

FIRST-HALF REPORT 2017/18

Parade Stadium



NOUS SOMMES L'OLYMPIQUE LYONNAIS 

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MANAGEMENT REPORT ON THE FIRST HALF OF 2017/18

1-1 Revenue

Revenue totalled €147.6 million in H1 2017/18, vs €111.8 million in H1 2016/17, representing a sharp rise of 32% or €35.7 million.

Revenue excluding player trading declined principally because the Club played in the group stage of the **Europa League** during H1 2017/18, whereas it had competed in the group stage of the **Champions League** in H1 2016/17.

During the first half of the year, proceeds from the sale of player registrations fuelled revenue growth and reached a new record of €64.6 million (€1.5 million in H1 2016/17). The transfer of Alexandre Lacazette to Arsenal for €49.6 million (IFRS) was the largest transfer the club has ever carried out (gross amount of €53 million + maximum of €7 million in incentives).

Breakdown of revenue (1 July to 31 December)

(in € m)	H1 2017/18	H1 2016/17	Chg.	% chg.
Ticketing	17.1	21.6	-4.5	-21%
<i>of which French Ligue 1</i>	13.4	14.2	-0.8	-6%
<i>of which European play</i>	3.7	6.7	-3.0	-45%
<i>of which other matches</i>	0.0	0.7	-0.6	-97%
Sponsoring - Advertising	14.0	13.8	+0.2	+2%
Media and marketing rights	36.9	62.5	-25.5	-41%
<i>of which LFP/FFF</i>	25.9	24.3	+1.6	+7%
<i>of which UEFA</i>	11.0	38.2	-27.2	-71%
Events	6.1	3.9	+2.2	+55%
<i>of which seminars and stadium tours</i>	1.9	2.1	-0.2	-11%
<i>of which major events</i>	4.3	1.8	2.4	131%
Brand-related revenue (1)	8.8	8.6	+0.2	+3%
<i>of which derivative products</i>	6.0	5.1	+0.8	+16%
<i>of which image/video, travel and other</i>	2.8	3.4	-0.6	-18%
Revenue excluding player trading	82.9	110.3	-27.4	-25%
Revenue from sale of player registrations	64.6	1.5	+63.1	+4,209%
Total revenue	147.6	111.8	+35.7	+32%

(1) at constant structure (excl. OL Voyages sold as of 30 June 2017)

8.8	7.4	+1.4	+18%
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Ticketing revenue: -21%, €-4.5 million

(H1 2017/18: €17.1 million; H1 2016/17: €21.6 million)

Ticketing revenue totalled €17.1 million in H1 2017/18, down €4.5 million or 21% from H1 2016/17 (€21.6 million).

Ticketing revenue from French Ligue 1 matches totalled €13.4 million, vs €14.2 million in H1 2016/17. This slight decline (€0.8 million or 6%) reflected the type of matches OL played in the French Ligue 1, which were less prestigious in H1 2017/18.

A greater, more versatile range of ticket prices has been implemented so as to increase attendance and the number of customers.

Average attendance per Ligue 1 matchday was nevertheless up 5% to 42,811 spectators in H1 2017/18, vs 40,618 in H1 2016/17, owing to good capacity management from one match to the next. The match against Olympique de Marseille on 17 December 2017 was attended by a record number of fans for a Ligue 1 matchday (57,206) and generated a record level of receipts. The match against Metz on 29 October 2017 also saw a record number of spectators for a less prestigious Ligue 1 match (53,921). Over the first-half of the financial year, as during the previous year, OL's attendance for Ligue 1 matches (42,811 spectators) was double the average attendance for all Ligue 1 clubs over the same period (21,910 spectators).

European ticketing receipts suffered the impact of the different competitions in which the Club participated: group stage of the Europa League in H1 2017/18 vs group stage of the Champions League in H1 2016/17. Specifically, OL played against Atalanta Bergamo, Everton and Apollon Limassol this season, whereas it had competed against Dinamo Zagreb, Juventus and Seville during the previous season. Ticketing revenue from European tournament matches totalled €3.7 million in H1 2017/18, vs. €6.7 million in H1 2016/17.

The Club did not have ticketing receipts from other matches during the first half of the current season, whereas it hosted two matches last year: a friendly against Benfica and the Coupe de la Ligue round-of-16 match against Guingamp.

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 difference in European competitions and stood at €1.6 million in H1 2017/18 vs €1.7 million in H1 2016/17. The gross margin was 50% vs 53% in H1 2016/17. Average matchday revenue per spectator for all competitions combined totalled €40 in H1 2017/18 vs €44 in H1 2016/17.

Sponsoring and advertising revenue increased slightly: +2%, €+0.2 million

(H1 2017/18: €14.0 million; H1 2016/17: €13.8 million)

Revenue from sponsoring and advertising totalled €14.0 million, up slightly from €13.8 million in H1 2016/17. Certain technology/construction contracts that were implemented during stadium construction expired or diminished in size, masking the revenue generated by the naming contract, which came on stream on 1 August 2017. As a reminder, the naming contract, signed on 12 July 2017 with Groupama Rhône-Alpes Auvergne for a three-year renewable period, is part of a wide-ranging, modern and innovative strategic partnership that includes a common sales & marketing structure.

Media and marketing rights: -41%, €-25.5 million, linked to the difference in European cup competition

(H1 2017/18: €36.9 million; H1 2016/17: €62.5 million)

Media and marketing rights totalled €36.9 million, vs €62.5 million in H1 2016/17, down €25.5 million, or 41%.

Domestic media rights (LFP, FFF) totalled €25.9 million, vs €24.3 million in 2016/17 (€+1.6 million, or +7%). They reflected the favourable impact of OL's preliminary ranking in the French Ligue 1 at mid-season (3rd place as of 31 December 2017 vs 4th place as of 31 December 2016).

On the international level (UEFA), the club played in the group stage of the Europa League in the first half of this year, whereas it competed in the Champions League in the previous season. UEFA media and marketing rights therefore declined significantly, to €11 million in 2017/18 (€38.2 million in 2016/17), a decline of €27.2 million, or 71%.

Events revenue up sharply: +55%, €+2.2 million

(H1 2017/18: €6.1 million; H1 2016/17: €3.9 million)

The "major events" business generated revenue of €4.3 million in H1 2017/18, vs €1.8 million in H1 2016/17. It was boosted by prestigious events at Groupama Stadium this season, such as the Celine Dion concert on 12 July 2017 and the France/All Blacks rugby match on 14 November 2017, which saw the highest attendance for a major non-OL event: 58,607 spectators. During the first half of the previous year, Groupama Stadium had hosted a Euro 2016 semi-final, the Rihanna concert and the ice hockey "winter game".

During the second half of the year, several major events will take place in Groupama Stadium, including the UEFA Europa League final on 16 May 2018, the two Top 14 rugby semi-finals on 25 and 26 May 2018, a France/USA friendly match on 9 June 2018, in preparation for the World Cup, and Monster Jam on 16 June 2018.

The new complimentary activities developed in the "OL City" business hub alongside Groupama Stadium, including conventions, B2B seminars and corporate events, as well as stadium tours, continue to be highly successful. 195 seminars were held in H1 2017/18 and 20,232 visitors toured the stadium. The number of seminars held at Groupama Stadium rose during the half-year period to 195 from 152 in H1 2016/17. Nevertheless, the pricing schedule was more competitive, generating a slight decline in the related revenue (€1.9 million in H1 2017/18 vs €2.1 million in H1 2016/17).

Brand-related revenue up sharply at constant scope: +18%, €+1.4 million

(H1 2017/18: €8.8 million; H1 2016/17: €8.6 million and €7.4 million at constant scope)

Brand-related revenue rose sharply at constant scope, totalling €8.8 million in H1 2017/18 vs €7.4 million in H1 2016/17. These figures exclude OL Voyages, sold as of 30 June 2017, which contributed €1.1 million in H1 2016/17.

Merchandising revenue totalled €6.0 million in H1 2017/18, up €0.8 million or 16% from €5.1 million in H1 2016/17. Over a four-year period, merchandising revenue has shown a steep rise (73%), particularly internet sales (up 97%), boutique sales (up 63%) and sales through other channels (up 50%).

Record revenue from sale of player registrations: €64.6 million

(H1 2017/18: €64.6 million; H1 2016/17: €1.5 million)

The worldwide transfer market is on a prodigious rise, having reached €5.1 billion in the 2017 calendar year, up 33% (source: *FIFA Global Transfer Market Report, 31/01/18*). In this context, OL's revenue from the sale of player registrations set a new record at €64.6 million during the first half of the financial year (€1.5 million in H1 2016/17). It included the transfer (in IFRS terms) of Alexandre Lacazette to Arsenal (€49.6 million), Emanuel Mammana to Zenit Saint Petersburg (€14.2 million) and Maciej Rybus to Lokomotiv Moscow (€1.6 million) as well as incentives (€1 million). Revenue from player trading was impacted by a €1.8 million write-off of the receivable on a player registration. A provision of the same amount had been booked in the financial statements as of 30 June 2017 (see Note 5.1 to the consolidated financial statements).

The transfer of Alexandre Lacazette to Arsenal was the largest transfer the club has ever carried out (gross amount of €53 million + maximum of €7 million in incentives). As Alexandre Lacazette was trained at the OL Academy, the gain on his transfer was equal to the amount of the proceeds. This transfer once again demonstrated the performance of the OL Academy, which creates value and is a source of recurrent capital gains. The OL Academy has topped the rankings of French training academies for the last five years (source: French Football Collective Bargaining Agreement Commission, on the recommendation of the National Technical Director, July 2017). It is ranked third-best in Europe behind Real Madrid and Barcelona (source: CIES Football Observatory, October 2017).

1-2 Components of net profit

Simplified, consolidated first-half income statement (from 1 July to 31 December)

In €m	H1 2017/18	% of revenue	H1 2016/17	% of revenue	chg.
Revenue	147.6		111.8		+35.7
External purchases and expenses	-38.2		-40.2		2.0
Taxes other than income taxes	-2.5		-2.8		0.4
Personnel costs	-59.1	40%	-55.8	50%	-3.3
NBV of player registrations sold	-6.7		-1.0		-5.7
EBITDA	41.2	0.3	12.1	0.1	+29.1
<i>of which EBITDA excl. player trading</i>	-16.7		11.6		-28.3
<i>of which EBITDA from player trading</i>	58.0		0.5		+57.4
Net amortisation and provisions, player registrations	-10.6		-5.8		-4.8
Other net depreciation, amortisation & provisions	-11.0		-9.3		-1.7
Other ordinary income and expenses	-3.9		11.0		-14.9
Profit/loss from ordinary activities	15.8	0.1	8.1	0.1	+7.7
<i>of which profit/loss from ord. act. excl. player trading</i>	-31.6		13.3		-45.0
<i>of which profit/loss from ord. activities, player trading</i>	47.4		-5.2		+52.6
Net financial expense	-6.3		-10.7		+4.3
Pre-tax profit/loss	9.4	0.1	-2.6	0.0	+12.0
Income tax expense	-3.2		0.5		-3.6
Share in net profit/loss of associates	-0.1		0.0		-0.1
Net profit/loss	6.2	4%	-2.1	-2%	+8.3
Net profit/loss (Group share)	6.2		-2.3		+8.5

After posting record revenue in 2016/17, demonstrating the sound, judicious nature of the Group's new business model, OL Groupe once again posted a sharp improvement in performance in the first half of 2017/18. EBITDA increased 3.4-fold to €41.2 million in H1 2017/18 vs €12.1 million in H1 2016/17 and profit from ordinary activities nearly doubled to €15.8 million vs €8.1 million in H1 2016/17.

