



**ANNUAL REPORT
AT 30 JUNE 2021**

Notice of convocation

to all Shareholders
to all members of the Board of Directors
to all members of the Board of Statutory Auditors

c/o their offices

Milan, 11 October 2021

Dear Sirs,

You are invited to attend the Shareholders' Meeting of Associazione Calcio Milan S.p.A., convened for **26 October 2021 at 4pm**, in first call and, if necessary, for 27 October 2021 at the same time, in second call, to discuss and resolve on the following

agenda

- 1) Approval of the Company's financial statements as at 30 June 2021, accompanied by the Board of Directors' report on operations and the reports of the Board of Statutory Auditors and the Independent Auditors. Allocation of the operating loss. Related and/or consequent resolutions.
- 2) Presentation of the Company's consolidated financial statements as at 30 June 2021, accompanied by the Board of Directors' report on operations and the reports of the Board of Statutory Auditors and the Independent Auditors. Related and/or consequent resolutions.
- 3) Resolutions pursuant to Art. 2364(1)(2) of the Italian Civil Code.
- 4) Any other business.

The Shareholders' Meeting will be held, as permitted by Art. 6 of Decree-Law No. 105 of 23 July 2021 (converted with amendments into Law No. 126 of 16 September 2021), **exclusively in videoconference mode through the Zoom platform.**

The meeting may be attended by those who have the right to vote, as well as by those persons to whom the right to attend is reserved by law or by the By-laws.

In order to participate in the aforementioned Shareholders' Meeting, pursuant to Art. 11 of the AC Milan S.p.A. By-laws, Shareholders are invited to send by email (to direzionegenerale@acmilan.com), **at least 3 days before the Shareholders' Meeting (and therefore no later than 23 October 2021)**, the attached form duly completed and signed together with a PDF scan of the share certificate(s) in the name of the person requesting to participate in the Shareholders' Meeting and a PDF scan of their valid identity document.

If Shareholders intend to attend the Shareholders' Meeting through a proxy, it will also be necessary for the proxy to send the attached form, duly completed, including the section dedicated to the identification of the proxy, together with a copy of the proxy's valid identity document and an indication of the proxy's email address to which the Zoom link for participation in the Shareholders' Meeting should be sent, again to the aforementioned email address direzionegenerale@acmilan.com. Shareholders are reminded that, in accordance with Art. 11 of the By-laws of A.C. Milan S.p.A., a proxy may only be conferred on another shareholder.

Once the legitimacy of the requesting Shareholder to participate and vote has been ascertained, AC Milan S.p.A. will send them (or, if designated, their proxy) a strictly personal link via email to connect to the Shareholders' Meeting via videoconference.

Shareholders are also reminded that, should they be interested in doing so, they may request, via the same email communication, that AC Milan S.p.A. send them a complete copy of the statutory financial statements and the consolidated financial statements of AC Milan S.p.A., which will be discussed at the Shareholders' Meeting.

Finally, those Shareholders who wish to ask the directors questions strictly related to the agenda of the Shareholders' Meeting are invited to submit their questions in advance by 23 October 2021 by completing the relevant section of the attached form.

The Company reserves the right to provide further information and/or clarifications on the technical procedures for the Shareholders' Meeting by means of a notice sent to Shareholders by email, to the address indicated on the attached form sent to direzionegenerale@acmilan.com in accordance with the above procedures and terms, and/or by means of a notice published on the Company's website.

Best regards,

Paolo Scaroni – signed in original
Chairman of the Board of Directors

Officers of the company (*)

Board of Directors

CHAIR

.....
.....

PAOLO SCARONI

DIRECTORS

.....
.....

SALVATORE CERCHIONE
STEFANO COCIRIO
ALFREDO CRACA
MASSIMO FERRARI
GIORGIO FURLANI
IVAN GAZIDIS
MARCO PATUANO

Board of Statutory Auditors

CHAIR

.....
.....

FRANCO CARLO PAPA

STANDING AUDITORS

.....
.....

CESARE CICCOLINI
ALBERTO DELLO
STROLOGO

SUBSTITUTE AUDITORS

.....
.....

ALESSANDRO CERIANI
LUCA SALA

Supervisory and Control Body

CHAIR

.....
.....

STANISLAO LUCHESCHI
MICHAELA CASTELLI
FRANCESCA MUTTINI

Auditing firm

.....
.....

**EY S.P.A.
VIA MERAVIDGLI, 12
20123 MILAN**

() In office on the date of approval of the financial statements for the year ending 30 June 2021*

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AC Milan Group

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AC Milan

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REPORT ON OPERATIONS



MILAN GROUP

A.C. MILAN S.p.A.

Registered office: Via Aldo Rossi no. 8, 20149 Milan
Secondary offices: Via Milanello no. 25 – 21040 Carnago (VA) -
, Via dei Missaglia no. 17 – 20142 Milan - Via dei Fontanili no. 61/63 – 20017 Rho (MI)
Share Capital: Euro 113,443,200.00 fully subscribed and paid
comprising 218,160,000 shares, each with a nominal value of Euro 0.52.
Tax ID and Milan, Monza and Brianza e Lodi Companies' Registry Registration No:
01073200154

BOARD OF DIRECTORS' REPORT ON OPERATIONS AT 30 JUNE 2021

Sports results

The football season ended with second place in the Italian Serie A championship and reaching the quarter finals of the Italian Cup, while, as far as European competitions are concerned, the failure to reach the round of sixteen of the UEFA Europa League competition is worthy of note.

On 7 May 2021, the U.E.F.A. First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the U.E.F.A. Licence for the 2021/2022 football season, decided to grant the Licence on the basis of the requirements provided for by the U.E.F.A. Licence Manual - Edition 2020, and as per Official Notice No. 236/A published on 14 May 2021.

On 8 July 2021, Co.Vi.So.C./F.I.G.C., having examined the documents submitted by the club, found that the conditions required for the national licence for the 2021/2022 professional championship had been met, in accordance with Title I) of Official Communication no. 251A of 21 May 2021.

Transfer Campaign

Sales and purchases of player rights

The transactions finalised during the Transfer Campaign 2020/2021 resulted in a total increase in invested capital of Euro 26.7 million, deriving from acquisitions and increases of Euro 70.2 million and disposals of Euro 30.4 million (net book value of the rights sold).

The gains generated by the disposals amount to Euro 20.2 million, the losses of Players' registration rights for a total of Euro 2.2 million refer to disposals made during the month of January 2021.

With regard to the transactions concerning the transfers of players completed in the summer session of the 2021/2022 Transfer Campaign, from 1 July to 31 August 2021, among others, the permanent and temporary purchases of players Tonali Sandro, Abdelkader Diaz, Bakayoko Tièmouè, Ballo Fodè, Florenzi Alessandro, Giroud Olivier Jonathan, Maignan Mike Peterson, Messias Junior Walter, Pellegrini Pietro, Tomori Oluwafikayomi and Adli Yacine were made.

In the area of the permanent and/or temporary transfers of Players' registration rights, we point out, among others, those related to Hauge Jens Petter, Laxalt Suarez Diego Sebastian, Abanda Mfomo, Caldara Mattia, Pobega Tommaso and Adli Yacine.

It should also be noted that during the month of August 2021, the employment contract with the player Murati Emir was terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2021.

Renewals of player contracts

During 2020/2021, three contract renewals took place in relation to players in the Milan first team.

Terminations of player contracts

During the 2020/2021 Transfer Campaign, the contracts of the players Halilovic Alein and Sinani Ismet were terminated by mutual consent and the economic effects of the terminations were already reflected in the financial statements at 30 June 2020. As previously reported, during August 2021 the player Murati Emir terminated his contract with the club by mutual consent.

Season Ticket Campaign

In compliance with administrative authority directives to contain Covid-19, the Serie A championship season 2020/2021 was held behind closed doors.

Business performance*Consolidated result for the period*

The net consolidated result for 2020/2021 financial year shows a loss of Euro 96.4 million, a decrease of Euro 98.2 million compared to the consolidated loss of 2019/2020, equal to Euro 194.6 million.

