stadium

Commitments related to the refinancing of virtually all of the Group's bank and bond debt as of 30 June 2017

As part of the refinancing of virtually all of the bank and bond debt, the following commitments were implemented as of the signing date, i.e. 30 June 2017:

- Commitments given by certain Group entities, represented by collateral with a maximum total value of €271.5 million, corresponding to the full amount of borrowings;
- Commitments given by certain Group entities, represented by signature guarantees with a maximum total value of €287 million (can replace but not supplement the above collateral).

Covenants

The Group must maintain three ratios applicable to all of the debt instruments subscribed to under the overall refinancing of the Group's debt (including the long-term bank and bond debt). For more detail, please refer to Note 11.4. Refinancing of virtually all of the bank and bond debt as of 30 June 2017

Commitments related to financing the construction of the Groupama OL Training Center and the OL Academy.

During the 2016/17 financial year, the Group finished construction of the mixed-sex professional training centre in Décines (inaugurated on 10 October 2016) and the academy building in Meyzieu (inaugurated on 27 October 2017).

In the context of this project, OL Groupe and OL Association signed a credit agreement on 12 June 2015 in the amount of €14 million with Groupama Banque (Orange Bank since the start of 2017). The 10-year credit facility was used to partially finance the new training centre and OL Academy, which represented a total investment of around €30 million. This €30 million has been financed by (i) the Groupama bank loan, (ii) two finance lease agreements totalling €3.6 million and (iii) a €1.3 million subsidy (Rhône-Alpes region). The remainder was financed using OL Groupe equity.

Furthermore, the Group has entered into the following commitments as part of the construction of the training centre and the Academy:

A €14 million lien on the OL Academy (maturing in over five years),

Transfer of Groupama Rhône-Alpes Auvergne naming rights and OL Association partnership receivables: the committed amount as of 31 December 2019 was €6.5 million.

6.3.3: Other commitments

Other commitments received

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/19	30/06/19
Other joint and several guarantees	350			350	366

Player-related commitments received

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/19	30/06/19
Commitments related to the sale of player registrations with conditions precedent (1)	22,925	24,675		47,600	24,550
Total	22,925	24,675	0	47,600	24,550

(1) Commitments related to the sale of player registrations, totalling €22.9 million, included commitments made as part of transfer contracts providing for contingent payments to the Club after the transfer in the event certain performances are achieved.

Other commitments given

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/19	30/06/19
Services payable	12,245	34,460	61,168	107,873	116,441
Other commitments given	5,074	1,917	116	7,107	13,064
Total	17,319	36,377	61,284	114,980	129,505

Other commitments given correspond to commitments and/or guarantees provided under service contracts.

NOTE 7: OTHER PROVISIONS AND CONTINGENT LIABILITIES

In accordance with IAS 37, provisions are made according to a case-by-case analysis of the probable risk and expense. A provision is made when management becomes aware of an obligation (legal or constructive) arising from past events, the settlement of which is expected to result in an outflow of resources without equivalent compensation. Provisions are classified as non-current or current depending on the expected timing of the risk or expense. Non-current provisions are discounted if the impact is material.

These are primarily provisions for disputes. Provisions, in particular those relating to labour disputes, are determined using Management's best estimate based on the expected risk and following consultation with the Group's lawyers.

Note 7.1: Provisions

(in € 000)	30/06/19	Increases	Decreases		31/12/19
			Used	Unused	
Provisions for disputes and litigation	82	103	-79		106
Provisions for other risks	8				8
Total	90	103	-79	0	114

These are short-term provisions (less than one year).

Note 7.2: Other contingent liabilities

As of 31 December 2019, the Group had not identified any contingent liabilities.

Note 7.3: Net depreciation, amortisation and provisions

(in € 000)	H1 2019/20	H1 2018/19
Depreciation, amortisation and provisions on intangible assets and PP&E (1)	-10,694	-9,846
Net provisions for retirement bonuses		
Other risk provisions, net	6	106
Net provisions on current assets	123	-72
Exceptional provisions on non-current assets		
Amortisation of non-current assets: player registrations	-24,901	-15,928
Provisions on player registrations		
TOTAL	-35,467	-25,738

(1) Of which €548 thousand in provisions related to IFRS 16 in the first half of 2019/20 (see Note 6.2, comparatives have not been restated).

NOTE 8: FINANCING AND FINANCIAL INSTRUMENTS

Note 8.1: Non-current financial assets

The Group classifies its non-current financial assets into the following categories: Equity investments and related receivables, Other financial assets (mostly pledged mutual funds, investment grants, deposits, guarantees and holdbacks), Receivables on sale of player registrations and Income tax receivables (portion > 1 year).