EBITDA increased 3.4-fold

(H1 2017/18: €41.2 million; H1 2016/17: €12.1 million)

EBITDA totalled €41.2 million, up 3.4-fold from H1 2016/17. This sharp increase in EBITDA was driven by the transfer of Alexandre Lacazette (margin of 100%), which offset the club's absence from the Champions League this season. EBITDA represented 28% of total revenue (11% in H1 2016/17).

Excluding player trading, EBITDA stood at €-16.7 million in H1 2017/18, vs €11.6 million in the year earlier period, representing a decline of €28 million. It was directly affected by the decline in European revenue – ticketing (down €3 million) and media rights (down €27 million) – that came about because the Club played in the Europa League this year vs the Champions League last year.

The Group kept a lid on external purchases and expenses, which totalled €38.2 million in the half-year period (€40.2 million in H1 2016/17). This line item reflected a deliberate effort to reduce match organisation costs (€-1 million) as well as a change in the scope of consolidation (€-1 million related to the sale of OL Voyages as of 30 June 2017).

Personnel costs rose to €59.1 million from €55.8 million in 2016/17. This change was essentially due to a provision for a Europa League qualification premium, as the club ranked 3rd in Ligue 1 as of 31 December 2017 vs 4th as of 31 December 2016. Fixed salaries were stable. The payroll/revenue ratio remained under control at 40%, vs 50% in H1 2016/17.

EBITDA from player trading totalled €58.0 million (€0.5 million in H1 2016/17). It was composed essentially of the capital gain on the transfer of Alexandre Lacazette (margin of 100%), and to a lesser extent that of Emanuel Mammana and Maciej Rybus, which offset the club's absence from the Champions League this season.

Profit/loss from ordinary activities nearly doubled (H1 2017/18: €15.8 million; H1 2016/17: €8.1 million)

Profit from ordinary activities totalled €15.8 million, vs €8.1 million in H1 2016/17, an increase of €7.7 million. It represented 11% of total revenue, vs 7% in H1 2016/17.

Amortisation of player registrations totalled €10.6 million, vs €5.8 million in H1 2016/17. The €4.8 million increase was primarily related to summer 2017 trading.

Other ordinary income and expenses declined by €14.9 million. In H1 2016/17, this line item had included the capital gain on the sale of the Tola Vologe (Gerland) property assets and the "hotel island" building rights, as well as an insurance payment for the loss of a player licence (total of €11 million). In H1 2017/18, this line item totalled €-3.9 million and essentially included expenses related to loaned players and the capital gain on the sale of the land on which the medical centre and medical analysis lab will be built.

Net financial expense (H1 2017/18: €6.3 million; H1 2016/17: €10.7 million)

Net financial expense totalled €6.3 million (€10.7 million in H1 2016/17) and reflected the initial effects of the debt refinancing finalised on 30 June 2017. The refinancing generated savings of €3.4 million over the first six months of the financial year.

Net profit/loss (Group share) (H1 2017/18: €6.2 million; H1 2016/17: €-2.3 million)

Pre-tax profit rose to €9.4 million vs a loss of €2.6 million in H1 2016/17.

After income tax of €3.2 million (€0.5 million credit in H1 2016/17), net profit (Group share) was €6.2 million, vs a loss of €2.3 million in H1 2016/17.

1-3 Simplified, consolidated first-half balance sheet

Sound balance sheet with equity of €256 million

ASSETS (in € m)	31/12/17	30/06/17
Player registrations	87.8	47.0
Property, plant & equipment	405.6	415.0
Other non-current assets	2.5	2.6
Total non-current assets	495.9	464.5
Deferred taxes	5.9	8.7
Player registration receivables	52.2	51.7
Current receivables	76.1	69.7
Cash and cash equivalents	16.8	19.7
TOTAL ASSETS	647.0	614.2
EQUITY & LIABILITIES (in € m)	31/12/17	30/06/17
Total equity (including non-controlling interests)	255.7	249.2
New stadium bank and bond borrowings	171.6	172.8
Other borrowings and financial liabilities	56.5	46.3
Total financial debt	228.1	219.1
Provisions	1.8	1.6
Player registration payables	50.4	26.5
Other non-current liabilities	23.7	22.8
Current liabilities	87.2	94.9
TOTAL EQUITY AND LIABILITIES	647.0	614.2

As of 31 December 2017, the balance sheet total stood at €647.0 million, vs €614.2 million as of 30 June 2017.

Shareholders' equity was €255.7 million (including non-controlling interests), vs €249.2 million as of 30 June 2017.

On the assets side, the net book value of player registrations increased by €40.8 million to €87.8 million, vs €47.0 million as of 30 June 2017. This figure included the following registrations acquired at the start of the 2017/18 financial year: Pape Cheikh Diop, Fernando Marçal, Marcelo, Ferland Mendy, Mariano Diaz, Kenny Tete and Bertrand Traoré, for a total of nearly €60 million

(IFRS). At the same time, liabilities on the acquisition of player registrations increased from €26.5 million to €50.4 million as of 31 December 2017.

Potential capital gains on player assets remained very high and totalled nearly €160 million as of 31 December 2017. The market value of all player registrations was estimated at €246 million (OL's estimate based on Transfermarkt, which estimated the squad's value at €166 million as of 31 December 2017). The Transfermarkt valuation has increased considerably since that date and stood at €302 million as of 5 February 2018. The valuation estimated by CIES (another benchmark for football valuations) was also €302 million, but as of 31 December 2017.

Property, plant & equipment, composed essentially of the new infrastructure (Groupama Stadium, Groupama OL Training Center and Groupama OL Academy) totalled €405.6 million as of 31 December 2017.

Debt net of cash (including net receivables and payables on player registrations) totalled €209.4 million as of 31 December 2017, vs €174.2 million as of 30 June 2017.

1-4 First-half highlights

Several events and highlights punctuated the first half of 2017/18.

European Cup matches

The Club's qualification for the Europa League this season (Champions League last season) was an important first-half event. It had an unfavourable impact of around €30 million on H1 revenue (see Chapter 1.1 of this document). Finishing in 2nd place in the group stage of the Europa League, the Club qualified for the round of 32 against Villareal (15 & 22 February 2018).

Record trading revenue

During the first half of the year, proceeds from the sale of player registrations fuelled revenue growth and reached a new record of €64.6 million (€1.5 million in H1 2016/17). The transfer of Alexandre Lacazette to Arsenal for €49.6 million (IFRS) was the largest transfer the club has ever carried out (gross amount of €53 million + maximum of €7 million in incentives). As Alexandre Lacazette was trained at the OL Academy, the gain on his transfer was equal to the amount of the proceeds.

Summary of player trading activity

Following the departure of Rachid Ghezzal and Isaac Hemans Arday, whose contracts expired as of 30 June 2017, OL SASU carried out the following transfers during H1 2017/18:

Acquisition of player registrations (IFRS values)

- Fernando Marçal (July 2017) from Benfica Lisbon (€5.2 million), 4-year contract,
- Bertrand Traoré (July 2017) from Chelsea (€12.4 million), 5-year contract,
- Ferland Mendy (July 2017) from Le Havre (€5 million), 5-year contract,
- Mariano Diaz (July 2017) from River Real Madrid (€11.4 million), 5-year contract,
- Kenny Tete (July 2017) from Ajax Amsterdam (€5.5 million), 4-year contract,
- Marcelo (July 2017) from Besiktas (€8.5 million), 3-year contract,
- Pape Cheikh Diop (August 2017) from Celta Vigo (€10.8 million), 5-year contract.

First professional contracts from 1 July 2017

- Elisha Owusu, 3-year contract until 30 June 2020,
- Alan Dzabana, 3-year contract until 30 June 2020,
- Gédéon Kalulu, 3-year contract until 30 June 2020,
- Yoann Martelat, 1-year contract until 30 June 2018,
- Yassin Fekir, 1-year contract until 30 June 2018.

Player loans (in)

- Tanguy Ndombele from Amiens for one season, i.e. until 30 June 2018, €2 million with an €8 million purchase option + a maximum of €0.25 million in incentives + 20% of the capital gain on any future transfer.

Player contract extensions

- Lucas Tousart, 2-year extension until 30 June 2022,
- Mouctar Diakhaby, 3-year extension until 30 June 2022,
- Myziane Maolida, 1-year extension until 30 June 2022,
- Jérémy Morel, 1-year extension until 30 June 2019.

Sale of player registrations (IFRS values)

- Alexandre Lacazette to Arsenal in July 2017 for €49.6 million,
- Fahd Moufi to Tondela (Portugal) in July 2017,
- Maciej Rybus to Lokomotiv Moscow in July 2017 for €1.6 million,
- Emanuel Mammana to Zenit Saint Petersburg in July 2017 for €7.5 million.

Player loans (out)

- Gaëtan Perrin to Orléans for one season, i.e. until 30 June 2018,
- Maxime d'Arpino to Orléans for one season i.e. until 30 June 2018,
- Jean-Philippe Mateta to Le Havre for one season i.e. until 30 June 2018,
- Olivier Kemen to Gazelec Ajaccio for one season, i.e. until 30 June 2018,
- Aldo Kalulu to Sochaux for one year i.e. until 30 June 2018,
- Nicolas Nkoulou to Torino for one season, i.e. until 30 June 2018 (€0.5 million with a €3.5 million purchase option),
- Sergi Darder to Espanyol Barcelona for one season, i.e. until 30 June 2018 (€0.3 million with a €8 million purchase option + €2 million in incentives + 20% on any future transfer),
- Romain Del Castillo to Nimes for one season, i.e. until 30 June 2018,
- Christopher Martins Pereira to Bourg Peronnas for one season i.e. until 30 June 2018.

Termination of player contract

- Christophe Jallet (July 2017)

The OL Academy

The OL Academy performed well once again at both domestic and European levels. Domestically, the OL Academy held onto the first place ranking it has held for five years, ahead of Monaco and PSG (source: French Football Collective Bargaining Agreement Commission, June 2017, on the recommendation of the National Technical Director).

At the European level, the OL Academy was the leading French training academy and ranked third in Europe, behind Real Madrid and FC Barcelona (source: CIES Observatory, October 2017).

Sale of property assets

On 21 November 2017, land adjacent to Groupama Stadium and earmarked for a medical centre was sold to Vinci Immobilier for €1.9 million, enabling more facilities to be built next to the stadium, following the start of construction on a hotel and an office building. Two buildings will house the medical centre, with 30 or so practitioners and around 14 specialists, as well as a medical analysis lab. The buildings are expected to be delivered in the first quarter of 2019.

Changes in principal contracts (since the start of the financial year)

AGREEMENT BETWEEN THE ASSOCIATION AND OLYMPIQUE LYONNAIS SASU

Association Olympique Lyonnais and OL SASU have signed a new 15-year agreement, which took effect as of 1 July 2017.