Following the restrictions imposed by the Italian government and the relevant bodies, the championship matches for the 2020/2021 season, the 2021 Italian Cup and the 2021 UEFA Europa League Cup competitions, in which the Parent Company participated, were held behind closed doors.

The change in net income/(loss) for the 2020/2021 financial year compared to the previous year is mainly due to higher income from the sale of broadcasting and media rights for Euro 74.9 million, lower amortisation of fixed intangible assets for Euro 29.4 million, mainly attributable to players' registration rights, lower write-downs of players' registration rights for Euro 18 million, higher income from sponsorships for Euro 16.8 million and lower losses from the sale of players' rights for Euro 2.5 million. These positive changes were partly offset by the absence of home match revenues, season ticket sales and revenues from other competitions and consequently an overall reduction in revenues of Euro 23.8 million, higher costs for temporary player acquisition of Euro 8.4 million, higher personnel costs of Euro 6.7 million, higher write-downs for uncollectable receivables of Euro 1.8 million, higher costs for raw materials of Euro 0.6 million and higher depreciation of tangible assets of Euro 0.4 million.

Value of production

The value of production for 2020/2021 amounted to Euro 261.1 million, an increase of 36% compared to the Euro 192.8 million for the previous year, as follows:

	2020/2021		2019/2020		Change
	Value	%	Value	%	
Income from broadcasting and media rights	138.3	53.0%	63.4	33.0%	74.9
Income from matches	0.0	0.0%	23.6	12.3%	-23.6
Income from players' registration rights	28.4	10.9%	28.1	14.6%	0.2
Sponsorship income	54.0	20.7%	36.7	19.1%	17.3
Commercial income and royalties	11.2	4.3%	15.6	8.1%	-4.3
Other revenues and income	29.2	11.2%	24.9	13.0%	4.3
Total	261.1	100.0%	192.3	100.0%	68.8

Income from broadcasting and media rights, amounting to Euro 138.3 million (+118% compared to the 2019/2020 financial year), increased mainly due to the playing of some matches of the 2019/2020 Serie A Championship in July and August 2020 following the postponement in the conclusion of the competition due to Covid-19 which led, therefore, to a higher number of matches compared to the same period of the previous financial year, as well as for the improved positioning in the championship compared to the previous season (second place in the Championship rankings) and for the participation in the UEFA Europa League competition 2020/2021 edition (unlike the 2019/2020 season, when the club did not participate in any European competition).

Income from matches amounted to zero (-100% compared to the 2019/2020 financial year) as a result of the Covid-19 pandemic and the consequent restrictions adopted, which required the Championship matches for the 2020/2021 season, the 2021 Italian Cup matches and the competitions related to the 2021 UEFA Europa League Cup to be held behind closed doors. Therefore, revenues from ticketing and season ticket sales were also zero.

Income from players' registration rights, amounting to Euro 28.4 million, increased by Euro 0.2 million compared to the 2019/2020 financial year due to the combined effect of lower revenues from the temporary transfer of players' registration rights (- Euro 5.3 million), higher gains from the transfer of players' registration rights (+ Euro 0.2 million) and higher miscellaneous revenues from players' registration rights (+ Euro 5.5 million) mainly due to the consideration paid to the Parent Company on the resale of players.

Sponsorship income, commercial income and royalties amounted to Euro 65.2 million and went up by Euro 13 million compared to 2019/2020, thanks to signing contracts with new counterparts for the current season.

Other revenues and income amounted to Euro 29.2 million (Euro 24.9 million in the 2019/2020 financial year) and mainly refer for Euro 14.7 million (Euro 7.7 million in the 2019/2020 financial year) for the use, for various reasons, of the provision for future charges allocated in the financial statements closed in previous years, for Euro 8.7 million (unchanged compared to the 2019/2020 financial year) related to the fees arising from the concession of the right to use the images of A. C. Milan home matches related to specific sporting seasons (so-called "Milan Library"), as well as Euro 3.1 million (Euro 5.2 million in the 2019/2020 financial year) for contingent assets and other revenues and income of a residual nature. This item also includes Euro 0.7 million (unchanged with respect to the 2019/2020 financial year) in fees arising from the invoicing to the associated company M-I Stadio S.r.l. for the use of some indoor and outdoor spaces of the San Siro Stadium in Milan, Euro 0.5 million (Euro 0.8 million in the 2019/2020 financial year) for insurance reimbursements resulting from injuries suffered by A.C. Milan first team players and Euro 0.3 million (Euro 0.3 million in the 2019/2020 financial year) of income for sundry recharges.

Costs of production

Costs of production for the 2020/2021 financial year amounted to Euro 347.4 million, an increase of Euro 31.4 million (- 8%) compared to Euro 378.9 million for the previous financial year, and refer to:

	2020/2021		2019/2020		Change
	Value	%	Value	%	
Personnel costs	169.7	48.8%	160.8	43.8%	8.9
Amortisation, depreciation and write-downs	81.1	23.4%	125.7	30.2%	-44.5
Leases and rentals	59.7	17.2%	62.0	18.0%	-2.3
Cost from player registration rights	16.2	4.7%	8.2	0.0%	8.0
Costs for consumables and goods	5.0	1.4%	4.3	1.3%	0.6
Other costs and charges	15.7	4.5%	17.9	6.7%	-2.2
Total	347.4	100.0%	378.8	100.0%	-31.4

Personnel costs, equal to Euro 169.7 million, showed an overall increase of 5.5% (+ Euro 8.8 million compared to the 2019/2020 financial year), mainly due to higher costs for team managers, technicians and other sports personnel for Euro 8.8 million.

Amortisation, depreciation and write-downs amounted to Euro 81.1 million and increased by Euro 44.5 million (-35.4% compared to the 2019/2020 financial year), mainly due to higher amortisation of players' registration rights for Euro 28.9 million, as a consequence of the 2020/2021 transfer campaign, as well as higher write-downs of the registration rights of some players, due to the loss-making sales in the course of the 2020/2021 transfer campaign for Euro 18 million (Euro 19.9 in the 2019/2020 financial year).

Leases and rentals, equal to Euro 59.7 million, showed a net decrease of Euro 2.3 million (- 3.7% compared to the 2019/2020 financial year) mainly due to lower specific technical costs (- Euro 2.9 million), mainly related to lower consulting and technical-sports collaborations and lower costs for sports agents and auxiliary costs for the 2020/2021 transfer campaign, lower consultancy and collaboration (- Euro 1.1 million) and lower costs arising from the use of the San Siro stadium of Milan following the agreement reached with the Municipal Administration of Milan, which provides for the joint management with F. C. Internazionale Milano S.p.A. of the Stadium (- Euro 0.7 million). These decreases were partly offset by an increase in the costs for registered players (+ Euro 2 million), related to costs for health and education assistance and for training and retreats of the first team and the youth sector, and costs for maintenance and repair of playing fields and other (+ Euro 0.4 million).

Cost from management of player registration rights amounted to Euro 16.2 million and increased by Euro 8.0 million compared to the 2019/2020 financial year due to higher costs of temporary acquisition of players (+ Euro 8.4 million) and players sell on fees (+ Euro 2 million).

Costs for consumables and goods were substantially in line with the previous financial year (+ Euro +0.5 million) and essentially refer to the costs incurred in buying training kit, the official strips supplied by the technical sponsor, costs of buying medical items and products related to the "Milan Store" opened at "Casa Milan".

Other costs and charges, amounting to Euro 15.7 million (Euro 17.9 million in the previous financial year), was essentially in line with the previous year and mainly includes Euro 8.4 million (Euro 9.8 million in the previous financial year) relating in particular to the allocation of future charges related to sports and non-sporting personnel and the integration of the UEFA fund, Euro 1.8 million (Euro

0.8 million in the 2019/2020 financial year) related to contingent liabilities, Euro 1.3 million for Lega Nazionale Professionisti Serie A contributions (Euro 1.6 million in the 2019/2020 financial year), Euro 1.2 million (Euro 0.3 million in the 2019/2020 financial year) related to charitable donations, as well as Euro 0.3 million (unchanged with respect to the 2019/2020 financial year) related to costs arising from recharges made to players and third parties for their own fees.