Movements during the period were as follows:

(in € 000)	30/06/19	Increases	Decreases	31/12/19
Other financial assets	4,159	446		4,605
Gross amounts	4,159	446	0	4,605
Impairment				
Net amounts	4,159	446	0	4,605

This line item is primarily comprised of investments relating to construction efforts.

Note 8.2: Cash and cash equivalents

Detail of cash and cash equivalents

Cash and cash equivalents include cash on hand and in bank current accounts.

Marketable securities are measured and recognised at fair value based on the last quoted price of the financial year. Marketable securities comprise entirely investments in euro-denominated money-market or capital-guaranteed mutual funds.

In the case of pledged mutual fund units, these securities are reclassified as other financial assets (current or non-current). Changes in fair value are recognised as financial income or expense.

(in € 000)	31/12/19	30/06/19
Cash	19,902	11,962
Total	19,902	11,962

Note 8.3: Current and non-current financial debt

a) Non-current financial debt

Loans are classified as non-current liabilities except when their due date is less than 12 months hence, in which case they are classified as current liabilities. All contracts are interest-bearing.

Bank borrowings are measured at amortised cost using the effective interest method.

b) Detail of financial liabilities and other non-current liabilities

Current and non-current financial debt and other non-current liabilities broke down as follows:

(in € 000)	31/12/19	30/06/19
Current financial debt	15,979	13,585
<i>excl. stadium financing</i>	2,036	2,680
<i>excl. stadium financing related to lease obligations (1)</i>	1,621	
<i>related to stadium financing</i>	9,285	10,905
<i>stadium financing related to lease obligations</i>	3,038	
Non-current debt	230,018	230,087
Financial liabilities excl. stadium financing	62,233	56,577
<i>of which related to lease obligations (1)</i>	5,565	
Financial liabilities related to stadium financing	148,140	152,116
<i>of which long term</i>	97,815	100,414
<i>of which stadium bonds</i>	50,101	50,014
<i>of which related to lease obligations (1)</i>	224	
<i>of which other</i>		1,688
Other non-current liabilities	19,645	21,394
<i>of which deferred income related to CNDS subsidy</i>	17,220	17,466
<i>of which long-term loan swap (2)</i>	-	1,381
<i>of which deferred income related to OL Academy and Museum subsidies</i>	2,425	2,547
Total	245,997	243,672

(1) Liabilities arising from the first-time adoption of IFRS 16 as of 1 July 2019 and leases previously falling within the scope of IAS 17 (see Note 6.2, comparatives have not been restated).

(2) The swap portion was moved to current liabilities, as the expiry date was less than one year ahead as of 31 December 2019.

c) Breakdown of liabilities by maturity

(in € 000)	31/12/19	Up to 1 year	1-5 years	More than 5 years
Financial liabilities excl. stadium financing	65,889	3,656	59,706	2,527
Financial liabilities related to stadium financing	160,463	12,323	148,140	
Other non-current liabilities	19,645	-	3,677	15,968
Total 1	245,997	15,979	211,523	18,495
Total 2	245,997	15,979	230,018	

(in € 000)	30/06/19	Up to 1 year	1-5 years	More than 5 years
Financial liabilities excl. stadium financing	59,257	2,680	54,726	1,851
Financial liabilities related to stadium financing	163,020	10,905	152,115	
Other non-current liabilities	21,394	-	5,058	16,336
Total 1	243,672	13,585	211,899	18,187
Total 2	243,672	13,585	230,086	

As of 31 December 2019, **financial liabilities of up to one year** primarily comprised:

- €8.1 million in respect of the long-term loan (€7.9 million net of costs);
- The liability related to lease obligations arising from the first-time adoption of IFRS 16 (€4.7 million);
- €1.3 million in accrued interest on bond debt;
- €0.4 million loan for the construction of the OL Academy and €0.8 million for the Groupama OL Training Center.

- €0.6 million of the loan contracted by OL Groupe from BPI during the 2013/14 financial year. The loan has a face value of €3 million and a maturity of seven years.

Financial liabilities of between 1 and 5 years primarily consisted of:

- €107.4 million in respect of the long-term loan (€97.8 million net of costs);
- €51 million in bond debt (or €50.1 million net of issue costs);
- €53 million in revolving credit facilities granted to Olympique Lyonnais SASU and drawn down as of 31 December 2018 (€50.9 million net of costs);
- The liability related to lease obligations arising from the first-time adoption of IFRS 16 (€3.3 million);
- €1.7 million and €3.9 million, net of set-up costs, of the loan for the construction of the OL Academy and the Groupama OL Training Center.