Under the agreement, the Association grants Olympique Lyonnais SASU the benefit of all the rights arising from its affiliation to the FFF and manages all the amateur sections of the Club and OL Academy under the supervision of Olympique Lyonnais SASU. The Association undertakes to provide Olympique Lyonnais SASU with what it needs to carry out its mission of managing the professional team. In return, Olympique Lyonnais SASU pays all the Association's expenses, including those relating to the amateur sections.

SPONSORSHIP AGREEMENT WITH HYUNDAI MOTOR FRANCE

A new, premium partnership contract was signed with Hyundai Motor France for the 2018/19 and 2019/20 seasons, with services similar to the previous contract.

SPONSORSHIP AGREEMENT WITH APRIL

The partnership with April, a partner since the 2012/13 season, was renewed for three additional seasons (2017/18 to 2019/20), with similar services.

SPONSORSHIP AGREEMENT WITH ALILA

The contract in force since the 2016/17 season was amended, with effect as of 1 July 2017. In addition to the services specified in the previous contract, the Alila Promotion brand is now visible on the left sleeve of the men's first team shirts during French Ligue 1 home and away matches.

SPONSORSHIP AGREEMENT WITH GROUPAMA

On 12 July 2017, the parties signed a stadium naming contract for a three-year renewable term. The contract gives Groupama visibility for the "Groupama Stadium" name on the stadium exterior, in the arena, in the VIP and general public areas, as well as in the sports zones, and allows Groupama Rhône-Alpes Auvergne to use the image of the stadium to promote its products and services. Groupama Rhône-Alpes Auvergne also has a reception area in the stadium. The contract

also provides for the development of significant marketing synergies between Olympique Lyonnais and Groupama Rhône-Alpes Auvergne.

1-5 Principal transactions with related parties

The principal transactions with related parties are detailed in Note 11.1 to the condensed consolidated first-half 2017/18 financial statements, found on page 57 of this report.

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

The consolidated financial statements for the first half of the 2017/18 financial year were approved by the Board of Directors on 13 February 2018.

1-7 Football results as of 31 December 2017

▪ Men's team

- French Ligue 1: 3rd place
- UEFA Europa League: group stage – second in group – qualification for round of 32 against Villarreal (15 & 22 February 2018)
- Coupe de la Ligue: eliminated in the round of 16 against Montpellier

▪ Women's team

- French Division 1: 1st place
- UEFA Women's Champions League: qualified for the quarter-finals against Barcelona (22 & 28 March 2018)

1-8 Events since 1 January 2018

• Review of winter transfer window (January 2018)

January 2018 arrivals

- Oumar Solet, U18 international from Laval, 18 years old, on loan until 30 June 2018 for €0.55 million with a purchase option of €0.55 million + €2 million in incentives + earn-out of 20% of the gain on a future transfer.

2018/19 season arrivals (1 July 2018)

- Martin Terrier, international "Espoir" striker from Lille, 20 years old, for €11 million + up to €4 million in incentives + earn-out of 10% of the gain on a future transfer. 4.5-year contract until 30 June 2022. Loan to Strasbourg until 30 June 30, 2018 maintained.
- Léo Dubois, international "Espoir" from FC Nantes, 23 years old, free agent. 4-year contract until 30 June 2022.

Departures

- Maxime d'Arpino transferred to Orléans with an earn-out of 30% of the gain on a future transfer.
- Gaëtan Perrin transferred to Orléans with an earn-out of 40% of the gain on a future transfer.

- Termination of Clément Grenier's contract.
- Alan Dzabana transferred to Le Havre. Amount of transfer: €0.7 million + up to €0.75 million in incentives + earn-out of 30% of the gain on a future transfer.
- Dylan Mboumbouni loaned to Cholet until 30 June 2018.

The Group confirms its strategy to recruit high-potential young players, as a complement to the OL Academy, a pillar of its strategy, and in anticipation of next year's professional team.

As of 2 February 2018, Olympique Lyonnais had 32 professional players (excluding players on loan), including 22 internationals and 16 players trained at the Club.

Awards

Olympique Lyonnais was awarded the 2017 "Media Courier" Trophy in the Services category (September 2017). Since 2011, these trophies have been awarded in recognition of the most effective and creative direct marketing campaigns carried out by companies, communications agencies, local authorities, advertisers and institutions.

Olympique Lyonnais' e-sports team won the Chinese championship (5 November 2017) and qualified for the Asian Champions League competition, which will take place in June 2018 (FIFA Online 3).

OL EDG – the Olympique Lyonnais eSports team in China – was awarded the Chinese Golden Ball as the best eSports team of 2017 at the 2017 China Golden Globe Awards (24 December 2017). The prize rewarded the sporting performance of OL EDG, winner of season 5 of the FSL professional championship, and validated the combined model of "traditional football and eSports" in the video game industry.

The two representatives of OL eSports, Rafsou and CocoVBastos, won their respective finals on 3 February 2018 and qualified for the Orange e-Ligue 1 play-offs in May 2018.

1-9 Risk factors

In general, the risk factors indicated in the 2016/17 Registration Document (pages 13-21) and online at www.olweb.fr did not change during the first half.

1-10 Football results as of 13 February 2018

- **Men's team**
 - French Ligue 1: 4th place after matchday 25 (48 points)
 - UEFA Europa League: qualified for the round of 32 against Villareal (15 & 22 February 2018)
 - Coupe de la Ligue: eliminated in the round of 16 against Montpellier
 - Coupe de France: qualified for the quarter-final against Caen (1 March 2018)
- **Women's team**

- French Division 1: 1st place after matchday 14 (42 points)
- UEFA Women's Champions League: qualified for the quarter-finals against Barcelona (22 & 28 March 2018)
- Coupe de France: qualified for the quarter-finals (15 April 2018)

1-11 Short- and long-term outlook

The Group continues to pursue its strategy, based on its fundamentals: the use of its facilities and the OL Academy, which generates young talent and is a source of capital gains.

During the 2017/18 financial year, the Group will pursue its initiatives to maximise use of Groupama Stadium, develop recurrent revenue and increase operating profitability by optimising operating and organisational costs, while maintaining the customer experience as a key priority.

Several major events will take place in Groupama Stadium, including the UEFA Europa League final on 16 May 2018, the two Top 14 rugby semi-finals on 25 and 26 May 2018, a France/USA friendly match on 9 June 2018, in preparation for the FIFA World Cup, and Monster Jam on 16 June 2018. The two semi-finals and the final of the 2019 Women's Football World Cup will also take place in Groupama Stadium on 2, 3 and 7 July 2019.

The museum is currently being installed in Groupama Stadium and is expected to open in the spring of 2018. Lastly, building rights for the office buildings, leisure & entertainment complex and other facilities are expected to be sold during the financial year.

As of 13 February 2018, OL Groupe was not involved in any dispute that could significantly jeopardise its business or the sporting objectives it has set for the 2017/18 financial year.

CONDENSED CONSOLIDATED FIRST-HALF 2017/18 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 13 February 2018.

HIGHLIGHTS

The principal events of the 2017/18 financial year were as follows:

- **Naming**

On 13 July 2017, the Group signed a comprehensive, modern and innovative partnership with Groupama Rhône-Alpes Auvergne, which had already been a major partner with OL for several years, for the men's, women's and youth teams, and had already put its name on the Groupama OL Training Center and the Groupama OL Academy. The relationship is now entering a new phase, and the naming rights for Olympique Lyonnais' stadium, now called "Groupama Stadium", constitute its focal point. The partnership will also include a shared marketing platform. The three-year renewable naming contract will provide visibility for "Groupama Stadium" on its exterior, in the arena, in the VIP and general public areas, as well as in the sports zones, and will allow Groupama Rhône-Alpes Auvergne to use the image of the stadium to promote its products and services.

- **Sale of building rights**

On 22 November 2017, OL Groupe sold building rights for €1.9 million, enabling the construction of the medical centre to begin.

- **Summer 2017 transfer window**

The transfer of A. Lacazette for €49.6 million (including incentives already accrued) was the largest the Group has ever achieved.

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

- IDG European Sports Investment Ltd became a shareholder of OL Groupe, acquiring 11,627,153 shares, or 20% of the capital, and 200,208 new bonds (OSRANEs, see Note 11.1) for €100 million.
- OL Groupe refinanced virtually all of the Group's bond and bank debt, via its subsidiary Olympique Lyonnais SASU (see Note 12.4).
- The Tola Vologe property rights and the Megastore building in Gerland were sold, as were the building rights for facilities adjacent to Groupama Stadium for a total of €14.7 million.

PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated first-half financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These consolidated first-half financial statements should be read in conjunction with the consolidated financial statements for the financial year ended 30 June 2017. Unless otherwise indicated, the Group's financial statements and notes are presented in thousands of euros.

As there was no impact from new standards, amendments or interpretations that became mandatory during the current financial year, the accounting principles and procedures applied were identical to those used for closing the consolidated financial statements for the year ended 30 June 2017. These are detailed in Registration Document no. D.17-1004. In certain cases, these rules have been adapted to specific requirements of interim financial statements, in accordance with IAS 34. The impact was not significant.

Specifically, the principal standards, amendments and interpretations effective from 1 July 2017 were as follows:

- The amendment to IFRS 12 is being adopted.
- Amendment to IAS 12, "Recognition of deferred tax assets for unrealised losses";
- Amendment to IFRS 7, "Financial instruments: Disclosures";
- Amendment to IFRS 2, "Classification and measurement of share-based payment transactions";

have not had a significant impact on the Group's financial statements, or are not applicable.

- Amendments to IAS 1 & 7, "Disclosure initiatives" is being analysed and will be fully applied from 30 June 2018.

Furthermore, the Group has not elected for early adoption of the standards, amendments and interpretations adopted by the European Commission (or for which early adoption was possible) and which came into effect after the closing date. These consist primarily of the following standards:

- IFRS 15, including the amendments "Clarifications to IFRS 15, Revenue from contracts with customers";
- IFRS 9 – Financial instruments;
- Amendment to IFRS 2, "Classification and measurement of share-based payment transactions";
- IFRIC 22 – Foreign currency transactions and advance consideration;
- IFRS 16 – Leases;
- Annual improvements, 2014-16 cycle (a).

(a) The European Commission is in the process of adopting the annual improvements and will adopt IFRIC 22 in 2018.

The Group is currently analysing the impact of IFRS 16 "Leases", which was adopted by the IASB in November 2017 and will become effective for financial years starting on or after 1 January 2019. It does not plan to apply the standard earlier than required. Consequently, the Group cannot quantify the expected impact, inasmuch as significant additional information is still forthcoming on fundamental aspects (lease term, etc.). Information on operating leases is provided in Note 7.3.3. Operating leases related principally to real property and movable property. The Group has not yet determined the method of transition.

The group is also analysing the impact of IFRS 9, "Financial instruments", mandatory for financial years beginning on or after 1 January 2018. The Group has not elected for early adoption of this standard. The analysis relates in particular to the debt restructuring.

IFRS 15, published in May 2014 and amended in April 2016, was approved by the European Union in September 2016. It will apply to all financial years beginning on or after 1 January 2018.