Financial Income and Expenses

Financial income and expenses showed a negative balance of Euro 3.3 million compared to a negative balance of Euro 6.3 million in the 2019/2020 financial year (+ Euro 3 million), mainly due to commissions on guarantees issued by leading banks and/or insurance companies mainly to partially cover the player transfer campaign, as well as the effects of the application of the amortised cost criteria on payables arising from the player transfer campaign.

Adjustments in value of financial assets

Amounted to a negative Euro 1.9 million (positive for Euro 0.5 million in the 2019/2020 financial year) and refer to the write-down carried out to align the book value of the investment in the associate M-I Stadio S.r.l. with the corresponding fraction of the company's shareholders' equity resulting from the financial statements for the year ended 30 June 2021.

Income taxes for the year

The balance of this item, which amounts to - Euro 4.9 million (- Euro 2.2 million in the previous financial year) includes current taxes of Euro 3.1 million, for provisions for regional business tax, as well as Euro 1.5 million of deferred tax assets on consolidation adjustments, mainly relating to the reversal of operations pertaining to intercompany gains.

Player registration rights

On 30 June 2021 players registration rights totalled Euro 160 million compared to Euro 186.7 million at 30 June 2020.

The net decrease of Euro 26.7 million derives from the investments (+ Euro 70.2 million) and net disinvestments (- Euro 30.4 million), amortisation for the period (- Euro 65.6 million), amortised cost (+ Euro 1 million) and write-downs of multi-year player registration rights in the period (- Euro 1.8 million).

For details of the players involved in these movements, please see the attachments section of the Notes of the Parent Company Financial Statements.

Shareholders' Equity

Consolidated shareholders' equity at 30 June 2021 was equal to Euro 67.3 million, a considerable decrease compared to the balance of Euro 34.1 million at 30 June 2020, due to payments on account of the future share capital increase for a total of Euro 129.5 million made by the majority shareholder and the consolidated loss for the period (Euro 96.4 million).

Net Financial Position

At 30 June 2021, the consolidated Net Financial Position of the Milan Group presented net debt equal to Euro 101.6 million, improving (+ Euro 2.2 million) on the figure of the 2019/2020 financial year (Euro 103.8 million).

For more details about the composition and movements in net financial position, please see the Notes to the consolidated financial statements.

Relationships with subsidiaries, affiliates and parent companies

The company is not subject to direction and coordination by the parent Rossoneri Sport Investment Luxembourg S.à. r.l..

With regard to the main relationships in place with subsidiaries, associates and parent companies:

- the Parent Company A.C. Milan has an agreement in place with the subsidiary Milan Real Estate S.p.A. regarding the use of the Milanello Sports Centre and a number of rental units, which also includes maintenance services, for an annual fee of Euro 6.9 million, net of any adjustments and the Italian National Statistics Institute (ISTAT) revaluation;
- the Parent Company A.C. Milan has an agreement with its subsidiary Milan Entertainment S.r.l. for the provision of a whole series of services including commercial, marketing, sales, stadium and ticketing management, staff management and administration, fiscal and insurance services, financial and cash management, operations control and internal auditing, legal, compliance and security services, IT, social and new media, logistics and general services, as well as sports regulatory compliance, with a total annual value of Euro 13.8 million, not including the Istat revaluation;
- the Parent Company also has a lease contract for internal areas within the real estate complex called “Casa Milan”, leased by the Parent Company from the subsidiary company Casa Milan S.r.l., with a total annual value of Euro 3.2 million net of Istat revaluation;
- the Parent Company A.C. Milan has entered into an agreement with the subsidiary AC Milan (Beijing) Sports Development Co. Ltd. for the use of the Milan branding for commercial purposes such as sponsorships (with the exception of Technical and Jersey sponsorships), licences and Academies in China, against the payment of royalties to the subsidiary, following the finalisation of the specific agreement;
- the Parent Company A.C. Milan has a contract with the subsidiary AC Milan (Shanghai) Sports Development Co. Ltd. for the development of commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and merchandising in Asia against royalties to be paid to the subsidiary following the execution of the specific agreement;
- The Parent Company A.C. Milan has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to the payments from invoices issued for the use of some internal and external spaces at the San Siro Stadium in Milan, under which the annual fee payable to the licensees is Euro 1.4 million (plus any adjustments);
- The Parent Company A.C. Milan has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to operating costs to manage the San Siro Stadium, under which the annual fee payable by the licensees is Euro 9.1 million (plus any adjustments);
- the Parent Company A.C. Milan has an intercompany correspondence account with subsidiaries, which is regulated at arm's-length conditions;
- With effect from 1 January 2017 the Parent Company A.C. Milan exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l. consolidated companies.

Details of all other intercompany relationships and the changes in equity investments, as well as related-party transactions, are provided in the summary tables in the Notes.

Potential liabilities and other information

Financial Fair Play

The club's participation in European competitions is subject to compliance with the U.E.F.A. Club Licensing and Financial Fair Play Regulations – Edition 2018. In this regard, on 18 June 2020 the Executive Committee of UEFA approved partial exemptions from the Financial Fair Play rules and the

criteria for their monitoring, so that the negative effects of Covid-19 on the financial results of football clubs are taken into account for the issuing of the Licence.

Based on historical data and expected results, the Parent Company A.C. Milan believes, in line with the opinions of its legal advisers that, following qualification for European competitions in the 2021/2022 season having finished sixth in the Serie A Championship, which ended in May 2021, UEFA may administer sporting and/or economic/financial sanctions based on any violations of the break-even rule required by Financial Fair Play, in the monitoring periods indicated by regulations. The Parent Company, evaluating the results of the current season and the expected prospective figures, has therefore decided to integrate during the 2020/2021 financial year, on a prudential basis, the provision for risks previously recognised in the financial statements, to cover the risk deriving from the application of any economic sanctions by UEFA itself.

Super League

On 17 April 2021, A.C. Milan (the “Company”) and eleven other clubs (the “Founding Clubs”) formalised an agreement (the “Original Agreement”) to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the “Super League” (the “SL”) in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the “SL Company”), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders’ Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the “UEFA Agreement”) and in this framework the Company has undertaken certain commitments towards UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of this agreement, the Company has also agreed that UEFA, in the next UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season.

Following the achievement of the UEFA Agreement, the Company has learned from public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to annul certain aspects of the obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

Other information

Chief Football Officer

On 10 May 2021, the Company paid the amount of Euro 5.5 million to Mr. Boban, in accordance with the provisionally enforceable judgement No. 2565/2020 issued on 29 December 2020, which was however appealed by the Parent Company before the Milan Court of Appeal.

Information on the environment and personnel

In accordance with Article 2428(2) civil code, the Milan Group performs its activity in full accordance with the health and safety obligations provided for in legislative decree 81/2008, with regard to

stadium security, the prevention and repression of football-related violence as provided for by Law number 41 of 4 April 2007 and by the Pisanu and Amato decrees.

Details of the number and composition of personnel are provided in the Notes.

Research and Development

During the 2020/2021 financial year, the Milan Group companies did not carry out any research and development activity.

Going concern

The Milan Group had a consolidated loss for the period of Euro 96.4 million, a positive shareholders' equity of Euro 67.3 million and a consolidated negative net financial position, at 30 June 2021 of Euro 101.6 million.

The majority shareholder Rossoneri Sport Investment Luxembourg S.à r.l. has guaranteed its commitment to provide financial support to the Milan Group for at least 12 months from the date of approval of these consolidated financial statements. During the 2020/2021 financial year, Rossoneri Sport Investment Luxembourg S.à r.l. made capital contributions in favour of the Parent Company for a total of Euro 129.5 million.

Based on these considerations, the directors have prepared these consolidated financial statements on a going concern basis.