Financial liabilities of more than 5 years included:

- The liability related to lease obligations arising from the first-time adoption of IFRS 16 (€2.5 million);

Summary (see Note 8.5)

- €51.4 million bond issue;
- €105.7 million in long-term borrowings for Groupama Stadium;
- Revolving credit facilities drawn down by €50.9 million in other non-current financial liabilities;
- €10.4 million finance lease;
- €6.9 million construction loan for the OL Academy and OL Training Center, of which €5.7 million in other non-current financial liabilities and €1.2 million in other current financial liabilities;
- €0.6 million BPI loan, of which €0.6 million in other current financial liabilities.

Non-current liabilities primarily comprise:

- The CNDS investment subsidy, recognised as long-term deferred income, totalling €17.2 million as of 31 December 2019 (€17.4 million as of 30 June 2019);

Reminder: Investment grants, in particular the €20 million attributed during the 2011/12 financial year as part of the Groupama Stadium financing, have been recognised as deferred income. These amounts are brought into the income statement in accordance with the depreciation schedule of the asset financed, starting on the date the asset is delivered.

As of 31 December 2019, financial debt on the balance sheet bearing interest at variable rates totalled €166 million vs €167 million as of 30 June 2019 (mainly drawdowns on the RCF, the long-term loan, variable-rate loans and overdrafts), while debt bearing interest at fixed rates totalled €60 million, vs €55.1 million as of 30 June 2019 (see Note 11.4).

d) Bank guarantees

As of 31 December 2019, there were no bank guarantees not related to player registrations.

e) Restatement of lease agreements

The maturity of liabilities related to the restatement of operating leases in accordance with IFRS 16 was as follows:

(in € 000)	31/12/19	Up to 1 year	1-5 years	More than 5 years
Financial liabilities related to lease obligations	10,448	4,659	3,263	2,527
Total	10,448	4,659	3,263	2,527

(in € 000)	30/06/19	Up to 1 year	1-5 years	More than 5 years
Obligations under finance leases	6,850	3,645	2,998	207
Total	6,850	3,645	2,998	207

The change arose from the first-time adoption of IFRS 16 as of 1 July 2019 (see Note 6.2)

Non-discounted financial liabilities

Non-discounted financial liabilities including unaccrued interest at fixed rates (in expected cash flows, i.e. without distinguishing principal), if any, included financial debt and broke down as follows:

(in €000) 31/12/19	Up to 1 year	1-5 years	More than 5 years
Stadium bonds		51,000	
LT loan for the stadium (1)	8,162	107,486	
Long-term line of credit and bank borrowings	1,806	6,080	
Credit lines (1)		53,000	
Total	9,968	217,566	-

(1) Outstandings do not include interest, as these outstandings are at variable rates.

f) Maturity schedule of financial liabilities related to player registrations

(in € 000)	31/12/19	Up to 1 year	1-5 years	More than 5 years
Player registration payables	94,909	53,016	41,893	

(in € 000)	30/06/19	Up to 1 year	1-5 years	More than 5 years
Player registration payables	40,903	28,988	11,915	

g) Liabilities on acquisitions

(in € 000)	31/12/19		30/06/19	
	Current	Non-current	Current	Non-current
Payables on acquisitions in 2015/16	911		911	
Payables on acquisitions in 2016/17			40	
Payables on acquisitions in 2017/18	3,325	390	7,658	670
Payables on acquisitions in 2018/19	14,486	1,428	20,379	11,245
Payables on acquisitions in 2019/20	34,294	40,075		
Total player registration payables	53,016	41,893	28,988	11,915
	94,909		40,903	

Note 8.4: Fair value of financial instruments

Hedging instruments

To reduce its interest-rate risk exposure on the initial mini-perm senior bank debt, Foncière du Montout had created a deferred hedging programme by negotiating private OTC interest-rate swap and cap agreements with top-tier banks.

It was maintained as a hedge on the new long-term bank loan implemented when virtually all of the bank and bond debt was refinanced as of 30 June 2017.

As these instruments are considered to fully hedge future cash flows, the changes in fair value are recognised at the end of the financial period in other comprehensive income, and recycled into the income statement at the same rate as the cash flows from the hedging transaction.

Fair value of financial instruments

The Group only has level 1 financial assets (marketable securities), i.e. whose prices are listed on an active market. Level 2 financial instruments (fair value based on observable data) relate to swap agreements and loan agreements, and the Group had no level 3 instruments (fair value based on unobservable data) during the financial years presented in this report.

The IFRS 13 analysis did not reveal the need to recognise an adjustment for counterparty risk (risk of non-payment of financial assets) or for own credit risk (risk on financial liabilities).

The breakdown of financial assets and liabilities according to the special IFRS 9 categories and the comparison between book values and fair values are given in the table below (excluding social security and tax receivables & liabilities).