The standard defines a five-step model for recognising ordinary revenue from contracts with customers. Revenue is recognised so as to reflect the payment that the entity expects to receive in exchange for goods or services sold. IFRS 15 replaces the other standards currently in force with respect to revenue recognition. The full retrospective method and the modified retrospective method are both acceptable for implementation of the standard, mandatory for financial years starting on or after 1 January 2018. Early application is possible.

OL Groupe has elected to apply the standard when it comes into effect, i.e. from the financial year starting 1 July 2018. The Group currently plans to use the modified retrospective method to implement the new standard. Under this method, the cumulative impact of initial application will be recognised in equity as of 1 July 2018, and the previous year will not be restated.

During the first half of 2017/18, OL Groupe performed an initial evaluation of the impact of IFRS 15. The implementation of this standard is not expected to have a significant impact on the Group's consolidated financial statements, nor are the related presentation and disclosure requirements.

On the basis of the analysis underway, the Group does not anticipate any significant impact on the financial statements of future years.

There are no accounting principles contrary to IFRS that are mandatory for financial years beginning on or after 1 July 2017 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.

The information disclosed in the notes to the first-half financial statements relate 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 2017) and receipts relating to the group stage of the UEFA Europa League.

The results of the first half of the year are not representative of those that can be expected for all of the 2017/18 financial year. The Group is not subject to a high degree of seasonality.

INCOME STATEMENT

(in € 000)	Note	1st half 2017/18	% of Rev.	1st half 2016/17	% of Rev.
Revenue	4.1	147,589	100%	111,842	100%
Revenue (excl. player trading)	4.1	82,948	56%	110,342	99%
Purchases used during the period		-20,544	-14%	-23,317	-21%
External costs		-17,635	-12%	-16,838	-15%
Taxes other than income taxes		-2,454	-2%	-2,818	-3%
Personnel costs	6.2	-59,056	-40%	-55,773	-50%
EBITDA (excl. player trading)		-16,741	-11%	11,597	10%
Net depreciation, amortisation and provisions	8.3	-11,006	-7%	-9,277	-8%
Other ordinary income and expenses		-3,890	-3%	11,027	10%
Profit/loss from ordinary activities, excluding player trading		-31,637	-21%	13,346	12%
Revenue from the sale of player registrations	5.1	64,641	44%	1,500	1%
Residual value of player registrations	5.1	-6,681	-5%	-978	-1%
Gross profit/loss (EBITDA) on player trading	5.1	57,960	39%	522	0%
Net amortisation and provisions	8.3	-10,560	-7%	-5,769	-5%
Profit/loss from ordinary activities (player trading)		47,400	32%	-5,246	-5%
EBITDA		41,219	28%	12,119	11%
Profit/loss from ordinary activities		15,764	11%	8,100	7%
Other non-recurring operating income and expense					
Operating profit/loss		15,764	11%	8,100	7%
Net financial expense	9.6	-6,348	-4%	-10,670	-10%
Pre-tax profit/loss		9,416	6%	-2,570	-2%
Income tax expense	10.1	-3,178	-2%	466	0%
Share in net profit/loss of associates		-76		0	
Net profit/loss		6,162	4%	-2,104	-2%
Net profit/loss attributable to equity holders of the parent		6,171		-2,330	
Net profit/loss attributable to non-controlling interests		-9		226	
Net profit/loss per share (in €)		0.11		-0.05	
Diluted net profit/loss per share (in €)		0.05		-0.02	
STATEMENT OF COMPREHENSIVE INCOME (in € 000)		H1 2017/18		H1 2016/17	
Actuarial differences on pension obligations	6.4	0		0	
Items not recyclable into net profit/loss		0		0	
Fair value of new stadium hedging instruments		292		804	
Corresponding deferred taxes		-101		-277	
Items recyclable into net profit/loss	12.6	192		527	
Comprehensive profit/loss		6,354		-1,577	
Comprehensive profit/loss attributable to equity holders of the parent		6,363		-1,803	
Comprehensive profit/loss attributable to non-controlling interests		-9		226	

CONSOLIDATED STATEMENT OF NET FINANCIAL POSITION

Balance Sheet – Assets

Net amounts (in € 000)	Note	31/12/17	30/06/17
Intangible assets			
Goodwill	7.1	1,866	1,866
Player registrations	5.3	87,757	47,007
Other intangible assets	7.1	679	686
Property, plant & equipment	7.2	405,647	414,963
Other financial assets	9.1	2,959	2,727
Receivables on sale of player registrations (portion > 1 year)	5.2 & 9.4	18,858	12,601
Investments in associates		415	489
Deferred taxes	10.2	5,857	8,654
Non-current assets		524,038	488,993
Inventories	4.3	2,891	1,892
Trade receivables	4.2	47,135	43,898
Receivables on sale of player registrations (portion < 1 year)	5.2 & 9.4	33,375	39,075
Other current assets, prepayments and accrued income	4.4 & 9.4	22,749	20,645
Cash and cash equivalents	9.2 & 9.4	16,816	19,702
Current assets		122,966	125,212
TOTAL ASSETS		647,004	614,205

Balance sheet – Equity and liabilities

Net amounts (in € 000)	Note	31/12/17	30/06/17
Share capital	11.1	88,423	88,418
Share premiums	11.1	123,397	123,397
Reserves	11.1	-103,379	-108,208
Other equity	11.1	138,053	138,057
Net profit/loss attributable to equity holders of the parent		6,171	4,672
Equity attributable to equity holders of the parent		252,663	246,336
Non-controlling interests		3,081	2,898
Total equity		255,744	249,234
New stadium bonds	9.3 & 9.4	49,770	49,692
New stadium bank loans	9.4 & 9.5	112,688	115,743
Borrowings and financial liabilities (portion > 1 year)	9.5	50,541	39,735
Liabilities on acquisition of player registrations (portion > 1 year)	5.4 & 9.4 & 9.5	12,008	7,807
Other non-current liabilities	9.3	23,711	22,828
Provision for pension obligations	6.4	1,660	1,494
Non-current liabilities		250,378	237,299
Provisions (portion < 1 year)	8.1	173	114
Financial liabilities (portion < 1 year)			
Bank overdrafts	9.3 & 9.4 & 9.5	726	1,436
New stadium bonds	9.3	1,303	
New stadium bank loans	9.3 & 9.4 & 9.5	7,820	7,338
Other borrowings and financial liabilities	9.3 & 9.4 & 9.5	5,238	5,162
Trade accounts payable & related accounts	4.5 & 9.4	27,487	29,712
Tax and social security liabilities	4.5	34,115	38,386
Liabilities on acquisition of player registrations (portion < 1 year)	5.4 & 9.4 & 9.5	38,396	18,678
Other current liabilities, deferred income and accruals	4.5	25,624	26,846
Current liabilities		140,881	127,672
TOTAL EQUITY AND LIABILITIES		647,004	614,205

CASH FLOW STATEMENT

(in € 000)	H1 2017/18	H1 2016/17
Net profit/loss	6,162	-2,104
Share in net profit/loss of associates	76	0
Depreciation, amortisation & provisions (1)	21,566	14,992
Other non-cash income and expenses (2)	136	1,566
Gains on the sale of player registrations	-57,960	-522
Gains on the sale of other non-current assets	-810	-7,488
Income tax expense (3)	3,178	-466
Pre-tax cash flow	-27,652	5,977
Income tax paid	2,021	-3,524
Net cost of financial debt	6,470	10,007
Change in trade and other receivables	-2,973	-32,308
Change in trade and other payables	-10,184	5,314
Change in working capital requirement	-13,157	-26,994
Net cash from operating activities	-32,318	-14,532
Acquisition of player registrations net of change in liabilities	-36,050	-19,338
Acquisition of other intangible assets	-49	-70
Acquisition of property, plant & equipment - construction of new stadium (4)	-1,004	-12,234
Acquisition of property, plant & equipment - excl. new stadium (4)	-1,863	-1,327
Acquisition of non-current financial assets	-759	95
Sale of player registrations net of change in receivables	64,084	36,596
Disposal or reduction in other non-current assets	2,534	14,787
Disposal of subsidiaries net of cash	0	0
Net cash from investing activities	26,892	18,508
Change in non-controlling interests after capital increase	13	
Capital increase and share premium, net of expenses		11,435
Equity transactions: issue of OSRANEs, net of expenses		18,068
New bank and bond borrowings (5)	13,000	29,574
Groupama Stadium mini-perm (long-term) loan (5)	0	-2,073
Interest paid	-3,304	-3,685
Repayment of borrowings (5)	-6,459	-32,370
Share repurchases		-571
Shares held in treasury		27
Net cash from financing activities	3,250	20,406
Opening cash balance	18,266	32,245
Change in cash	-2,177	24,382
Closing cash balance	16,090	56,627
(in € 000)	31/12/17	31/12/16
Cash and DSRA	16,816	57,245
Bank overdrafts	-726	-618
Closing cash balance	16,090	56,627

(1) See Note 8.3 / (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 10 / (4) See Note 7.2 / (5) See Note 9.3

Comparability of financial years

To comply with the AMF recommendation about the net cost of financial debt, certain amounts were restated at the start of the period, as shown in the table below:

(in € 000)	H1 2016/17 Unadjusted	Restatements	H1 2016/17 Restated
Pre-tax cash flow	6,712	-735	5,977
Income tax paid	-3,524	0	-3,524
Net cost of financial debt	9,273	735	10,007
Change in working capital requirement	-26,994	0	-26,994
Net cash from operating activities	-14,532	0	-14,532
Net cash from investing activities	18,508	0	18,508
Net cash from financing activities	20,406	0	20,406
Opening cash balance	32,245	0	32,245
Change in cash	24,382	0	24,382
Closing cash balance	56,627	0	56,627

Detail of cash flows related to the acquisition of player registrations

(in € 000)	31/12/17	31/12/16
Acquisition of player registrations	-59,969	-13,073
Player registration payables as of 31/12/17	50,403	
Player registration payables as of 30/06/17	-26,484	
Player registration payables as of 31/12/16		15,179
Player registration payables as of 30/06/16		-21,444
Acquisition of player registrations net of change in liabilities	(36,050)	(19,338)

Detail of cash flows related to the sale of player registrations

(in € 000)	31/12/17	31/12/16
Proceeds from the sale of player registrations	64,641	1,500
Player registration receivables as of 31/12/17	-52,233	
Player registration receivables as of 30/06/17	51,676	0
Player registration receivables as of 31/12/16		-5,580
Player registration receivables as of 30/06/16		40,676
Sales of player registrations net of change in receivables	64,084	36,596

Change in working capital requirement

Change in trade and other receivables

(in € 000)	Changes during the period
Trade receivables	-3,088
Provision for bad debts	-28
Deferred income and accruals	2,198
Trade receivables	-918
Other receivables	-1,056
Inventories	-989
Provisions on inventory	-10
Inventories	-999
Change in trade and other receivables	-2,973

Change in trade and other payables

(in € 000)	Changes during the period
Suppliers	-2,367
Prepayments and accrued income	-1,366
Trade accounts payable	-3,733
Other current liabilities	-7,705
Other non-current liabilities	1,254
Other liabilities	-6,451
Change in trade and other payables	-10,184

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 30/06/16	70,466	103,350	-3,243	-101,747	77,956	-4,561	142,222	2,810	145,032
Net profit/loss				-2,330			-2,330	226	-2,104
Fair value of hedging instruments (1) Revised IAS 19						527	527		527
Comprehensive profit/loss				-2,330		527	-1,803	226	-1,577
Dividends								-42	-42
Capital increase	5,529	5,906		84			11,519		11,519
Change in OCEANES					18,068		18,068		18,068
Change in OSRANES									
Shares held in treasury			2,409			20	2,429		2,429
Share-based payments						-2,697	-2,697		-2,697
Other									
Equity at 31/12/16	75,995	109,256	-834	-103,993	96,024	-6,711	169,737	2,994	172,731
Equity at 30/06/17	88,418	123,397	-838	-96,759	138,057	-5,939	246,336	2,898	249,234
Net profit/loss				6,171			6,171	-9	6,162
Fair value of hedging instruments (1) Revised IAS 19						192	192		192
Comprehensive profit/loss				6,171		192	6,362	-9	6,354
Dividends									0
Capital increase (2)	4						4		4
Change in OSRANES (2)					-4		-4		-4
Shares held in treasury			-43			9	-35		-35
Share-based payments							0		0
Currency translation adjustment						1	1		1
Other				-2			-2	192	190
Equity at 31/12/17	88,423	123,397	-881	-90,591	138,053	-5,738	252,663	3,081	255,744

(1) (1) This amount corresponds to the change in the fair value, net of taxes, of the hedging instruments put in place as part of the Groupama Stadium loan agreement (see Note 12.6).

