

**DIAMOND SPORTS INTERMEDIATE HOLDINGS LLC
SUPPLEMENTAL FINANCIAL DISCUSSION**

Overview

Diamond Sports Intermediate Holdings LLC (the Company) was formed on April 29, 2019. Diamond Sports Group, LLC (DSG) is a wholly owned subsidiary of the Company and was formed for the purpose of completing the acquisition of 21 Regional Sports Network brands and Fox College Sports (collectively the Acquired RSNs) from the Walt Disney Company (Disney). This acquisition closed on August 23, 2019. The financial results and operations of the Company prior to the closing of the acquisition of the Acquired RSNs were not material.

The Company began consolidating the Acquired RSNs upon the closing of the acquisition on August 23, 2019. This change in control results in a lack of comparability between the pre and post combination periods. The financial information prior to August 23, 2019 presented below was derived from the unaudited (and unreviewed) financial records of the Acquired RSNs. This financial information includes certain corporate allocations of expense related to support functions that were historically provided on a centralized basis and not recorded at the business unit level. These corporate allocations were allocated to the Acquired RSNs on the basis of direct usage when identifiable, with the remainder allocated on a pro rata basis of combined revenues, headcount or other relevant measures of the Company.

The following financial discussion compares unaudited revenue and media expenses of the the Company for the three months ended March 31, 2020 to the unaudited (and unreviewed) revenue and media expenses of the Acquired RSNs for the comparable prior year period. The supplemental financial information is unaudited (and in most cases, unreviewed) and has been included for informational purposes only. It does not purport to represent the actual results of operations that the Company would have achieved had the Acquired RSNs been combined during the periods presented and is not intended to project the future results of operations that the combined company may achieve after the acquisition.

Results of Operations

The following table sets forth revenue and media expenses, on a historical basis as discussed above (in millions):

	Three Months Ended March 31,		Percent Change Increase / (Decrease)
	2020	2019	
Revenues (a)	\$ 812	\$ 949	(14)%
Media expenses (b)	\$ 535	\$ 588	(9)%

(a) Revenues are defined as advertising revenue, distribution revenue and other revenues.

(b) Media expenses combines media programming and production and media selling, general, and administrative expenses. Among the expenses included are sports rights amortization and management and incentive fees.

Revenues. Revenues decreased \$137 million for the three months ended March 31, 2020 when compared to the same period in 2019. The decrease is primarily related to a \$107 million decrease on revenue from DISH and Sling TV as a result of DISH dropping carriage of the Acquired RSNs in July 2019, a \$19 million decrease in other MVPDs, and a \$12 million decrease in advertising revenue primarily due to professional sports leagues suspending their seasons in mid-March 2020 and postponing events as a result of COVID-19. We expect advertising revenue for the three months ended June 30, 2020 to decrease as compared to the three months ended March 31, 2020 as a result of COVID-19. The extent of this decrease will depend on the duration and degree of impact associated with the pandemic.

Media expenses. Media expenses decreased \$53 million for the three months ended March 31, 2020 when compared to the same period in 2019. The decrease is primarily related to certain costs associated with sports programming and production which were not incurred due to professional sports leagues suspending their seasons and postponing events as a result of COVID-19. We expect media programming and production expenses for the three months ended June 30, 2020 to decrease as compared to the three months ended March 31, 2020 due to lower production costs and amortization of sports rights as a result of postponed events as a result of COVID-19. The extent of this decrease will depend on the duration and degree of impact associated with the pandemic.

Sources and Uses of Cash

The following table sets forth our cash flows for three months ended March 31, 2020 (in millions):

	Three Months Ended March 31, 2020	
Net cash flows used in operating activities	\$	(94)
Net cash flows from investing activities	\$	—
Net cash flows used in financing activities	\$	(372)

Operating Activities. Net cash used in operating activities for the three months ended March 31, 2020 was \$94 million which primarily related to payments for sports rights, production and overhead costs, and interest on our term loan, partially offset by cash collections from MVPDs.

Investing and Financing Activities. Net cash used in investing and financing activities for the three months ended March 31, 2020 was \$372 million which primarily related to distributions to parent and redeemable noncontrolling interests, partially offset by the draw under the DSG Revolving Credit Facility.

Nonguarantor and Unrestricted Subsidiary Information - Bank Credit Agreement and Senior Notes

For the trailing four quarters ended March 31, 2020, EBITDA of nonguarantor restricted subsidiaries was 24% of Consolidated EBITDA, as defined in DSG's bank credit agreement and indentures. As of March 31, 2020, 31% of total assets and 3% of total liabilities were attributable to nonguarantor restricted subsidiaries, and DSG did not have any unrestricted subsidiaries. These calculations are based on the preliminary purchase price allocation pending a final determination of the fair value of the assets and liabilities.