Main risks and uncertainties and business outlook

The continuation of the global health crisis that affected this last financial year and which substantially altered the calendar of sporting competitions by extending the 2019/2020 football season until 31 August 2020 and postponing both the first phase of the Transfer Campaign and the start of the 2020/2021 football season – exacerbates the climate of economic, financial and sporting uncertainty.

The first match of the Serie A Championship of the 2020/2021 football season was played on 19 September while the start of the European club competitions – and in particular the preliminary phase of the UEFA Europa League, which the Team was involved in – took place on 17 September 2021 with the first preliminary round for access to the Group Stage.

The schedules of national and international competitions could be subject to change, as well as the possibility of allowing more spectators into stadiums to watch matches (currently 50% capacity), which would result in zero or a significant reduction in match revenues, until 100% capacity is possible. As a result of government measures, competitions are being staged at 50% capacity and given the uncertainties related to the spread of viruses and their impact on stadium capacity, the Parent Company has decided not to run a season ticket campaign but to proceed with individual ticket sales.

Furthermore, when assessing the outlook of operations, the uncertainties typical of the football business are still present. These derive, in particular, from the performance of the First Team in the competitions in which it is involved, from additional transfers of player registration rights that may be made in the financial year, from the revenues from commercial activities, and from the trend in the cost of registered players, also taking into account the variable component of the agreed remuneration.

The companies of the A.C. Milan Group will continue to monitor the evolution of the situation related to the spread of the Covid-19 pandemic, in view of both the changing regulatory framework and the complex global economic context. This will allow it to assess whether to adopt further measures to protect the health and wellbeing of its registered players, employees and collaborators, and to protect its sources of income and assets.

Financial risk management objectives and policies

The Milan Group has put in place specific policies outlining its financial risk management guidelines and objectives, with the aim of reducing its exposure to exchange, credit and liquidity risks connected to its core business.

The existing financial instruments (which do not include derivatives) such as bank and postal deposits, cash, cheques and other valuables and accounts receivable do not carry any type of financial risk.

The main financial risks that the Milan Group is exposed to are described below.

Exchange rate risk

Exposure to exchange risk derives almost entirely from the acquisition of player registration rights in currencies other than the Euro (generally US Dollars, Swiss Francs and Pound Sterling). However, the Milan Group carries out the majority of its transactions (both purchases and sales) in Euro, and accordingly there are no significant risks connected to exchange rate fluctuations.

Interest rate risk

The interest rate risk mainly derives from the variable-rate payables that expose the Group to variable cash flow.

Credit risk

The Milan Group has relationships in place with leading national and international clients and has suitable procedures in place to minimise exposure to credit risk. In particular, receivables from domestic football clubs are guaranteed by the clearing house mechanism of the Lega Nazionale Professionisti. Receivables for fees resulting from the negotiation of contracts for TV rights are guaranteed by bank sureties issued by the clients. Lastly, receivables not backed by guarantees are regularly monitored to manage collection risk, with specific provisions for doubtful accounts made where necessary.

Liquidity risk

Liquidity risk is linked to the difficulty in raising funds to meet commitments. As mentioned above, the shareholder Rossoneri Sport Investment Luxembourg S.à. r.l. carried out recapitalisations during 2020/2021 for Euro 129.5 million to provide the Parent Company A.C. Milan S.p.A. with the necessary funds to cover current operating expenses and to strengthen the Group's balance sheet.

The majority shareholder Rossoneri Sport Investment Luxembourg S.à. r.l. has also guaranteed its commitment to provide financial support to the Milan Group for at least 12 months from the date of approval of the consolidated financial statements at 30 June 2021.

Milan, 27 September 2021

for the **Board of Directors**
The Chief Executive Officer
Ivan Gazidis

CONSOLIDATED FINANCIAL STATEMENTS



AC MILAN Group

Consolidated Financial Statements at 30 June 2021 (1/5)

(IN THOUSANDS OF EUROS)

BALANCE SHEET**ASSETS**

	30.06.2021	30.06.2020	Change
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS DUE	—	—	—
B) FIXED ASSETS			
I INTANGIBLE FIXED ASSETS			
4 CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	11.042	17.263	(6.221)
6 ASSETS IN PROGRESS AND ADVANCES	28	123	(95)
7 PLAYER REGISTRATION RIGHTS	159.953	186.703	(26.750)
8 OTHER	8.291	14.938	(6.647)
Total	179.314	219.027	(39.713)
II TANGIBLE FIXED ASSETS			
1 LAND AND BUILDINGS	61.388	10.321	51.067
2 PLANT AND MACHINERY	2.630	1.809	821
3 INDUSTRIAL AND COMMERCIAL EQUIPMENT	1.625	731	894
4 OTHER ASSETS	823	904	(81)
5 ASSETS IN PROGRESS AND ADVANCES	228	384	(156)
Total	66.694	14.149	52.545
III FINANCIAL FIXED ASSETS			
1 EQUITY INVESTMENTS IN:			
A) SUBSIDIARIES	104	104	—
B) ASSOCIATES	1.337	2.425	(1.088)
E) OTHER COMPANIES	2.000	—	2.000
Total	3.441	2.529	912
2 ACCOUNTS RECEIVABLE FROM:			
E) OTHERS			
- WITHIN 12 MONTHS	490	502	(12)
- AFTER 12 MONTHS	—	—	—
Total	490	502	(12)
Total	3.931	3.031	900
TOTAL FIXED ASSETS (B)	249.939	236.207	13.732

AC MILAN Group

Consolidated Financial Statements at 30 June 2021 (2/5)

(IN THOUSANDS OF EUROS)

BALANCE SHEET

ASSETS

	30.06.2021	30.06.2020	Change
C) WORKING CAPITAL:			
I INVENTORIES			
4 FINISHED PRODUCTS AND GOODS	444	294	150
Total	444	294	150
II RECEIVABLES			
1 FROM CUSTOMERS	55.514	52.085	3.429
2 FROM SUBSIDIARIES	0	111	(111)
3 FROM ASSOCIATES	181	—	181
4 FROM PARENT COMPANIES	—	—	—
5 FROM COMPANIES SUBJECT TO PARENT COMPANIES' CONTROL	—	—	—
5 BIS TAX RECEIVABLES			
A) WITHIN 12 MONTHS	107	7.310	(7.203)
B) BEYOND 12 MONTHS	419	732	(313)
5 TER DEFERRED TAX ASSETS	12.075	13.575	(1.500)
5 QUATER FROM OTHERS	1.355	324	1.031
6 RECEIVABLES FROM INSTITUTIONS - SPECIFIC SECTOR			
A) WITHIN 12 MONTHS	39.047	32.102	6.945
B) BEYOND 12 MONTHS	19.776	23.660	(3.884)
Total	128.474	129.899	(1.425)
III TOTAL FINANCIAL ASSETS (OTHER THAN FIXED ASSETS)			
7 OTHER RECEIVABLES	—	—	—
Total	—	—	—
IV CASH AND CASH EQUIVALENTS			
1 BANK AND POSTAL DEPOSITS	23.551	11.246	12.305
3 CASH IN HAND	38	38	0
Total	23.589	11.284	12.305
TOTAL WORKING CAPITAL (C)	152.506	141.477	11.029
D) ACCRUALS AND DEFERRALS			
1 ACCRUALS	—	—	—
2 DEFERRALS	3.295	2.904	391
TOTAL ACCRUALS AND DEFERRALS (D)	3.295	2.904	391
TOTAL ASSETS	405.740	380.588	25.152

AC MILAN Group

Consolidated Financial Statements at 30 June 2021 (3/5)

(IN THOUSANDS OF EUROS)