(2) See Note 11.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation during the period. 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 31/12/17	% Interest 31/12/17	% Control 30/06/17	% Interest 30/06/17	
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
Megastore SCI (1)	444248314	Property	5	100.00	100.00	100.00	100.00	FC
OL Organisation SAS	Lyon 477659551	Security and reception	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 (3)	Lyon 832341143	Services and Consulting	6	100.00	100.00	0.00	0.00	FC
OL Partner SAS (4)	Lyon 832992671	Insurance broker	3	95.00	95.00	0.00	0.00	FC
Beijing OL FC LTD:	Beijing	Services and Consulting	6	45.00	45.00	45.00	45.00	EM
SPECIAL-PURPOSE ENTITIES ⁽²⁾								
OL ASSOCIATION	Lyon 779845569	Association	6					FC
OL SCI (1)	Lyon 401930300	Property	5					FC

FC: Full consolidation

EM: Equity method

(1) The two SCIs were liquidated as of 30 November 2017. This liquidation did not have a significant impact on the consolidated financial statements.

(2) 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).

(3) (4) OL Loisirs Développement and OL Partner were created in July and October 2017 respectively.

Closing dates

All Group companies close their books on 30 June each year except for Beijing OL FC (31 December). Financial statements for this entity 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 definite or indefinite life, deferred taxes, and provisions. These estimates are based on an assumption of continuity of operations 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 risks 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 EXCLUDING PLAYER TRADING

Note 4.1: Revenue

Revenue recognition

In accordance with IAS 18, revenue primarily includes the following operational activities. It is measured at fair value of the consideration receivable, net of any discounts and rebates and excluding VAT and other taxes.

IFRS 15 is not expected to have a significant impact on OL Groupe's revenue recognition.

Revenue is measured and recognised as follows:

- Sponsoring:

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 arises from 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. Receipts from the French Professional League (LFP) are broken down into a fixed component recognised in proportion to the number of matches played, on a pro rata basis, and a variable component composed of a prestige premium based on the number of televised matches in which the club appears and a ranking premium allocated on the basis of the number of matches played.

- *UEFA / Europa League revenue*

The triggering event for UEFA 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. Receipts from the Europa League are recognised on the basis of the revenue earned at the date of the first-half closing.

In accordance with the CNCC (French professional accounting body) instruction of 28 March 2007, and in compliance with IFRS, the options retained 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 of the Ligue 1 position at the end of the season (as of 31 December 2017, the Company estimated a third-place finish), on a pro rata basis.

- Other revenue includes revenue related to the sale of merchandising products, use of licences and infrastructure, as well as signing fees. Signing fees are recognised as soon as they are definitely and irrevocably earned.
- Revenue from ticketing is tied to the football season and is recognised when the games are played. The portion of season ticket sales representing matches not yet played is recorded as unearned revenue.
- 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.

- For other Group activities, revenue is recognised when services are provided or the goods are delivered.

Breakdown of revenue

Breakdown of revenue by category

Revenue broke down as follows:

(in € 000)	H1 2017/18	H1 2016/17
Media and marketing rights (LFP-FFF)	25,909	24,284
Media and marketing rights (UEFA)	11,031	38,184
Ticketing	17,064	21,559
Sponsoring - Advertising	14,022	13,793
Events	6,118	3,939
Brand-related revenue ⁽¹⁾	8,805	8,584
Revenue excluding player trading	82,948	110,342

(1) Brand-related revenue

(in € 000)	H1 2017/18	H1 2016/17
Derivative products	5,978	5,137
Image-related revenue	1,092	773
Other	1,735	2,673
Brand-related revenue	8,805	8,584

Breakdown of revenue by company

(in € 000)	H1 2017/18	H1 2016/17
Olympique Lyonnais Groupe and other	229	126
Olympique Lyonnais SASU	80,757	101,610
Foncière du Montout	0	5,622
OL Voyages	0	1,141
OL Organisation	2	30
Association Olympique Lyonnais	1,960	1,807
AMFL	0	0
Megastore SCI	0	0
OL SCI	0	7
Revenue excluding player trading	82,948	110,342

Note 4.2: Trade receivables

Trade receivables

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.

An impairment loss is recognised when the expected recoverable amount estimated at the closing date is lower than the carrying amount. The risk analysis takes into account criteria such as the age of the receivable, whether it is in dispute and the debtor's financial position.

The principal customers (Revenue > 10% of consolidated total) are the LFP (French professional football league), UEFA (Union of European Football Associations) and the sports marketing company Lagardère Sports.

Trade receivables (excluding player trading) broke down as follows:

(in € 000)	31/12/17	30/06/17
Trade receivables	47,937	44,671
Provision for bad debts	-802	-773
Net trade receivables	47,135	43,898

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 the finished goods, 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 comprise only goods held for resale.

(in € 000)	31/12/17	30/06/17
Inventories	3,006	2,017
Provisions on inventory	-115	-125
Net inventories	2,891	1,892

Note 4.4: Other current assets

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

(in € 000)	31/12/17	30/06/17
Turnover tax	7,156	13,030
Income tax receivable	269	2,846
Other tax receivables	1,971	311
Social security receivables	60	11
Other current assets (1)	10,342	2,993
Accruals and prepayments	2,951	1,454
Total other current assets	22,749	20,645
Provisions on other assets		
Net other assets	22,749	20,645

(1) As of 31 December 2017, other current assets were primarily composed of €6.7 million in receivables due from the Club's participation in European competitions.

Note 4.5: Other current liabilities

(in € 000)	31/12/17	30/06/17
Suppliers	27,487	29,711
Tax and social security liabilities	34,115	38,386
<i>of which: tax liabilities due in less than 1 year</i>	<i>10,263</i>	<i>18,048</i>
<i>of which: social security liabilities</i>	<i>23,852</i>	<i>20,339</i>
Other current liabilities, deferred income and accruals	25,624	26,846
<i>of which: liabilities on non-current assets and other liabilities</i>	<i>604</i>	<i>4,296</i>
<i>of which: unearned revenue (1)</i>	<i>25,020</i>	<i>22,550</i>
Total current liabilities	87,226	94,944

(1) Unearned revenue was comprised principally of season ticket receipts for sporting events scheduled for the second half of the financial year (€8 million vs €2.7 million in H1 2016/17), as well as the portion of French and European media rights relating to the second half of the financial year (€15.8 million vs €18.9 million in H1 2016/17).

NOTE 5: OPERATING ACTIVITIES RELATED TO PLAYER TRADING

Note 5.1: EBITDA (player trading)

Revenue from the sale of player registrations

Revenue from the sale of player registrations is recognised as of the date the transfer contract is approved by the League. 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 an off-balance-sheet item.

IFRS 15 is not expected to have a significant impact on OL Groupe's revenue recognition.

(in € 000)	H1 2017/18	H1 2016/17
Lindsay Rose		1,500
Emanuel Mammana	14,220	
Alexandre Lacazette	49,560	
Maciej Rybus	1,630	
Nicolas Nkoulou	500	
Sergi Darder	300	
Clinton Njie	143	
Thimothée Kolodziejczak	77	
Rémy Riou	11	
Ishak Belfodil (1)	(1,800)	
Revenue from the sale of player registrations	64,641	1,500

(1) As the Parma club has been liquidated, it is highly unlikely that this receivable will be collected, and OL Groupe has therefore decided to write it off. This receivable had been fully provisioned. Accordingly, a credit note has been issued.

Residual value of player registrations

(in € 000)	31/12/17	31/12/16
Reduction in player registration assets (1)	-6,681	-978
Player registrations held for sale	0	0
Residual value of player registrations	-6,681	-978

(1) The decrease in player registration assets resulted from the transfer of Emanuel Mammana.

Note 5.2: Player registration receivables

Player registration receivables

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.

An impairment loss is recognised when the expected recoverable amount estimated at the closing date is lower than the carrying amount. The risk analysis takes into account criteria such as the age of the receivable, whether it is in dispute and the debtor's financial position.

(in € 000)	31/12/17	30/06/17
Player registration receivables	52,233	53,476
Provisions on player registration receivables		-1,800
Net player registration receivables	52,233	51,676
of which less than 1 year	33,375	39,075
of which more than 1 year	18,858	12,601

Net player registration receivables broke down as follows:

(in € 000)	31/12/17		30/06/17	
	current	non-current	current	non-current
Receivables on registrations sold in 2015/16	46	380	2,500	380
Receivables on registrations sold in 2016/17	14,221		36,575	12,221
Receivables on registrations sold in 2017/18	19,108	18,478		
Gross player registration receivables	33,375	18,858	39,075	12,601
	52,233		51,676	

Receivables on player registrations primarily included the balance related to the transfer of C. Tolisso in 2016/17 for €41.4 million and that of A. Lacazette in H1 2017/18 for €53 million.

The impact of discounting player registration receivables was not material as of 31 December 2017 and 30 June 2017.

Note 5.3: Intangible assets - 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 of the transfer agreement 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 off-balance-sheet commitments 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 lifetime, 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 book value exceeds the recoverable amount.

Impairment tests are performed using the following methods:

- 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 contract by the player, 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 10.2). 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.

Player registrations: movements during the financial year

Movements during the financial year were as follows:

(in € 000)	30/06/17	Increases	Decreases	31/12/17
Player registrations	64,968	59,969	-9,972	114,965
Amort. of player registrations (1)	-17,961	-12,429	3,181	-27,209
Impairment of player registrations (2)				
Player registrations	47,007	47,540	-6,791	87,756

(1) The analysis performed did not lead to a change in the useful life of player contracts as of 31 December 2017.

