

**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 Company for the three and nine months ended September 30, 2020 to the unaudited (and unreviewed) revenue and media expenses of the Acquired RSNs for the comparable prior year period. The three and nine month periods ending September 30, 2019 were derived by adding the financial results of the Company for the period August 23, 2019 through September 30, 2019 to the financial results of the Acquired RSNs for the remaining portion of the respective periods. 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 September 30,		Percent Change Increase / (Decrease)	Nine Months Ended September 30,		Percent Change Increase / (Decrease)
	2020	2019 (c)		2020	2019 (c)	
Revenues (a)	\$ 727	\$ 859	(15)%	\$ 2,155	\$ 2,800	(23)%
Media expenses (b)	\$ 801	\$ 580	38%	\$ 1,441	\$ 1,838	(22)%

- (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.
- (c) The financial information for the three and nine months ended September 30, 2019 was derived as discussed within *2019 Combined Financial Information* below.

Revenues. Revenues decreased \$132 million and \$645 million, for the three and nine months ended September 30, 2020, respectively, when compared to the same periods in 2019 primarily related to decreases of \$21 million and \$231 million, respectively, of revenue from DISH and Sling TV as a result of DISH dropping carriage of the Acquired RSNs in July 2019, decreases of \$136 million and \$312 million, respectively, in revenue from other Distributors due to decreases in subscribers and rebates to Distributors discussed under *Distribution Revenue* under *Revenue Recognition* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within our consolidated financial statements, and a decrease of \$93 million in advertising revenue for the nine months ended September 30, 2020 primarily due to professional sports leagues suspending their seasons in mid-March 2020 and postponing events as a result of COVID-19.

Advertising revenue increased to \$124 million during the period as compared to \$3 million in the second quarter of 2020, primarily due to the resumption of sports leagues postponed seasons. We expect advertising revenue for the three months ended December 31, 2020 to decrease as an amount and as a percentage of total revenue as compared to the three months ended September 30, 2020 primarily due to the delay of the NBA and NHL 2020-2021 seasons. The extent of this decrease will depend on the number of games played and other macro-economic factors associated with the pandemic. We expect distribution revenue for the three months ended December 31, 2020 to decrease as an amount and as a percentage of distribution revenue as compared to the three months ended September 30, 2020 due to continued subscriber churn and two significant customers discontinuing carriage of our sports networks.

Media expenses. Media expenses increased \$221 million for the three months ended September 30, 2020, when compared to the same periods in 2019, primarily due to the resumption of sports leagues postponed seasons during the third quarter. Media expenses decreased \$397 million for the nine months ended September 30, 2020, when compared to the same periods in 2019, primarily due to certain production costs and amortization of sports rights which were not incurred due to professional sports leagues suspending their seasons and postponing events as a result of COVID-19.

We expect media expenses for the three months ended December 31, 2020 to decrease as an amount and as a percentage of total media expenses as compared to the three months ended September 30, 2020 primarily due to the delay of the NBA and NHL 2020-2021 seasons. The extent of this decrease will depend on the number of games played and other macro-economic factors associated with the pandemic.

2019 Combined Financial Information. The financial information for the three months ended September 30, 2019 was derived by combining the historical activity of the Acquired RSNs from July 1, 2019 to August 22, 2019 and the post-acquisition activity of the Acquired RSNs from August 23, 2019 to September 30, 2019; and the financial information for the nine months ended September 30, 2019 was derived by combining the historical activity of the Acquired RSNs from January 1, 2019 to August 22, 2019 and the post-acquisition activity of the Acquired RSNs from August 23, 2019 to September 30, 2019, as follows (in millions):

	follows			(in millions):		
	(Historical)	(Post-Acquisition)	(Combined)	(Historical)	(Post-Acquisition)	(Combined)
	July 1, 2019 to August 22, 2019	August 23, 2019 to September 30, 2019	Three months ended September 30, 2019	January 1, 2019 to August 22, 2019	August 23, 2019 to September 30, 2019	Nine months ended September 30, 2019
Revenues	\$ 507	\$ 352	\$ 859	\$ 2,448	\$ 352	\$ 2,800
Media expenses	\$ 318	\$ 262	\$ 580	\$ 1,576	\$ 262	\$ 1,838

Sources and Uses of Cash

The following table sets forth our cash flows for nine months ended September 30, 2020 and the period April 29, 2019 to September 30, 2019 (in millions):

	Nine Months Ended September 30, 2020	The Period April 29, 2019 to September 30, 2019
Net cash flows from operating activities	\$ 421	\$ 122
Net cash flows used in investing activities	\$ (7)	\$ (9,353)
Net cash flows (used in) from financing activities	\$ (1,016)	\$ 10,356

Operating Activities. Net cash from operating activities for the nine months ended September 30, 2020 was \$421 million which primarily related to a full nine months of RSN cash collections from Distributors and advertisers, partially offset by payments for sports rights, production and overhead costs, and interest on our outstanding debt. Net cash from operating activities for the period April 29, 2019 through September 30, 2019 was \$122 million which primarily related to cash collections from Distributors, offset by payments for sports rights, production and overhead costs, and interest on our outstanding debt.

Investing and Financing Activities. Net cash used in investing and financing activities for the nine months ended September 30, 2020 was \$1,023 million which primarily related to distributions to parent and redeemable noncontrolling interests, partially offset by debt proceeds from the A/R Facility. Net cash from investing and financing activities for the period April 29, 2019 through September 30, 2019 was \$1,003 million which primarily related to the issuance of debt under our Senior Notes and Bank Credit Agreement and contributions received from our parent, which were used to purchase the Acquired RSNs, our equity interest in the YES Network, and to increase cash on hand.

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

For the trailing four quarters ended September 30, 2020, EBITDA of non-guarantor restricted subsidiaries was 25% of Consolidated EBITDA, as defined in DSG's bank credit agreement and indentures, and one unrestricted subsidiary had no EBITDA for the trailing four quarters ended September 30, 2020. As of September 30, 2020, 37% of total assets and 2% of total liabilities were attributable to non-guarantor restricted subsidiaries and 2% of total assets and 1% of total liabilities were attributable to one unrestricted subsidiary.