BALANCE SHEET**EQUITY AND LIABILITIES**

	30.06.2021	30.06.2020	Change
A) SHAREHOLDERS' EQUITY			
I CAPITAL	113.443	113.443	0
II SHARE PREMIUM RESERVE	31.020	31.020	—
III REVALUATION RESERVES	—	—	—
IV LEGAL RESERVE	124	124	(0)
V STATUTORY RESERVES	—	—	—
VI OTHER RESERVES	36.311	101.341	(65.030)
VII RESERVE FOR HEDGING EXPECTED CASH FLOWS	—	—	—
VIII PROFIT (LOSS) CARRIED FORWARD	(17.188)	(17.188)	—
IX PROFIT (LOSS) FOR THE PERIOD	(96.416)	(194.616)	98.200
X NEGATIVE RESERVE FOR OWN SHARES IN PORTFOLIO	—	—	—
GROUP SHAREHOLDERS' EQUITY	67.294	34.124	33.170
(PROFIT) LOSS OF MINORITY INTERESTS	—	—	—
EQUITY OF MINORITY SHAREHOLDERS	—	—	—
TOTAL SHAREHOLDERS' EQUITY (A)	67.294	34.124	33.170
B) PROVISIONS FOR RISKS AND CHARGES			
3 OTHER	18.667	24.484	(5.817)
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	18.667	24.484	(5.817)
C) EMPLOYEE LEAVING ENTITLEMENTS	1.767	1.584	183
D) PAYABLES			
1 BONDS			
A) WITHIN 12 MONTHS	—	—	—
B) BEYOND 12 MONTHS	—	—	—
3 PAYABLES TO SHAREHOLDERS FOR LOANS			
A) WITHIN 12 MONTHS	—	—	—
B) BEYOND 12 MONTHS	—	—	—
4 FINANCIAL PAYABLES			
A) WITHIN 12 MONTHS	1.234	6	1.228
B) BEYOND 12 MONTHS	40.141	—	40.141
5 PAYABLES TO OTHER FINANCIAL INSTITUTIONS			
A) WITHIN 12 MONTHS	70.450	96.511	(26.061)
B) BEYOND 12 MONTHS	13.393	18.659	(5.266)
6 ADVANCES	—	—	—
7 TRADE PAYABLES			
A) WITHIN 12 MONTHS	51.366	44.405	6.961
B) BEYOND 12 MONTHS	1.375	975	400
9 PAYABLES TO SUBSIDIARIES	—	—	—
10 PAYABLES TO ASSOCIATES	2.731	2.505	226
11 PAYABLES TO PARENT COMPANIES	—	—	—
11 BIS PAYABLES TO COMPANIES SUBJECT TO PARENT COMPANIES' CONTROL	—	—	—
12 TAX PAYABLES	19.200	22.658	(3.458)
13 PAYABLES TO PENSION FUNDS AND SOCIAL SECURITY AGENCIES	3.829	2.619	1.210
14 OTHER PAYABLES	22.346	17.589	4.757
15 PAYABLES TO PROFESSIONAL BODIES			
A) WITHIN 12 MONTHS	30.583	63.444	(32.861)
B) BEYOND 12 MONTHS	28.913	12.367	16.546
TOTAL PAYABLES (D)	285.561	281.732	(37.546)
E) ACCRUALS AND DEFERRALS			
1 ACCRUALS	46	198	(152)
2 DEFERRALS	32.404	38.460	(6.056)
TOTAL ACCRUALS AND DEFERRALS (E)	32.450	38.658	(6.208)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	405.740	380.588	(16.217)

AC MILAN Group

Consolidated Financial Statements at 30 June 2021 (4/5)

(IN THOUSANDS OF EUROS)

INCOME STATEMENT

	FY 2020/2021	FY 2019/2020	Change
A) VALUE OF PRODUCTION			
1 REVENUES FROM SALES AND SERVICES			
A) MATCH REVENUES	—	13.402	(13.402)
B) SEASON TICKETS	—	6.676	(6.676)
C) REVENUES FROM OTHER COMPETITIONS	—	3.551	(3.551)
Total	—	23.629	(23.629)
2 CHANGES IN INVENTORIES OF WORK IN PROGRESS, SEMI-FINISHED GOODS AND FINISHED PRODUCTS	150	75	75
5 OTHER REVENUES AND INCOME			
B) SPONSORSHIP REVENUES	53.991	36.683	17.308
D) COMMERCIAL REVENUES AND ROYALTIES	11.237	15.562	(4.325)
E) INCOME FROM THE SALE OF BROADCASTING RIGHTS	138.261	63.385	74.876
F) MISCELLANEOUS INCOME	8.975	8.881	94
G) REVENUES FROM PLAYER LOANS	63	5.442	(5.379)
H) GAINS FROM THE SALE OF PLAYER REGISTRATION RIGHTS	20.185	20.019	166
I) OTHER INCOME FROM PLAYER MANAGEMENT	8.133	2.674	5.459
L) OTHER INCOME AND REVENUES	20.097	15.965	4.132
Total	260.941	168.611	92.330
TOTAL VALUE OF PRODUCTION (A)	261.092	192.315	68.777
B) COSTS OF PRODUCTION			
6 FOR RAW MATERIALS, ANCILLARY MATERIALS, CONSUMABLES AND GOODS	4.951	4.307	644
7 FOR SERVICES	51.019	51.957	(938)
8 FOR USE OF THIRD-PARTY ASSETS	8.681	10.035	(1.354)
Total	64.652	66.299	(1.647)
9 FOR PERSONNEL:			
A) WAGES AND SALARIES	160.309	151.663	8.646
B) SOCIAL SECURITY CHARGES	7.315	7.136	179
C) EMPLOYEE LEAVING ENTITLEMENTS	1.736	1.752	(16)
E) OTHER COSTS	328	327	1
Total	169.687	160.878	8.809
10 AMORTISATION, DEPRECIATION AND WRITE-DOWNS			
A) AMORTISATION OF INTANGIBLE ASSETS	74.074	103.418	(29.344)
B) DEPRECIATION OF TANGIBLE ASSETS	1.666	996	670
C) OTHER WRITE-DOWNS OF FIXED ASSETS	1.864	19.851	(17.987)
D) WRITE-DOWN OF RECEIVABLES INCLUDED IN WORKING CAPITAL AND IN CASH AND CASH EQUIVALENTS	3.545	1.418	2.127
Total	81.149	125.683	(44.534)
12 PROVISIONS FOR RISKS	8.352	9.858	(1.506)
14 SUNDRY MANAGEMENT EXPENSES			
A) VARIOUS MATCH ORGANISATION EXPENSES	1.024	3.233	(2.209)
B) MATCH REGISTRATION COSTS	3	3	—
C) PERCENTAGE PAID TO VISITING TEAMS	—	241	(241)
D) COSTS FOR ACQUISITION OF PLAYERS ON LOAN	11.821	3.438	8.383
E) LOSSES FROM THE SALE OF PLAYER REGISTRATION RIGHTS	2.224	4.717	(2.493)
F) OTHER EXPENSES FROM PLAYER MANAGEMENT	2.140	5	2.135
G) OTHER SUNDRY MANAGEMENT EXPENSES	6.363	4.561	1.802
Total	31.927	26.056	7.377
TOTAL COSTS OF PRODUCTION (B)	347.415	378.916	(31.501)
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)	(86.323)	(186.599)	100.278

AC MILAN Group

Consolidated Financial Statements at 30 June 2021 (5/5)

(IN THOUSANDS OF EUROS)