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

Player registration expiration schedule

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

(in € 000)	Net value as of 31/12/17	Net value as of 30/06/17
Contracts expiring in 2018		123
Contracts expiring in 2019	1,773	2,402
Contracts expiring in 2020	19,412	16,565
Contracts expiring in 2021	28,307	27,917
Contracts expiring in 2022	38,265	
Total player registrations	87,757	47,007

Note 5.4: Maturity schedule of financial liabilities related to player registrations

Non-current financial liabilities to selling clubs, relating to player registrations, include non-interest-bearing debt, discounted when due in more than 12 months. The discount rate used in all cases is the Euribor and/or BTAN rate for the maturity of the liability.

(in € 000)	31/12/17	up to 1 year	1-5 years	more than 5 years	30/06/17
Player registration payables	50,403	38,395	12,008	-	26,485

Player registration payables are discounted. The impact as of 31 December 2017 and as of 30 June 2017 was not material.

These payables are shown below:

(in € 000)	31/12/17		30/06/17	
	Current	Non-current	Current	Non-current
Payables on acquisitions in 2014/15			110	
Payables on acquisitions in 2015/16	794	300	6,073	720
Payables on acquisitions in 2016/17	10,162	5,138	12,495	7,087
Payables on acquisitions in 2017/18	27,439	6,570		
Total player registration payables	38,395	12,008	18,678	7,807
	50,403		26,485	

Note 5.5: Off-balance-sheet commitments, player related

Player-related commitments received

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/17	30/06/17
Commitments related to the sale of player registrations with conditions precedent (1)	17,500	9,300		26,800	12,600
Total	17,500	9,300	0	26,800	12,600

(1) Commitments related to the sale of player registrations, totalling €26.8 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.

Player-related commitments given

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/17	30/06/17
Conditional commitments to clubs related to the acquisition of player registrations (1)	17,050	7,250		24,300	13,750
Conditional commitments to agents related to player registrations (2)	4,424	3,949		8,373	6,069
Conditional commitments to players and staff as part of players' contracts (3)	6,949	18,883		25,832	15,815
Total	28,423	30,082	0	58,505	35,634

(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 concern only agents of players not presented as balance sheet assets.

(3) Commitments made as part of staff and players' employment contracts, totalling €25.8 million, 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.

Other commitments

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 (see Note 5.3).

Note 5.6: Bank guarantees

As of 31 December 2017, there were no payables on player registrations secured by bank guarantees.

NOTE 6: EXPENSES AND EMPLOYEE BENEFITS

Note 6.1: Employee numbers

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

	H1 2017/18	H1 2016/17
Olympique Lyonnais Groupe	73	67
Olympique Lyonnais SAS	151	115
OL Voyages	0	8
OL Association	109	102
OL Organisation	70	60
Foncière du Montout	0	8
Total	403	360

Note 6.2: Personnel costs

(in € 000)	H1 2017/18	H1 2016/17
Payroll	-43,532	-41,916
Social security charges	-15,524	-13,857
TOTAL	-59,056	-55,773

Note 6.3: Senior management remuneration

Remuneration paid to senior management totalled €820 thousand in the first half of 2017/18. This amount broke down as follows:

- Short-term benefits (excluding employer's share):
 - o In H1 2017/18, the seven members of the senior management team received €820 thousand (€581 thousand fixed, €225 thousand variable, and €14 thousand in benefits-in-kind, i.e. the use of vehicles).
 - o In H1 2016/17, they received €743 thousand (six members).

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 ICMI, an investment and management holding company.

Note 6.4: Pension obligations

(in € 000)	31/12/17	30/06/17
Present value of opening commitments	1,494	1,454
Changes in the scope of consolidation	0	-41
Financial costs	25	15
Cost of services provided during the financial year	140	137
Benefits paid		0
Amortisation of unearned past service costs		
Projected present value of closing commitments	1,660	1,565
Actuarial variance for the financial year		-72
Present value of closing commitments	1,660	1,494

Changes were recognised by extrapolating the commitment from 30 June to 31 December 2017, holding actuarial parameters constant, as the impact of actuarial gains and losses was not material during the half-year period.

NOTE 7: PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Note 7.1: 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 lifetime, 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 are covered in Note 5.3.

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 value 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 lifetime 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 book value exceeds the recoverable amount.

Goodwill

Movements during the period were as follows:

(in € 000)	30/06/17	Increases	Decreases	31/12/17
Olympique Lyonnais SASU	1,866	0	0	1,866
TOTAL	1,866	0	0	1,866

Other intangible assets excluding player registrations

Movements during the period were as follows:

(in € 000)	30/06/17	Increases	Decreases	31/12/17
Concessions, patents and media rights	1,443	49		1,492
Amortisation of concessions and patents	-758	-55		-813
Other intangible assets	686	-6	0	679

Note 7.2: 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 to 50 years
- Building improvements 3 to 10 years
- Computer equipment 3 and 4 years
- Office equipment 5 years
- Office furniture 8 years
- Machinery and equipment 5 years
- Vehicles 3 to 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 unearned revenue.

b) Leases

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 current 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 for a secondary period 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.

Any leases not specified as finance leases are operating leases and as such are not recognised on the balance sheet. Rental payments are booked as operating expenses on a straight-line basis over the term of the lease.

Movements during the period were as follows:

(in € 000)	30/06/17	Increases	Decreases	31/12/17
Buildings and improvements (1)	419,310	5,228		424,538
Work-in-progress: Groupama Stadium (2)	9,633		-2,667	6,966
Work-in-progress: Groupama OL Training Center	1,510		-1,510	0
Work-in-progress: Groupama OL Academy (3)	75	264		339
Equipment and facilities (4)	10,734	348		11,082
Gross amounts	441,262	5,840	-4,177	442,925
Accumulated depreciation (5)	-26,299	-9,514		-35,813
Provision for impairment of land value (6)		-1,465		-1,465
Net amounts	414,963	-5,139	-4,177	405,647

(1) The increase corresponds to improvements to the grounds at the Groupama Training Center and installation of LED lighting at Groupama Stadium.

(2) The work-in-progress relating to Groupama Stadium corresponded primarily to unsold building rights (€6.9 million as of 31 December 2017 vs €7.9 million as of 30 June 2017).

(3) The increase corresponds to work on the museum, which was recognised as construction work-in-progress. The museum is scheduled to open at the end of the 2017/18 financial year.

(4) The balance at the closing date included €1.7 million in finance lease agreements restated in accordance with IAS 17.

(5) Includes depreciation of €6 million relating to the finance lease agreements restated in accordance with IAS 17.

(6) A provision for impairment in the value of the land for the leisure & entertainment complex was recognised in the H1 2017/18 statements to take into account current market values.

Note 7.3: Off-balance-sheet commitments (operating activities)

7.3.1: Player-related commitments

Off-balance-sheet commitments related to players are reported in Note 5.4.

7.3.2: Commitments related to Groupama Stadium

Commitments related to the refinancing of virtually all of the Group's bank and bond debt on 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 members of the Group, represented by collateral with a maximum total value of €271.5 million, corresponding to the full amount of borrowings;
- Commitments given by certain Group members, represented by signature guarantees with a maximum total value of €260 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 12.4. 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 Groupama 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 2016).

This has given rise to the following commitments:

- On 15 June 2015, OL Groupe signed an expanded partnership agreement with Groupama Rhône-Alpes Auvergne, lasting 3.5 years, i.e. until 31 December 2018. The two facilities have been named Groupama OL Training Center and Groupama OL Academy respectively.
- 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 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 €28 million.
- This €28 million has been financed by (i) the Groupama loan, (ii) two finance lease agreements totalling €3.6 million and (iii) a €1.3 million subsidy (Rhône-Alpes region). The remainder has been financed using OL Groupe equity.

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

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

Transfer of Groupama Rhône-Alpes Auvergne naming and OL Association partnership receivables: the commitment as of 31 December 2017 was €2.8 million.

7.3.3: Other commitments

Other commitments received

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/17	30/06/17
Other joint and several guarantees	382			382	382

Other commitments given

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/17	30/06/17
Leases and services payable (1)	12,577	38,488	83,308	134,373	120,238
Other commitments given (2)	4,310	8,125	3,816	16,251	7,829
Total	16,887	46,613	87,124	150,624	128,067

(1) The opening balance is different from the closing balance, because a part of the maintenance contract was not taken into account during the previous financial year.

(2) Commitments given correspond to guarantees made as part of service contracts.

NOTE 8: 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 implied) 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 8.1: Provisions for risks

Other risk provisions (portion < one year)

(in € 000)	30/06/17	Increases	Decreases		31/12/17
			Used	Unused	
Provisions for disputes and litigation	106	201	-142		165
Provisions for other risks	8				8
Total	114	201	-142	0	173

Note 8.2: Other contingent liabilities

As of 31 December 2017, the Group had not identified any contingent liabilities.

Note 8.3: Net depreciation, amortisation and provisions

(in € 000)	H1 2017/18	H1 2016/17
Depreciation, amortisation and provisions on intangible assets and PP&E	-9,323	-9,065
Net provisions for retirement bonuses	-140	-144
Other risk provisions, net	-59	-14
Net provisions on current assets	-18	-54
Exceptional provisions on non-current assets	-1,465	
TOTAL EXCLUDING PLAYER REGISTRATIONS	-11,006	-9,277
Amortisation of non-current assets: player registrations	-12,360	-5,769
Amortisation of player registration receivables		
Provisions on player registrations		
Net provisions on player registration receivables	1,800	
TOTAL PLAYER REGISTRATIONS	-10,560	-5,769

NOTE 9: FINANCING AND FINANCIAL INSTRUMENTS

Note 9.1: 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)	30/06/17	Increases	Decreases	31/12/17
Other non-current financial assets	2,727	245	-13	2,959
Gross amounts	2,727	245	-13	2,959
Write-downs				
Net amounts	2,727	245	-13	2,959

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

Note 9.2: 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)	31/12/17	30/06/17
Cash	16,816	19,702
Total	16,816	19,702

Note 9.3: 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)	31/12/17	30/06/17
Current financial debt	15,086	13,936
<i>excluding new stadium financing</i>	3,023	3,720
<i>related to new stadium financing</i>	12,063	10,216
Non-current debt	236,710	227,997
<i>Financial liabilities excl. new stadium financing</i>	<i>44,281</i>	<i>31,994</i>
<i>Financial liabilities related to new stadium financing</i>	<i>168,718</i>	<i>173,175</i>
<i>of which long term</i>	<i>112,689</i>	<i>115,743</i>
<i>of which new stadium bonds</i>	<i>49,770</i>	<i>49,692</i>
<i>of which other</i>	<i>6,260</i>	<i>7,740</i>
Other non-current liabilities	23,711	22,828
<i>of which unearned revenue, CNDS and other subsidies</i>	<i>21,291</i>	<i>18,450</i>
<i>of which mini-perm loan swap</i>	<i>2,416</i>	<i>2,738</i>
<i>of which tax liabilities due in more than 1 year</i>	<i>0</i>	<i>1,641</i>
<i>of which other liabilities</i>	<i>4</i>	<i>-</i>
Total	251,796	241,934

c) Breakdown of liabilities by maturity

(in € 000)	31/12/17	up to 1 year	1-5 years	more than 5 years	30/06/17
Financial liabilities excl. new stadium financing	47,304	3,023	40,384	3,898	35,715
Financial liabilities related to new stadium financing	180,781	12,063	35,975	132,743	183,390
Other non-current liabilities	23,711	-	5,306	16,905	22,829
Total 1	251,796	15,086	81,665	153,546	241,934
Total 2	251,796	15,086	235,211		241,934

As of 31 December 2017, **financial liabilities of up to one year** primarily comprised:

- €8.1 million of the long-term loan (€7.8 million net of costs);
- €3.4 million of the financial loan component of the finance lease agreements restated in accordance with IAS 17;
- €1.3 million in accrued interest on bond debt;
- €0.3 million of the loan for the construction of Groupama 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:

- €32.6 million of the long-term loan (€29.7 million net of costs);
- €35 million in revolving credit facilities granted to Olympique Lyonnais SASU and drawn down as of 30 June 2017 (€32.5 million net of costs);
- €8.1 million of the financial loan component of the finance lease agreements restated in accordance with IAS 17;
- €1.4 million of the loan for the construction of the Groupama OL Academy and €3.2 million net of set-up costs for the Groupama OL Training Center.