(in € 000)	Fair value hierarchy	Assets at fair value through profit or loss	Cash flow hedge	Receivables, payables and loans, at amortised cost	Net value as of 31/12/19	Fair value as of 31/12/19
Player registration receivables				78,726	78,726	78,726
Other non-current financial assets				4,605	4,605	4,605
Trade receivables				28,492	28,492	28,492
Other current assets (1)				11,978	11,978	11,978
Cash	1	19,902			19,902	19,902
Total financial assets		19,902	-	123,801	143,703	143,703
Stadium bonds	2			51,475	51,475	51,475
Long-term loan for the stadium	2			105,725	105,725	105,725
Other financial liabilities				69,152	69,152	69,152
Player registration payables				94,909	94,909	94,909
Trade payables				24,835	24,835	24,835
Other current liabilities (1)				8,196	8,196	8,196
Total financial liabilities		-	-	354,292	354,292	354,292

(1) Excluding social security/tax payables and deferred income and accruals.

Note 8.5: Debt net of cash

Debt net of cash (or, in certain circumstances, cash net of debt) represents the balance of financial liabilities, cash and cash equivalents and player registration payables and receivables. Net debt totalled €222,633 thousand as of 31 December 2019 (€157,712 thousand as of 30 June 2019).

(in € 000)	31/12/19	30/06/19
	Total consolidated	Total consolidated
Cash and DSRA	19,902	11,962
Bank overdrafts	-275	-354
Cash and cash equivalents (cash flow statement)	19,627	11,608
Stadium bonds	-51,475	-50,085
Stadium bonds	-105,725	-108,150
Non-current financial debt	-56,667	-58,265
Other current financial debt	-1,761	-5,425
Financial liabilities related to lease obligations (1)	-10,448	
Debt net of cash	-206,450	-210,316
Player registration receivables (current)	37,726	57,044
Player registration receivables (non-current)	41,000	36,463
Player registration payables (current)	-53,016	-28,988
Player registration payables (non-current)	-41,893	-11,915
Debt net of cash, including player registration receivables/payables	-222,633	-157,712

(1) The financial liabilities related to lease obligations consist of the financial liabilities arising from first-time adoption of IFRS 16 (see Note 6.2, comparatives were not restated).

Note 8.6: Net financial expense

(in € 000)	H1 2019/20	H1 2018/19
Interest on credit facilities	-6,726	-6,476
Result of interest rate hedging	-514	-538
Discounting of player registration receivables/payables		
Net cost of financial debt	-7,240	-7,014
Financial provisions net of reversals	0	-
Other financial income and expense	-907	-87
Other financial income and expense	-907	-87
Net financial expense	-8,146	-7,101

The OSRANE bonds do not generate any financial expense, as the coupons are paid in OL Groupe shares that will be delivered when the bonds are redeemed.

Note 8.7: Commitments pertaining to the financing of the Group's operations

Lines of credit, guarantees and covenants

€100 million revolving credit facility

The Group's financial resources include a syndicated revolving credit facility (RCF) granted to OL SAS as part of the refinancing signed with the Group's banking partners on 28 June 2017.

The facility bears interest at Euribor for the term of the drawdown plus a negotiated margin, and includes commitments typical of this type of agreement via security arrangements common to all of the short- and long-term debt (€287 million).

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/19	30/06/19
Bank agreements, amount available				100,000	73,000
Of which used via drawdowns		53,000		53,000	50,000

Covenants

- The Group must maintain three financial ratios applicable to all of the debt instruments subscribed to under the overall refinancing of the Group's debt (including the RCF) (see Note 11.4).

Other commitments given in connection with the Group's financing

€3 million bank loan

As part of the financing of its businesses, OL Groupe took out a loan with BPI, a specialised financial institution, during the 2013/14 financial year. The loan has a face value of €3 million and a seven-year maturity. The first repayment was made on 1 July 2016. The loan has a retention clause of €150 thousand.

NOTE 9: INCOME TAXES

Note 9.1: Breakdown of income tax and tax reconciliation

Breakdown of income tax

(in € 000)	H1 2019/20	H1 2018/19
Current tax	-2,018	-2,855
Deferred tax	-1,354	-1,278
Total income tax expense	-3,372	-4,133

Reconciliation of tax expense

(in € 000)	H1 2019/20	%	H1 2018/19	%
Pre-tax profit	18,548		19,183	
Income tax at the standard rate	-6,333	-34.15%	-6,605	-34.43%
Effect of permanent differences	-494	-2.66%	-1,131	-5.90%
Tax credits	243	1.31%	181	0.94%
Rate effect	225	1.21%	25	0.13%
Use of tax-loss carryforwards	2,988	16.11%	3,397	17.71%
Other		0.00%		0.00%
Total income tax expense	-3,371	-18.18%	-4,133	-21.55%

Note 9.2: Deferred taxes

As required by IAS 12, deferred taxes are recognised on all timing differences between the tax base and carrying amount of consolidated assets and liabilities (except for goodwill) using the variable carryforward method.