INCOMESTATEMENT

	FY 2020/2021	FY 2019/2020	Change
C) FINANCIAL INCOME AND (EXPENSES)			
16 OTHER FINANCIAL INCOME			
D) INCOME DIFFERENT FROM THE ABOVE:			
- OTHER	1.413	612	801
Total	1.413	612	801
17 INTEREST AND OTHER FINANCIAL CHARGES			
D) OTHER FINANCIAL EXPENSES	(4.673)	(6.954)	2.281
Total	(4.673)	(6.954)	2.281
17 BIS EXCHANGE-RATE GAINS AND LOSSES:			
A) EXCHANGE RATE GAINS	13	35	(22)
B) EXCHANGE RATE LOSSES	(10)	(30)	20
Total	3	5	(2)
TOTAL FINANCIAL INCOME AND (EXPENSES)(C)	(3.257)	(6.337)	3.080
D) ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS			
18 WRITE-BACKS			
A) OF EQUITY INVESTMENTS	—	539	(539)
Total	—	539	(539)
19 WRITE-DOWNS			
A) OF EQUITY INVESTMENTS	(1.973)	—	(1.973)
Total	(1.973)	—	(1.973)
TOTAL ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS (D)	(1.973)	539	(2.512)
RESULT BEFORE TAX	(91.552)	(192.397)	100.847
20 INCOME TAXES FOR THE YEAR (CURRENT, DEFERRED TAX ASSETS AND LIABILITIES)			
A) CURRENT TAXES	(3.363)	(372)	(2.991)
B) DEFERRED TAX ASSETS AND LIABILITIES	(1.501)	(1.847)	346
Total	(4.864)	(2.219)	(2.645)
PROFIT (LOSS) FOR THE PERIOD	(96.416)	(194.616)	98.202
(PROFIT) LOSS OF MINORITY SHAREHOLDERS	—	—	—
GROUP PROFIT (LOSS)	(96.416)	(194.616)	98.202

FOR THE Board of Directors
THE CHIEF EXECUTIVE OFFICER
Ivan Gazidis

AC MILAN Group

Bilancio consolidato al 30 Giugno 2021

(IN THOUSANDS OF EUROS)

CASH FLOW STATEMENT	ount at 30.06.20	ount at 30.06.20
A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit/(loss) for the year	- 96.416	- 194.616
Income taxes	4.864	2.219
Interest expense (interest income)	3.257	6.338
(Dividends)	-	-
(Gains) Losses on disposal of assets	- 295	- 1
1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	- 88.591	- 186.059
Adjustments for non-monetary items not offset in net working capital		
Provisions	10.088	11.610
Depreciation and amortisation expense	75.740	104.414
Impairment losses	1.864	19.851
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve cash flows	-	-
Other adjustments for non-cash items	-	-
2. Cash flow before changes in NWC	- 899	- 50.184
Change in net working capital		
Decrease (Increase) in inventories	- 150	- 75
Decrease (Increase) in receivables from customers	- 3.429	- 5.440
Increase (Decrease) in payables to suppliers	7.362	7.782
Decrease (Increase) in accrued income and prepayments	- 390	- 823
Increase (Decrease) in accrued expenses and deferred income	- 6.208	- 5.816
Other changes in net working capital	25.087	38.332
3. Cash flow after changes in NWC	21.373	- 7.629
Other adjustments		
Interest received (paid)	- 3.257	- 6.338
(Income taxes paid)	-	-
Dividend income	-	-
(Use of provisions)	- 15.721	- 9.701
Other income/(payments)	-	-
CASH FLOW FROM OPERATING ACTIVITIES (A)	2.395	- 23.208
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Tangible fixed assets		
(Investments)	- 54.726	- 916
Disinvestments	515	-
Player registration rights		
(Acquisitions) player registration rights	- 69.177	- 99.369
Disposals players' registration rights	10.479	15.120
Decrease/(Increase) in receivables due to disposals of players' registration rights	- 3.060	9.012
Decrease/(Increase) in payables due to disposals of players' registration rights	- 17.277	- 64.072
Other intangible fixed assets		
(Investments)	- 5.389	- 1.997
Disinvestments	9.903	28
Financial fixed assets		
(Investments)	- 899	- 606
Disinvestments	-	133
Current financial assets		
(Investments)	-	-
Disinvestments	-	-
(Acquisition of business units net of cash and cash equivalents)	-	-
Disposal of business units net of cash and cash equivalents	-	-
CASH FLOW FROM INVESTING ACTIVITIES (B)	- 129.632	- 142.667
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Third-party financing		
Increase (Decrease) in short-term payables to banks	- 6	- 1.253
New financing	10.047	20.887
Loan repayments	-	-
Shareholder financing	-	-
New financing	-	-
(Loan repayments)	-	-
Own funds		
Paid capital increase	129.500	145.000
(Repayment of capital)	-	-
Sale (Buyback) of own shares	-	-
(Dividends and interim dividends paid)	-	-
Other income (expenditure) from financing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES (C)	139.541	164.633
Increase (Decrease) in cash and cash equivalents	12.305	- 1.242
Exchange rate effect on cash and cash equivalents		
Cash and cash equivalents - opening balance		
Bank and postal deposits	11.246	12.476
Cheques	-	-
cash in hand	39	51
Total cash and cash equivalents - opening balance		
<i>Of which not freely usable</i>		
Cash and cash equivalents - closing balance		
Bank and postal deposits	23.551	11.246
Cheques	-	-
cash in hand	38	39
Total cash and cash equivalents - closing balance		
<i>Of which not freely usable</i>		
Rounding difference	-	-

FOR THE Board of Directors
THE CHIEF EXECUTIVE OFFICER
Ivan Gazidis

NOTES



MILAN GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2021

NOTES

GENERAL INFORMATION

A.C. Milan S.p.A. is a joint stock company incorporated in Italy and entered in the Milan Companies Register. Its registered office is located in 8 Via Aldo Rossi, 20149 Milan.

The company's sole purpose is the pursuit of sporting activities and in particular, the training, the preparation and management of football teams and the promotion and organisation of competitions, tournaments and all other football activities in general, for the purposes and in compliance with the rules and guidelines of the Italian Football Federation and its Bodies (the "FIGC").

STRUCTURE AND CONTENT

The consolidated financial statements at 30 June 2021, and these Notes, have been prepared in accordance with requirements for consolidated accounts, in Legislative Decree no. 127 of 9 April 1991 enacting the VII EC Directive and in accordance with the provisions of the civil code, as amended by Legislative Decree 139/2015 (the "**Decree**"), interpreted and amended by the Italian Accounting Standards issued by the Italian Accounting Body ("**OIC**") amended and updated following the enactment of Directive 2013/34/EU (the "**Accounting Directive**") with the Decree.

The financial statements used for preparing these consolidated financial statements at 30 June 2021 were those prepared for approval by the Boards of Directors of each company, apart from those relating to the subsidiaries, whose business years do not coincide with those of the consolidating entity. The aforementioned Financial Statements were restated, where required, to align them with the Group accounting principles, which are in line with applicable legislation, the OIC accounting principles and the provisions issued by the Football Federation and the Committee for the Supervision of Italian Football Clubs.

SCOPE OF CONSOLIDATION

The consolidated financial statements for the year 30 June 2021 include the accounts of the Group Parent A.C. Milan S.p.A. and the companies in which it holds, directly or indirectly, the absolute majority of the share capital and voting rights, as well as companies with shares of 50% or close to that amount, and for which the Milan Group is responsible for managing or exercises a dominant influence. Subsidiaries that are in liquidation or are inactive and those whose financial positions show insignificant values have therefore not been included in the scope of consolidation and have been accounted for using the cost method. Further details regarding the scope of consolidation are provided in the list of equity investments in subsidiaries, associates and others at 30 June 2021, attached to these notes.

CONSOLIDATION METHODS

The financial statements of subsidiaries are consolidated using the line-by-line method, replacing the carrying amount of the equity investments with the assumption of the assets and liabilities of the subsidiaries.

The difference between the acquisition cost and the shareholders' equity (or share of shareholders' equity for the companies consolidated using the proportional method) in the financial statements of the subsidiaries at the time of purchase, if it is not attributable to specific assets, is recognised as a "Consolidation difference" and is amortised in the manner indicated in the "Measurement criteria and accounting principles". Any remaining negative balance is recognised under the "Provisions for risks and charges" if attributable to a forecast of unfavourable economic results, otherwise it is recognised under the Shareholders' Equity item "Other reserves".

Equity investments in the companies in which the Group exerts significant influence (generally those in which the ownership percentage is between 20% and 50%) are measured using the equity method, replacing the carrying value of those equity investments, with an amount equal to the corresponding portion of shareholders' equity shown in the last approved financial statements, after the making the adjustments required by the appropriate principles for preparing the consolidated financial statements.

Receivables and payables, costs and revenues, and gains and losses resulting from transactions between companies included in the scope of consolidation are eliminated.