Financial liabilities of more than 5 years included:

- €91.1 million of the long-term loan (€82.9 million net of costs);
- €51 million in bond debt, or €49.8 million net of costs;
- €1 million of the loan for the construction of the Groupama OL Academy and €2.4 million net of set-up costs for the Groupama OL Training Center.

Non-current liabilities primarily comprised:

- The CNDS investment subsidy, recognised as long-term unearned revenue, totalling €18.2 million as of 31 December 2017 (€18.5 million as of 30 June 2017).

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 unearned revenue. 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.

- The recognition at fair value of interest rate hedging instruments for the Groupama Stadium LT loan in the amount of €2.4 million (gross) vs €2.7 million as of 30 June 2017.

As of 31 December 2017, financial debt on the balance sheet bearing interest at variable rates totalled €162 million vs €152.1 million as of 30 June 2017 (mainly drawdowns on the RCF, the long-term loan, variable-rate loans and overdrafts), while debt bearing interest at fixed rates totalled €65.8 million, vs €67 million as of 30 June 2017 (see Note 12.4).

d) Bank guarantees

As of 31 December 2017, there were no bank guarantees not related to player registrations.

e) Restatement of lease agreements

The maturity schedule for liabilities related to the restatement of leases in accordance with IAS 17 (excl. unaccrued interest) is as follows:

(in € 000)	31/12/17	up to 1 year	1-5 years	more than 5 years	30/06/17
Obligations under finance leases	12,063	3,470	8,109	484	13,740
Total	12,063	3,470	8,109	484	13,740

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) 31/12/17	up to 1 year	1-5 years	more than 5 years
New stadium bonds			51,000
Mini-perm loan for the new stadium (1)	8,162	32,648	91,162
Long-term line of credit and bank borrowings	2,500	6,325	3,550
Credit lines (1)		35,000	
Total	10,662	73,973	145,712

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

Note 9.4: 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 IAS 39 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 and liabilities, loans at amortised cost	Net value as of 31/12/17	Fair value as of 31/12/17
Player registration receivables				52,233	52,233	52,233
Player registrations held for sale			-	-	-	-
Other non-current financial assets				-	-	-
Trade accounts receivable				47,135	47,135	47,135
Other current financial assets		-		-	-	-
Other current assets (2)				10,342	10,342	10,342
Cash	1	16,816			16,816	16,816
Total financial assets		16,816	-	109,710	126,526	126,526
New stadium bonds	2			51,073	51,073	51,073
LT loan for the new stadium	2			120,508	120,508	120,508
Other financial liabilities				55,778	55,778	55,778
Player registration payables				50,403	50,403	50,403
Suppliers				27,487	27,487	27,487
Other non-current liabilities (1)	2		2,416		2,416	2,416
Other current liabilities (2)				604	604	604
Total financial liabilities		-	2,416	305,853	308,269	308,269

(1) This amount corresponds to the mark-to-market fair value of the hedging instruments put in place during the last financial year as part of the mini-perm bank loan for Groupama Stadium (see Note 12).

(2) Excluding social security/tax payables and unearned revenue.

Note 9.5: 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 €209,439 thousand as of 31 December 2017 (€174,211 thousand as of 30 June 2017).

(in € 000)	31/12/17 Total consolidated	30/06/17 Total consolidated
Cash and DSRA	16,816	19,702
Bank overdrafts	-726	-1,436
Cash and cash equivalents (cash flow statement)	16,090	18,266
New stadium bonds	-51,073	-49,692
LT loan for the new stadium	-120,508	-123,081
Non-current financial debt	-50,541	-39,734
Current financial debt	-5,237	-5,161
Debt net of cash	-211,269	-199,402
Player registration receivables (current)	33,375	39,075
Player registration receivables (non-current)	18,858	12,601
Player registration payables (current)	-38,395	-18,678
Player registration payables (non-current)	-12,008	-7,807
Debt net of cash, including player registration receivables/payables	-209,439	-174,211

Note 9.6: Net financial expense

(in € 000)	H1 2017/18	H1 2016/17
Revenue from cash and cash equivalents		
Interest on credit facilities (1)	-5,918	-9,519
Profit/loss from interest rate hedging	-552	-494
Discounting of player registration payables		
Income from the discounting of the tax-loss carryback receivable		5
Net cost of financial debt	-6,470	-10,007
Financial provisions net of reversals		
Other financial income and expense	122	-663
Other financial income and expense	122	-663
Net financial expense	-6,348	-10,670

(1) Interest expense declined because of the refinancing implemented in June 2017.

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.

Comparability of financial years

To comply with the AMF recommendation about the net cost of financial debt, certain amounts were restated at the start of the period, as shown in the table below:

(in € 000)	H1 2016/17 Unadjusted:	Restatements	H1 2016/17 Restated
Revenue from cash and cash equivalents			-
Interest on credit facilities	-9,076	-443	-9,519
Profit/loss from interest rate hedging		-494	-494
Income from the discounting of the tax-loss carryback receivable	5		5
Net cost of financial debt	-9,070	-937	-10,007
Financial provisions net of reversals			0
Other financial income and expense	-1,600	937	-663
Other financial income and expense	-1,600	937	-663
Net financial expense	-10,670	0	-10,670

Note 9.7: Commitments pertaining to financing the Group's operations

Lines of credit, guarantees and covenants

€73 million revolving credit facility

OL Groupe's financial resources include a syndicated revolving credit facility (RCF) granted to OL SASU as part of the overall debt 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 (€260 million).

(in € 000)	Less than 1 year	1-5 years	More than 5 years	31/12/17	30/06/17
Bank agreements, amount available		73,000		73,000	73,000
Of which used via drawdowns		35,000		35,000	22,000

Previously, the Group had two syndicated operating lines of credit, as follows:

- a €34 million line granted to OL SASU, maturing on 30 September 2017,
- a €4 million line granted to Foncière du Montout, signed on 21 June 2016 and renewable each year, subject to bank approval, until maturity of the mini-perm loan in 2020.

These two lines were fully repaid and the related commitments cancelled when virtually all of the Group's bank and bond debt was refinanced on 30 June 2017.

Under the syndicated loan agreement signed on 27 June 2014, OL SASU had to secure outstandings under the facility (drawdowns or bank guarantees) by transferring receivables representing 50% of such outstandings in accordance with the French "Dailly" law.

As the syndicated loan agreement was cancelled on 30 June 2017, these security arrangements

were also cancelled and replaced by a pledge of receivables (Lagardère Sport and LFP) in the security arrangements common to all of the short- and long-term debt (€260 million).

Covenants

- The Group must maintain the following three ratios, applicable to all of the debt instruments subscribed to under the overall refinancing of the Group's debt (including the RCF):
 - Gearing (net debt divided by equity) calculated every six months with a ceiling of 1.30 declining to 1 starting on 31 December 2020;
 - A loan to value (LTV) 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;
 - 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 Group was in compliance with the two covenants to be met as of 31/12/2017, i.e. gearing and LTV.

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 due on 1 July 2016. The loan has a retention clause of €150 thousand.

NOTE 10: INCOME TAXES

Note 10.1: Breakdown of income tax and tax reconciliation

Breakdown of income tax

(in € 000)	H1 2017/18	H1 2016/17
Current tax	-560	177
Deferred tax	-2,618	289
Total income tax expense	-3,178	466

Reconciliation of tax expense

(in € 000)	H1 2017/18	%	H1 2016/17	%
Pre-tax profit/loss	9,416		-2,570	
Income tax at the standard rate	-3,242	-34.43%	885	-34.44%
Effect of permanent differences	-900	-9.56%	-103	4.01%
Tax credits	257	2.73%	106	-4.12%
Rate effect	-480	-5.10%	-888	34.55%
Used tax-loss carryforwards	1,186	12.60%	0	0.00%
Other	0	0.00%	466	-18.13%
Total income tax expense	-3,178	-33.75%	466	-18.13%

The 2018 Finance Act provides for a progressive decrease in the corporate income tax rate from 33.33% to 25%. As of 31 December 2017, deferred tax assets and liabilities were valued at the tax rate that will be effective when they are used. This change in the tax rate had an unfavourable effect of €0.5 million on net income for the period.

Note 10.2: 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.

Future earnings have been calculated using the same principles as those used for the impairment tests, indicated in Notes 5.3, 7.1 and 7.2.

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

(in € 000)	30/06/17	Impact on profit/loss	Impact on reserves	31/12/17
Tax-loss carryforwards (1)	1,961	-797		1,164
Deferred taxes related to player registrations	-884	-1,333		-2,217
Other deferred tax assets (2)	7,579	-488	-180	6,910
Deferred tax assets	8,654	-2,618	-180	5,857
Deferred tax liabilities	0			0
Net amounts	8,654	-2,618	-180	5,857

(1) *Deferred tax assets consisted in part of tax-loss carryforwards of companies in the OL tax consolidation group. They are capitalised only 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 profits are based on the most recent forecasts developed by management, limited to five years.*

As of 31 December 2017, unrecognised deferred tax assets totalled €27 million.

(2) *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 (balance of €4.9 million as of 31 December 2017 and of €5.5 million as of 30 June 2017).*

NOTE 11: EQUITY

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

Note 11.1: 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 9.3).

As of 31 December 2017, equity of OL Groupe comprised 58,172,723 shares with a par value of €1.52, totalling €88,422,539.

As previously reported, as of 30 June 2017, equity of OL Groupe comprised 58,169,805 shares with a par value of €1.52, totalling €88,418,103.60.

(in € 000)	31/12/17	30/06/17
Number of shares	58,172,723	58,169,805
Par value in €	1.52	1.52
Share capital	88,423	88,418

	Number of shares	Par value in €	Share capital (in € 000)	Share premiums
As of 30/06/17	58,169,805	1.52	88,418	123,397
Changes	2,918	1.52	4	
As of 31/12/17	58,172,723	1.52	88,423	123,397

The capital increase of 2,918 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 allocated directly to equity.

OL Groupe SA equity reserves

Reserves broke down as follows:

(in € 000)	31/12/17	30/06/17
Legal reserves	2,294	2,294
Regulated reserves	37	37
Other reserves	130	130
Retained earnings	28,737	29,426
Total equity reserves	31,199	31,887
Reserves for share-based payment		-2,386
Other Group reserves	-134,578	-137,709
Total reserves	-103,379	-108,208

Other equity

“Other equity” is composed of the following items:

(in € 000)	31/12/17	30/06/17
OSRANEs	138,053	138,057
Total other equity	138,053	138,057

The balance is presented here after a small amount of repayment recognised in previous financial years and in H1 2017/18.