Deferred tax assets are recognised only when it is probable that they will be recovered in the future. Deferred tax assets and liabilities are not discounted to present value.

Deferred tax assets and liabilities are netted off within the same tax entity, whether a company or tax consolidation group. Deferred taxes calculated on items allocated to other components of comprehensive income are recognised in equity. Deferred tax assets and liabilities are presented as non-current assets and liabilities.

Tax-loss carryforwards are capitalised when it is probable that they can be set off against future profits or against deferred tax liabilities or by taking advantage of tax opportunities. Future results are based on the most recent forecasts developed by management, limited to five years.

They reflect changes to the carryforward mechanism introduced by France's 2013 Budget Act.

Estimates of future earnings have been calculated using the same principles as those used for the impairment tests in Notes 4.3, 6.1 and 6.2.

The following table shows a breakdown of deferred tax assets and liabilities by type:

(in € 000)	30/06/19	Impact on profit/loss	Impact on reserves	31/12/19
Tax-loss carryforwards				0
Deferred taxes related to player registrations	-2,416	-1,111		-3,527
Other deferred tax assets (1)	6,117	-243	-556	5,318
Deferred tax assets	3,701	-1,354	-556	1,791
Deferred tax liabilities	0			0
Net amounts	3,701	-1,354	-556	1,791

As of 31 December 2019, unrecognised deferred tax assets totalled €22.3 million (calculated at a tax rate of 34.43%).

(1) Deferred taxes recognised directly in other comprehensive income were related to the impact of recognising the hedging instruments related to Groupama Stadium financing at market value and to actuarial gains and losses on retirement bonuses. The balance was principally composed of the timing difference triggered by removing the €20 million investment grant revenue related to the construction of Groupama Stadium and recognised in the accounts of Olympique Lyonnais SASU from the consolidated statements (€4.9 million as of 31 December 2019).

NOTE 10: EQUITY

The statement of changes in equity is given in the first part of these financial statements.

Note 10.1: Share capital

Share capital comprises ordinary shares and has changed as follows:

The Company is not subject to any special regulatory requirements in relation to its capital. Certain financial ratios required by banks may take equity into account. The Group's management has not established a specific policy for the management of its capital. The Company favours financing its development through equity capital and external borrowing.

For the monitoring of its equity, the company includes all components of equity and does not treat any financial liabilities as equity (see Note 8.3).

As of 31 December 2019, the share capital of OL Groupe comprised 58,198,315 shares with a par value of €1.52, totalling €88,461,439.

As previously reported, as of 30 June 2019, the share capital of the OL Groupe comprised 58,177,169 shares with a par value of €1.52, totalling €88,429,297.

(in € 000)	31/12/19	30/06/19
Number of shares	58,198,315	58,177,169
Par value in €	1.52	1.52
Share capital	88,461	88,429

	Number of shares	Par value in €	Share capital (in €000)	Share premiums
As of 30/06/19	58,177,169	1.52	88,429	123,396
Changes	21,146		32	(6)
As of 31/12/19	58,198,315	1.52	88,461	123,390

The capital increase of 21,146 shares corresponded to redemptions of OSRANEs during the period.

Each share confers one vote. Nevertheless, double voting rights are granted to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder.

Shares held in treasury

The Group has put in place a policy to buy back its own shares in accordance with a mandate given to the Board of Directors by shareholders at the Annual Shareholders' Meeting. The main objective of the share buyback programme is to support the market in Olympique Lyonnais Groupe shares as part of a liquidity contract. This contract includes OL Groupe shares, mutual fund investments and cash.

Shares held in treasury under this contract are deducted from equity at their acquisition cost.

Cash and other securities included in the liquidity contract are recognised under "Other financial assets". Revenue and expenses related to the sale of treasury shares (e.g. gain or loss on sale, impairment) do not pass through the income statement. Their after-tax amounts are taken directly to equity.

OL Groupe SA equity reserves

Reserves broke down as follows:

(in € 000)	31/12/19	30/06/19
Legal reserves	2,698	2,601
Regulated reserves	37	37
Other reserves	130	130
Retained earnings	36,415	34,571
Total equity reserves	39,281	37,339
Other Group reserves	-125,785	-130,228
Total reserves	-86,504	-92,889

Other equity

"Other equity" is composed of the following items:

(in € 000)	31/12/19	30/06/19
OSRANes (1)	138,021	138,047
Total other equity	138,021	138,047

The balance is presented here after the few repayments recognised in previous financial years and in H1 2019/20. Details of the equity financing are provided in the annual universal registration document.

Notes on related parties

OL Groupe is accounted for by the equity method by the Pathé group (2 rue Lamennais, 75008 Paris).