The portions of shareholders' equity and profit/(loss) for the period of consolidated subsidiaries attributable to non-controlling interests are shown in specific items.

MEASUREMENT CRITERIA AND ACCOUNTING PRINCIPLES

The consolidated financial statements at 30 June 2021 were prepared on the basis of the principles of clarity, accurate and truthful representation of the financial situation of the Milan Group and of the profit or loss for the period, in accordance with article 2423, second paragraph, civil code.

The consolidated financial statements at 30 June 2021 were prepared in accordance with general principles of prudence, accrual-based accounting and the going concern assumption, also taking into account the economic function of assets and liabilities.

The valuation criteria of various financial statement items comply with the provisions of Article 2426 of the civil code and the reference accounting principles. Budget assumptions include continuity with the previous financial year with respect to the application of the valuation criteria adopted to prepare the Financial Statements.

As also required by the first paragraph of Article 2423-ter civil code, in view of the nature of the Parent Company A.C. Milan S.p.A.'s business, the instructions issued by the Italian Football Federation (FIGC) and the Committee for the Supervision of Italian Football Clubs have also been taken into consideration (hereinafter "Covisoc").

It should also be noted that, when preparing the consolidated financial statements at 30 June 2021, no exceptions pursuant to Article 2423, paragraph 4 civil code, were made.

The most significant valuation criteria and first-implementation rules adopted are detailed below.

INTANGIBLE FIXED ASSETS

Intangible assets are recognised as assets when they can be individually identified and their cost can be estimated in a sufficiently reliable way. They are recognised at purchase or production cost, including ancillary charges net of amortisation and write-downs. Fixed assets are systematically amortised on the basis of their estimated future life.

Multi-year charges were registered as assets because:

- their future useful life is demonstrated;
- there is an objective link with the relevant future benefits that the companies belonging to the Milan Group shall enjoy;
- their recovery can be estimated with reasonable certainty.

Player registration rights

These are intangible assets with a defined useful life equal to the term of the sports contracts signed with players.

Multi-year player registration rights are recorded at their historic purchase price inclusive of any directly attributable ancillary charges and, where appropriate, time-discounted to take into account the deferral of payments over more than one financial period.

The amounts were stated net of amortisation charges, calculated on a straight-line basis in relation of the duration of the contracts signed with individual professional players.

With regard to transactions involving the transfer of player registration rights or the renewal of player contracts, in accordance with industry regulations, the accounting treatment of fees for services performed for the Parent Company A.C. Milan S.p.A. by licensed third parties (sports agents) is as follows:

- in the absence of conditions precedent (for example the player remaining registered with the Parent Company A.C. Milan S.p.A.), these fees are capitalised because they constitute a transaction cost for the purchase of the registration rights;
- otherwise the fees are recognised each time in the income statement if they are conditional on the player remaining registered with the Parent Company A.C. Milan S.p.A. or relate to services performed for the temporary acquisition or transfer (definitive or temporary) of the right.

Player registration rights are recognised on the date when the contract is signed. That date, pursuant to Article 1360 Italian Civil Code, becomes the retroactive date of effectiveness of the ratification by the Lega Nazionale Professionisti Serie A of national transfers, or the issuance of the international transfer certificate (I.T.C.) by the Italian Football Federation (FIGC) for international transfers, through the FIFA “T.M.S.” system.

Amortisation starts from the year when the player is registered. For rights acquired during the year, amortisation starts from the date when the player is available, on a time accrual basis.

The original amortisation schedule is amended if a contract is extended due to its early renewal. The new amortisation schedule takes account, on a straight-line basis, of the net book value of the rights at the date of extension of the contract and of the new duration of that contract.

If there is no contractual provision regarding the effective date of the contract, the date for the accounting recognition is the date on which the Lega Nazionale Professionisti Serie A ratifies the contract for national transfers, or from the effectiveness of the issuance of the international transfer certificate by the Italian Football Federation (FIGC) for international transfers, through the FIFA “T.M.S.” system.

The item “Player registration rights” also includes the costs incurred by the Parent Company A.C. Milan S.p.A. for the registration of players from amateur football clubs, or foreign clubs that have contributed to the technical training of the players.

In particular, the following are recognised:

- technical training and coaching bonuses, pursuant to Article 99 NOIF, paid to amateur football clubs following the signing of the first “professional” contract by players from those clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players;
- the training compensation and/or solidarity mechanism payments made, pursuant to FIFA regulations, to football clubs following definitive or temporary transfers of players registered with foreign clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players.

Concessions, licences, trademarks and similar rights

These are recognised at acquisition cost and relate to the user rights to the historical archive of television images of the Parent Company A.C. Milan S.p.A., which have a finite useful life as they have a period of economic use, in addition to the expenses for the creation and registration of company trademarks and the acquisition of software licenses, which are amortised on a straight-line basis over their estimated future useful life.

Other intangible fixed assets

These specifically refer to leasehold improvements amortised over the term of the related contract.

Tangible fixed assets

They are recorded at the purchase cost effectively paid to acquire the asset and are recognised on the date on which the transfer of risks and benefits takes place, which usually coincides with the transfer of title. This cost includes the purchase cost, ancillary purchase costs and all costs incurred to bring the asset to the location and in the conditions required for it to be a long-term asset for the companies belonging to the Milan Group.

Tangible fixed assets with a limited useful life are systematically depreciated on a straight-line basis based on their residual useful life.

The depreciation charge for each financial year refers to the distribution of the cost incurred over the entire duration of use.

For assets purchased during the financial year, the depreciation charge is reduced by 50%.

The basis for depreciation, initially estimated upon drafting the depreciation schedule based on the prices achievable on the market through the disposal of similar assets both in terms of technical features and the type of use to which they have been subject, is periodically reviewed in order to verify that the initial estimate is still valid. This amount is considered net of presumable removal costs.

If the tangible asset includes components or accessories with a useful life other than that of the principal asset, the depreciation of such components is calculated separately from that of the principal asset, unless this is not material or feasible.

The annual depreciation rates used, unchanged from the previous year, are shown in the table below:

Asset	Rate
Industrial Buildings	3.0%
Light constructions	10.0%
Plant and machinery	7.5% - 25.0% - 30.0%
Industrial and commercial equipment	15.0% – 15.5%
Furniture and fittings	12.0%
Electrical office equipment	20.0%
Vehicles	25.0%

Ordinary maintenance costs are charged in full to the income statement. Improvement-related maintenance costs are allocated to the related assets and depreciated over their remaining useful life.

Impairment losses for intangible and tangible assets

Impairment losses for intangible and tangible assets are posted pursuant to the provisions of the OIC 9 Accounting Principle.

The Company accesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. If such evidence exist, it estimates the recoverable value of the asset.

In particular, if the recoverable value of an asset (that is the greater out of its use value and fair value) is lower than its book value, the asset is posted at such lower value. The difference is recognised in the income statement as an impairment loss under item B10c). If, in the subsequent financial years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/

amortisation, and recognised in the income statement under item A5).

In absence of evidence of potential impairment losses, the recoverable amount is not determined.

The value is restored if the reasons for the impairment losses no longer exist and takes place to the extent of the value that the asset would have had, had the value adjustment not been performed. The impairment of goodwill cannot be restored.

With specific reference to player registration rights, if there are indications of value impairments (for example serious injuries or significant losses from post year-end sales, and contractual market conditions that prohibit the sales of players who are surplus to requirements) the depreciation (“impairment”) of the residual book value is made.

Financial fixed assets

Equity investments in subsidiaries, associates, parent companies and other companies

Equity investments are registered as financial fixed assets if they are expected to be part of the Milan Group’s long-term investment portfolio, otherwise they are recognised in the Working capital.

Equity investments in the companies in which the Milan Group exerts significant influence (generally those in which the ownership percentage is between 20 and 50 percent) are measured using the equity method in the manner described above.