OSRANE bonds

- Equity financing for Groupama Stadium was carried out by Olympique Lyonnais Groupe on 27 August 2013, via the issuance of subordinated bonds redeemable in new or existing shares (OSRANEs). The issue comprised 802,502 bonds with a total par value of €80,250,200 or €100 per bond, maturing on 1 July 2023. ICMI and Pathé, the Company's principal shareholders, subscribed to 328,053 bonds and 421,782 bonds, respectively. Net proceeds from the bond issue totalled approximately €78.1 million after issuance costs and can be found in the “Other equity” line item in the consolidated balance sheet.

Full, initial amortisation is scheduled for 1 July 2023, when the bonds will be redeemed in OL Groupe shares. Each bond, with a par value of €100, will be redeemed for 45 new or existing OL Groupe shares. Early redemption terms, at the request of the Company and/or of the bondholders, also exist.

Initial interest on the bonds is paid exclusively in the form of OL Groupe shares. The amount will vary depending on the redemption date, and will be equal to two OL Groupe shares per year, or a maximum of 20 shares if paid until maturity. Interest will be paid in full at the redemption date.

Proceeds of the OSRANE issue have been fully recognised in equity, as they will be redeemed (principal and interest) only through the issuance (or exceptionally through allocation) of a specific number of shares. This number will depend on the date the subscribers request redemption, which they can do at any time while the OSRANEs are outstanding.

Interest payments, which will be made only in the form of shares (the number of which will depend on the redemption date, as detailed above) will have no impact on equity after issuance of the OSRANEs. (This is because the interest payments will give rise only to a higher number of shares, which will not affect consolidated equity.)

The bonds will amortise normally and fully on 1 July 2023 and will be redeemed in OL Groupe shares. Owing to the capital increase in 2015 and the change in the conversion ratio, each bond, with a par value of €100, will be redeemed for 63.231 new or existing OL Groupe shares. Early redemption terms, at the request of the Company and/or of the bondholders, also exist.

The bonds will be remunerated at maturity via the granting of 28.103 new or existing OL Groupe shares. Early remuneration terms, at the request of the Company and/or of the bondholders, also exist.

- At the Combined Shareholders' Meeting of 15 December 2016, it was decided that 200,208 OSRANEs (subordinated bonds redeemable in new or existing shares) would be issued with waiver of preferential subscription rights and reserved for IDG European Sports Investment Ltd.

This issue was divided into two tranches.

As part of the first tranche, on 23 December 2016 IDG European Sports Investment Ltd subscribed to 60,063 new reserved bonds totalling €18.3 million (including OID).

As part of the second and final tranche, on 27 February 2017 IDG European Sports Investment Ltd subscribed to 140,145 new reserved bonds totalling €42.79 million.

Proceeds from the bond issue totalled approximately €60.1 million net of issuance costs and can be found in the "Other equity" line item in the 30 June 2017 consolidated balance sheet.

As of 31 December 2017, 1,000,522 OSRANEs remained outstanding, after accounting for redemptions.

Related parties

OL Groupe is accounted for by the equity method in the ICMI group (52, Quai Paul Sédallian, 69009 Lyon) and in the Pathé group (2 rue Lamennais, 75008 Paris). Details of the relationships between the Group, ICMI, Pathé, their subsidiaries and other related parties are as follows:

- OSRANEs: ICMI holds 327,138 bonds (same as of 30 June 2017) representing €32.7 million; Pathé holds 336,782 bonds (same as of 30 June 2017), representing €33.7 million. These amounts are recognised in "Other equity".
- Recharges of management fees by ICMI: €591 thousand (€533 thousand in H1 2016/17).
- As part of the 30 June 2017 refinancing, ICMI and Pathé subscribed to new bonds totalling €20 million (200 bonds) and €15 million (150 bonds), respectively.

Note 11.2: Earnings per share

In accordance with IAS 33, undiluted earnings per share are calculated by dividing the net income 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 income attributable to equity holders of the parent by the weighted average number of shares outstanding, increased by all potentially dilutive ordinary shares (OSRANES).

	H1 2017/18	H1 2016/17
Number of shares at end of period	58,172,723	49,996,758
Average number of shares	58,171,540	46,888,596
Number of treasury shares held at end of period	304,537	300,049
Pro-rata number of shares to be issued (OSRANES)	74,510,874	61,693,243
Consolidated net profit/loss		
Net profit/loss attributable to equity holders of the parent (in € m)	6.17	-2.33
Diluted net profit/loss attributable to equity holders of the parent (in € m)	6.72	-2.33
Net profit/loss per share attributable to equity holders of the parent (in €)	0.11	-0.05
Diluted net profit/loss per share attributable to equity holders of the parent (in €)	0.05	-0.02
Net dividend		
Total net dividend (in € m)		
Net dividend per share (in €)		

NOTE 12: RISK MANAGEMENT POLICIES

Note 12.1: Risk management policies

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

Note 12.2: Liquidity risks

On 27 June 2014, the Group signed a syndicated operating line of credit totalling €34 million and maturing on 30 September 2017 via its subsidiary Olympique Lyonnais SASU.

This line was fully repaid as a result of the refinancing of virtually all of the Group's bank and bond debt as of 30 June 2017.

The Group now has new resources for financing its operations: a €73 million syndicated revolving credit facility (RCF) granted to its subsidiary Olympique Lyonnais SASU. The RCF is part of the refinancing signed with the Group's banking partners on 28 June 2017. It covers a five-year period and can be renewed twice for one year.

Current financial assets were €17.9 million less than current liabilities as of 31 December 2017; nevertheless, the Group had an unused capacity of €38 million under its line of credit (see Note 9.7) and the liabilities included €26 million in unearned revenue, which will not give rise to an outflow of cash. 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 12.3: 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 2017.

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 12.4: 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, specifically:

- The mini-perm loan for the initial financing of Groupama Stadium. The outstanding principal amount of this loan, €132.6 million, was repaid as of 30 June 2017.
- The Vinci and CDC Bonds for the initial financing of Groupama Stadium. The outstanding principal amount of these bonds, €112 million, was repaid as of 30 June 2017. Together with this repayment, a premium of €12.5 million was paid as of 30 June 2017, so as to ensure the bondholders a yield to maturity of 6% from the date of issue of the Bonds.
- The €34 million syndicated loan granted to Olympique Lyonnais SASU on 27 June 2014, whose purpose was to finance the Group's short-term cash needs. Outstandings under this facility, €10 million, were repaid as of 30 June 2017.
- The syndicated credit granted to Foncière du Montout on 21 June 2016, with a maximum amount of €4 million, whose purpose was to finance the short-term cash needs of Foncière du Montout. There were no outstandings under this facility as of 30 June 2017.

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

- a) a €136 million long-term bank credit agreement, divided into two tranches: (i) a tranche A of €106 million, of which 50% will amortise 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; As of 31 December 2017, the outstanding principal on this long-term bank loan was €132 million;
- b) a €51 million bond issue repayable at maturity in seven years.
- c) a five-year revolving credit facility of €73 million, available for short-term needs and renewable twice for one year.

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 plus 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 mini-perm agreement signed in July. This hedging programme had a notional amount averaging around €98.5 million as of 31 December 2017.

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, as of the date of the refinancing, of around 4.3%. This rate will depend on the future trend in benchmark rates.

2) Training centre and OL Academy

The total construction cost of the new training centre and the OL Academy was €28 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 €9.5 million as of 31 December 2017.

- 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, with a threshold of 90%.

- Two finance leases, together totalling €3.6 million.

- An equity contribution of ca. €10.4 million

Note 12.5: Commercial credit risk

As of 31 December 2017, commercial credit risk had not significantly changed since 30 June 2017. There were no significant past-due receivables not written down.

Note 12.6: Market risk

Interest-rate risk

The Group has riskless, 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 interest-rate risk exposure on the 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 as part of the refinancing of virtually all of the bank and bond debt as of 30 June 2017 and had an average nominal value of €98.5 million as of 31 December 2017.

With tests having proven the effectiveness of this instrument, the mark-to-market value of €192 thousand, net of tax, was recognised in other comprehensive income in the Group's H1 2017/18 financial statements.

Note 12.7: Risks related to the Groupama Stadium project

Management of the risks related to the construction and financing of Groupama Stadium

The three debt instruments granted to or issued by Olympique Lyonnais SASU as part of this refinancing 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).

Failure to adhere to one of these ratios could trigger accelerated maturity of the related loan, which might also 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 €9.5 million as of 31 December 2016.

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 sources of additional revenue deriving from operation of Groupama Stadium during H1 2017/18 were as follows:

- matchday revenue, represented by general public and VIP (including services) ticketing revenue, matchday merchandising revenue, catering fees and parking;
- sponsorship revenue from (i) marketing visibility inside Groupama Stadium (including naming) and (ii) 365 boxes;
- new sources of revenue from activities in the stadium on non-matchdays, including the Celine Dion concert, the France/New Zealand rugby match and nearly 200 B2B events (conventions, 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, as the Company has to pay maintenance costs on Groupama Stadium as well as make cash disbursements to repay the debt linked to it.

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 13: EVENTS SUBSEQUENT TO CLOSING

- **Players transferred in**

During the 2018 winter transfer window, Olympique Lyonnais acquired the following players:

- Martin Terrier from Lille for €11 million plus up to €4 million in incentives and an earn-out of 10% on the gain on any future transfer. The player will remain with Strasbourg, where he has been loaned until the end of the season.
- Léo Dubois from Nantes, a free agent who has signed for the 2018/19 season.

- **Players loaned in**

During the 2018 winter transfer window, Olympique Lyonnais acquired the following players on loan:

- Oumar Solet from Laval until 30 June 2018 for €0.55 million with a purchase option of €0.55 million plus €2 million in incentives and an earn-out of 20% of the gain on any future transfer.

- **Players transferred out**

During the 2018 winter transfer window, Olympique Lyonnais made the following transfers out:

- G. Perrin and M. d'Arpino to Orléans with earn-outs of 40% and 30%, respectively, on any future transfer. They were both already playing with Orleans on a temporary (loan) basis.
- Clément Grenier's contract was terminated.
- Alan Dzabana to Le Havre for €0.7 million plus €0.75 million in incentives and an earn-out of 30% of the capital gain on any future transfer.

- **Player loaned out**

During the 2018 winter transfer window, Olympique Lyonnais loaned out the following player:

- Dylan Mboumbouni to Cholet until 30 June 2018.

STATEMENT OF RESPONSIBILITY FOR THE FIRST-HALF FINANCIAL REPORT

I hereby certify, that to the best of my knowledge, the condensed 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 half-year 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.

14 February 2018

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 2017

To the shareholders,

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

- conducted a limited examination of the condensed consolidated financial statements of Olympique Lyonnais Groupe SA, covering the period from 1 July to 31 December 2017, 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 examination 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.

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, 21 February 2018

The Statutory Auditors

ORFIS BAKER TILLY

COGEPARC

Bruno Genevois

Stéphane Michoud



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