Details of the relationships between the Group, Pathé, Holnest (10 rue des Archers – Lyon) and their subsidiaries and other related parties are as follows:

- OSRANes: Holnest holds 327,138 bonds (unchanged from 30 June 2019) representing €32.7 million; Pathé holds 376,782 bonds, representing €37.7 million. These amounts are recognised in "Other equity".
- Recharges of management fees by Holnest: €1,032 thousand (€976 thousand at 31 December 2018).
- As part of the 30 June 2017 refinancing, Holnest and Pathé subscribed to new bonds totalling €17.7 million (177 bonds) and €12 million (120 bonds), respectively.

Note 10.2: Earnings per share

In accordance with IAS 33, undiluted earnings per share are calculated by dividing the net profit by the weighted average number of shares taking into account changes during the period and treasury shares held at the closing date of the financial year. Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of shares outstanding, increased by all potentially dilutive ordinary shares (OSRANes).

	31/12/19	31/12/18
Number of shares at end of period	58,198,315	58,176,397
Average number of shares	58,194,150	58,174,790
Number of treasury shares held at end of period	643,868	304,537
Pro-rata number of shares to be issued (OSRANEs)	80,109,019	74,510,874
Consolidated net profit		
Net profit attributable to equity holders of the parent (in € m)	14.87	14.84
Diluted net profit attributable to equity holders of the parent (in € m)	14.87	14.84
Net profit per share attributable to equity holders of the parent (in €)	0.26	0.25
Diluted net profit per share attributable to equity holders of the parent (in €)	0.11	0.11
Net dividend		
Total net dividend (in € m)		
Net dividend per share (in €)		

NOTE 11: RISK MANAGEMENT POLICIES

Note 11.1: Risk management policies

The Group is not exposed to exchange rate risks to any significant extent in the course of its business.

Note 11.2: Liquidity risks

The Group has the resources to finance its operations: a €73 million syndicated revolving credit facility (RCF) granted to Olympique Lyonnais SASU as part of the refinancing signed with the Group's banking partners on 28 June 2017. It covers a five-year period and is renewable twice for one year. The two one-year renewals were requested in April 2017 and April 2018 respectively and were unanimously approved by the bank lenders, extending the RCF expiration date to 30 June 2024.

In addition, the maximum drawdown under the OL Groupe's RCF was raised in late July 2019 from €73 million to €100 million through until the final maturity of the refinancing contract on 30 June 2024, following the unanimous agreement of all the bank lenders to cover a €27 million increase in their lending commitments in proportion to their initial share of the loan.

Current financial assets were €39.5 million less than current liabilities as of 31 December 2019; nevertheless, the Group had an unused capacity of €47 million under its line of credit, as indicated in Note 8.7. The Company has carried out a specific review of its liquidity risk and considers that it is able to meet its future repayment obligations.

Note 11.3: Signature risk

This risk involves principally transactions related to cash investments.

These investments have historically been comprised of (i) marketable securities including standard money-market mutual funds redeemable on demand and (ii) interest-bearing deposit accounts. Given current market conditions, with the ECB's negative deposit rate pulling yields on the short-term investments mentioned above down to zero or into negative territory, the Group had no short-term financial investments as of 31 December 2019.

Traditionally, the Group carries out any financial transactions (lines of credit, investments, etc.) with top-tier banks. It spreads financial transactions among its partners so as to limit counterparty risk.

Note 11.4: Loan agreements

Syndicated operating credit line

1) Refinancing of virtually all of the bank and bond debt as of 30 June 2017

On 30 June 2017, the Group finalised the refinancing of virtually all of its bank and bond debt.

This refinancing was articulated around three debt instruments granted to or issued by Olympique Lyonnais SASU:

a) a long-term bank credit agreement with an initial amount of €136 million, divided into two tranches: (i) a tranche A of €106 million, of which 50% amortises and 50% will be repaid at maturity in seven years; (ii) a tranche B of €30 million to be repaid at maturity in seven years;

b) a €51 million bond issue, repayable at maturity in seven years.

c) a five-year revolving credit facility (RCF) of €73 million, available for short-term needs and renewable twice for one year. The Group submitted the two one-year extension requests in April 2017 and April 2018 respectively, and both were unanimously accepted by the bank lenders. The RCF's new maturity date is thus 30 June 2024.

In addition, the maximum drawdown under the OL Groupe's RCF was raised in late July 2019 from €73 million to €100 million through until the final maturity of the refinancing contract on 30 June 2024, following the unanimous agreement of all the bank lenders to cover a €27 million increase in their lending commitments in proportion to their initial share of the loan.

The three debt instruments granted to or issued by Olympique Lyonnais SASU as of 30 June 2017 are governed by three ratios applicable to the Group: (i) a gearing ratio (net debt to equity) calculated every six months with a ceiling of 1.30, declining to 1 starting on 31 December 2020, (ii) a loan to value ratio (net debt divided by the sum of the market value of player registrations and the net book value of Groupama Stadium, the Training Center and the OL Academy) calculated every six months with a ceiling of 40%, declining to 35% starting on 31 December 2020, and (iii) a debt service coverage ratio calculated every six months on a rolling 12-month period, with a threshold of 1 (with the proviso that if the ratio is less than 1, it will be considered as met if the cash on the Group's balance sheet, net of drawdowns under the RCF and of any credit amount in the reserve account, is greater than €20 million).

The lenders under these three debt instruments benefit from a common set of security interests. Specifically, they hold a first lien on the stadium, the land on which it was built, the 1,600 underground parking spaces, the land corresponding to the 3,500 outdoor parking spaces and the areas leading to the stadium. In addition, the following assets are pledged to the lenders: the shares OL Groupe holds in Olympique Lyonnais SASU, certain bank accounts of OL SASU and various receivables held by Olympique Lyonnais SASU on its debtors. In addition, OL Groupe guarantees that its subsidiary Olympique Lyonnais SASU will adhere to the obligations under its financing arrangements.

The agreements related to these financing arrangements include commitments on the part of Olympique Lyonnais SASU in the event of accelerated maturity that are customary for this type of financing. In particular, these include limits on the amount of additional debt, cross default clauses and stability in the shareholder structure of Olympique Lyonnais SASU and OL Groupe.

To reduce its exposure to interest rate risk under the €136 million long-term bank loan, Olympique Lyonnais SASU has maintained the hedging programme it had implemented to cover the bank loan that was refinanced on 30 June 2017. This hedging programme had a notional amount averaging around €95.6 million as of 31 December 2019.

Based on the €136 million long-term bank financing and the €51 million bond issue, Olympique Lyonnais SASU should have an average long-term financing rate, from the date of the refinancing, of around 4.4%. This rate is subject to change, depending on trends in benchmark rates.

2) Training centre and OL Academy

The estimated total construction cost of the new training centre and OL Academy was around €30 million.

Financing for these investments was covered by:

- A bank credit agreement signed by OL Groupe and OL Association on 12 June 2015 in the amount of €14 million and with a 10-year maturity with Groupama Banque (now Orange Bank). Outstandings under this facility totalled €7.1 million as of 31 December 2019.
- The loan agreement contains a covenant requiring that the ratio between the value of assets pledged as collateral and the outstandings under the loan, calculated annually, must be greater than or equal to 90%.
- Two finance leases, together totalling €3.6 million.
- An equity contribution of around €11.1 million.
- A subsidy of €1.3 million from the Rhône-Alpes Regional Council.

Note 11.5: Commercial credit risk

As of 31 December 2019, commercial credit risk had not significantly changed since 30 June 2019. There were no significant past-due receivables not written down.

Note 11.6: Market risk

Interest-rate risk

The Group has risk-free, low-volatility funding sources that bear interest based on Euribor. It invests its available cash in investments that earn interest at variable short-term rates (Eonia and Euribor). In this context, the Group is subject to changes in variable rates and examines this risk regularly.

Hedging programme related to the Groupama Stadium project

To reduce its exposure to interest rate risk under the €136 million long-term bank loan, OL SASU has maintained the hedging programme it had implemented to cover the bank loan that was refinanced on 30 June 2017. This hedging programme had a notional amount averaging around €95.6 million as of 31 December 2019.

With tests having proven the effectiveness of this instrument, the mark-to-market value of €359 thousand, net of tax, was recognised in other comprehensive income in the Group's H1 2018/19 financial statements.

Note 11.7: Risks related to the Groupama Stadium project

Management of risks related to the financing of Groupama Stadium

The three debt instruments granted to or issued by Olympique Lyonnais SASU under the 30 June 2017 refinancing are governed by three types of ratios, as detailed in Note 11.4.

Failure to adhere to one of these ratios could trigger accelerated maturity of the related loans, which might significantly affect the Group's medium-term outlook.

Outstandings under the €14 million, 10-year loan destined to partially cover investments relating to the new training centre and training academy, signed by OL Groupe and OL Association on 12 June 2015 with Groupama Banque (now Orange Bank) totalled €7.1 million as of 31 December 2019.

The loan agreement contains a covenant requiring that the ratio between the value of assets pledged as collateral and the outstandings under the loan, calculated annually, must be greater than or equal to 90%.

Failure to adhere to this ratio could trigger accelerated maturity of the loan, which might also significantly affect the Group's medium-term outlook.

Risks related to the outlook for revenue and profitability of Olympique Lyonnais' Groupama Stadium

The main revenue sources from operation of Groupama Stadium derive from matchday income (general admission and VIP ticketing, matchday merchandising revenue, catering commission), sponsorship revenue from marketing visibility inside the Groupama Stadium (including naming rights income), revenue from holding concerts, various sporting events (rugby matches, international football matches, etc.) and BtoB seminars and corporate events.

The uncertainty of sport and a less favourable overall business performance could have a negative impact on some of these revenue sources. This could in turn have a significant unfavourable impact on the Group's earnings and financial condition.

Management of risks related to the outlook for revenue and profitability of Olympique Lyonnais' Groupama Stadium

The Company's revenue diversification strategy for Groupama Stadium, via the development of new resources independent of OL events, should reduce the impact that sporting uncertainty could otherwise have on the Group's earnings.

NOTE 12: EVENTS SUBSEQUENT TO CLOSING

● Acquisition of Reign FC

Exclusive talks that commenced on 25 November 2019 with a view to the acquisition of Reign FC, an inaugural member of the National Women's Soccer League (NWSL), concluded successfully with the signature of an agreement to buy the club's assets for \$3.51 million.

The assets will be housed in a newly formed US registered company in which OL Groupe will have an 89.5% stake, representing an investment of \$3.145 million. Bill Predmore, Reign FC's former owner and chief executive, and manager, will hold 7.5% of the share capital. Tony Parker, the four-time NBA champion, Chairman of LDLC ASVEL (the current French women's and men's basketball champion) and an OL brand ambassador in the United States, will also hold a 3% stake.

With this acquisition, OL Groupe is set to become a shareholder via the newly formed US entity in the NWSL, alongside the other teams.

● Partnership with Emirates

OL Groupe has sealed a five-year partnership agreement with Emirates, the world's largest airline. Under the deal, Emirates will become the Club's main shirt sponsor from the beginning of the 2020/21 season.

STATEMENT OF RESPONSIBILITY FOR THE FIRST-HALF FINANCIAL REPORT

I hereby certify, that to the best of my knowledge, the condensed consolidated financial statements for the half-year period under review have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the corresponding management report presents a true and fair picture of the significant events that occurred during the first six months of the financial year, their impact on the first-half financial statements, the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Décines, 13 February 2020

Jean-Michel Aulas

Chairman and Chief Executive Officer

REPORT OF THE STATUTORY AUDITORS ON THE FINANCIAL INFORMATION FOR THE HALF-YEAR PERIOD FROM 1 JULY TO 31 DECEMBER 2019

To the shareholders,

In compliance with the assignment you entrusted to us at your Shareholders' Meetings, and pursuant to Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the condensed consolidated financial statements of Olympique Lyonnais Groupe SA, covering the period from 1 July to 31 December 2019, as attached to this report;
- verified the information disclosed in the management report for the first half of the year.

Preparation of these condensed consolidated first-half financial statements is the responsibility of the Board of Directors. Our responsibility is to express a conclusion about these financial statements based on our limited review.

I - CONCLUSION ABOUT THE FINANCIAL STATEMENTS

We conducted our limited review in accordance with French professional standards. A limited examination of interim financial statements consists in obtaining information from the senior managers responsible for accounting and financial matters and analysing it. An examination of this type is less extensive than that required for an audit performed in accordance with French professional standards. As a result, a limited examination can provide only a moderate level of assurance that the financial statements taken together do not include any significant anomalies, less than that which would be obtained from an audit.

Based on our limited examination, nothing has come to our attention that would cause us to question the compliance of the condensed consolidated first-half financial statements with IAS 34, the IFRS regarding interim financial reporting, as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to the following items:

- the paragraph entitled "Presentation of the financial statements" and Note 6.2 of the notes to the financial statements, which explain the change in accounting method related to the mandatory first-time adoption of IFRS 16 "Leases" from 1 July 2019.

III – SPECIFIC VERIFICATION

We have also examined the information contained in the management report on the condensed consolidated first-half financial statements that were the subject to our limited review. We have no observations to make as to the fairness of this information or its consistency with the condensed consolidated first-half financial statements.

Villeurbanne and Lyon, 13 February 2020

The Statutory Auditors

ORFIS

COGEPARC

Member of PKF International

Bruno Genevois

Stéphane Michoud

INTERNATIONAL OL ACADEMIES

US FRANCHISE
WOMEN'S SOCCER -
OL REIGN



WOMEN'S FOOTBALL

MEN'S
FOOTBALL



MULTI-ACTIVITY
LEISURE CENTER



LDLC ASVEL -
TONY PARKER
PARTNERSHIP



ALL IN TENNIS
ACADEMY



CONCERTS -
PAUL MCCARTNEY,
RAMMSTEIN...



SHOWS -
CIRQUE DU SOLEIL...



ARENA -
SPORTS,
eSPORT, SHOWS...



FELYN
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