The carrying amount of equity investments measured using the equity method is determined on the basis of their purchase or establishment price, including any ancillary charges. The cost incurred when purchasing an investment booked as a fixed asset is maintained in the financial statements of the subsequent financial years, unless an impairment loss occurs. The Milan Group assesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. The impairment loss is determined by comparing the value the equity investment was recorded at in the financial statements with the relevant recoverable value, calculated on the basis of the future benefits expected for the investor. The impairment loss is not maintained if the reasons for the adjustment made no longer apply.

Receivables

Receivables are carried at the amortised costs, time-adjusted, to the extent of their expected realisable value and, therefore, they are shown in the balance sheet net of the relevant provisions for doubtful accounts deemed adequate to cover reasonably predictable losses due to un-collectability.

If the transaction’s interest rate is not markedly different from the market rate, the receivable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the receivable. The aforementioned transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the receivable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual conditions is markedly different from the market rate, the receivable (and the relevant income in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus any transactions costs. The rate used to discount future cash flows is the market rate.

In the case of receivables from commercial transactions, the difference between the thus determined initial recognition value of the receivable and the value upon maturity is posted to the income statement as financial income throughout the life of the loan, using the effective interest rate method. In the case of financial receivables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial expenses or income in the income statement upon their initial recognition, unless the substance of the transaction

or of the agreement attribute a different nature to this component. Subsequently, the active interest accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the receivable as a contra-entry.

The value of the receivables is then subsequently reduced by the amounts received both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses.

The Milan Group assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when receivables are due within 12 months, taking into account that all contractual and substantial considerations that apply upon recognition of the receivable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounted can be omitted, the interest can be calculated on the capital and transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest income.

It should be noted that the Milan Group took advantage of the option – provided for by Article 12 of Italian Legislative Decree 139/2015 – to apply the amortised cost only to receivables that have arisen after 1 January 2016.

Write-off of receivables

A receivable is written off from the Financial Statements when:

- the contractual rights on the financial flows arising from the receivable are extinguished; or
- the ownership of the contractual rights arising from the receivable is transferred and, with it, the risks linked to the receivable area also essentially transferred.

For the purposes of the valuation of the transfer of risks, all contractual clauses are taken into account, such as repurchase obligations at the occurrence of certain events or the presence of commissions, excesses or penalties due for non-payment.

When the receivable is written off from the financial statements as a result of a disposal transaction that entails the substantial transfer of all risks, the difference between the price and the value the receivable was recognised at the time of disposal is recognised as disposal loss to be posted under item B14) of the income statement, unless the contract does not allow the identification of other economic components of different nature, including financial.

When the sale agreement does not include the transfer of all risks (e.g. pro-solvendo agreements), the account receivable is kept on the financial statements. If part of the consideration agreed by the transferee is paid in advance, a financial receivable is recorded as counterparty of the advance received. Cost elements, such as interest and commission, to be paid to the transferee, are recorded in the income statement depending on their nature.

When, also by virtue of a disposal contract that can substantially transfer all risks linked to the receivable, minimal risks for the companies belonging to the Milan Group can be identified, the presence of the conditions required to effect a relevant provision to the risk provision is assessed.

Cash and cash equivalents

Bank deposits, post office deposits, and cheques (current account, bank drafts and similar), and are measured according to the general principle of the estimated realisable value, unless the collection of such receivables is very doubtful.

Cash and revenue stamps, measured at their nominal amount.

Cash pooling, consisting in the centralised treasury management by one company within a Group, enables the optimisation of financial resources and is characterised by receivable and payable items towards the company managing the aforementioned cash pooling, respectively for collections from and deposits to the joint current account. Individual companies that participate in centralised treasury ma-

management recognise the receivables generated in the item “Financial assets for centralised treasury management” with an indication of the counterparty, which can be the subsidiary of the parent company, in Financial assets that do not constitute long-term investments. If the receivables are not due within one year, they are classified as financial fixed assets. Any such revaluations and write-downs are posted to the income statement under “Write-down of financial assets due to centralised treasury management” and “Revaluation of financial assets due to centralised treasury management”, indicating the counterparty. Any debt position arising from centralised treasury management shall be classified based on the provision of OIC 19 “Debts”.

Accruals and deferrals

The items include the portions of costs and revenues that are common to two or more financial years, based on the accruals principle. This principle provides that an accrual or a deferral is recognised when the following conditions are met:

- the contract starts in one financial year and ends in a subsequent one;
- the consideration for the services provided is contractually due in advance or in arrears compared to performance common to two or more subsequent financial years;
- the size of accruals and deferrals varies over time.

Accruals and deferrals do not include costs and revenues that accrued in full in the financial year to which the Financial Statements refer or in subsequent ones.

At the end of each financial year, the Company assesses whether the conditions that determined the initial recognition of the accrual or the deferral still apply; if necessary, the required value adjustments are effected. This assessment takes into account not only the passage of time, but also the estimated recoverability of the amount posted to the Financial Statements.

Shareholders' Equity

This item recognises all capital transactions effected between the company and the individuals who exercise their rights and duties as Shareholders. The share capital increase may only be recognised in the accounts after the transaction has been recorded in the companies' registry, as provided for by Article 2444, paragraph 2, civil code. This condition entails, from an accounting viewpoint, the need to use a Shareholders' equity item other than “Equity” in order item, in order to recognise the capital contributions subscribed by the Shareholders, which shall be reclassified under that item only after the transaction has been registered in the companies registry.

Any decrease in the share capital due to the withdrawal of a Shareholder entails an obligation for the Company to purchase his/her shares in order to reimburse him/her, if they are not acquired by other Shareholders; from an accounting viewpoint, a negative provision is registered under the item AX) “Negative reserve for treasury shares in the portfolio”. The difference between the reduction in Shareholders' equity and the claim against the outgoing shareholder is channelled to a provision.

If a shareholder defaults, the share capital is reduced by an amount corresponding to the cancelled shares, which from an accounting point of view reverses the amount due from the outgoing shareholder (as to the tenths still payable by him), and the difference between the reduction in shareholders' equity and the claim against the outgoing shareholder is paid into a reserve.

Provisions for risks and charges

Provisions for risks are recognised for specific liabilities that are probable and whose values are estimated. Therefore, they are contingent liabilities linked to conditions that already existed at the date of the Financial Statements, but that were characterised by a degree of uncertainty, whose outcome de-

depends on the occurrence of one or more future events.

Provisions for charges are recognised for liabilities of a specific nature and certain existence, estimated as to their amount or date of occurrence, linked to obligations already assumed at the Financial Statements' date, but which will be collected in subsequent financial years.

Provisions are quantified based on estimates that take into account all available information, in compliance with the principles of accruals and prudence. These elements can also include the time horizon when at the Financial Statements' date there is a known commitment, on the basis of a contractual or legal obligation, whose disbursement can be reliably estimated and whose occurrence can be reasonably determined, that is sufficiently distant in time so as to make its current value at the date of the Financial Statements significantly different from the one estimated at the time of disbursement.

No generic risk funds without economic justification were set up.

Potential liabilities, if any, are posted to the Financial Statements and registered in the provisions only if they are deemed probably and if the amount of the relevant expense can be reasonably estimated. As a result, remote risks were not taken into account, whereas for contingent liabilities that are deemed possible, even if unlikely, information about the uncertainty situation, where relevant, that the loss would cause, as well as the estimated amount or the indication that such amount cannot be estimated, other possible effects, if not apparent, the indication of the management's opinion and that of its legal and other advisers, where available.

With respect to classification, the provisions for risks and charges are initially registered in the income statement items of the relevant classes Per (B, C or D), depending on their nature. If the link between the nature of the provision and one of the aforementioned classes is not immediately apparent, provisions for risks and charges are posted to items B12) and B13) of the income statement.

Employee leaving entitlements

Italian Law no. 296 of 27 December 2006, (2007 Finance Act) introduced new rules for employee leaving entitlements accruing from 1 January 2007. As a result of the Supplementary Pension Reform:

- employee leaving entitlements accrued up to 31 December 2006 remain in the company;
- employee leaving entitlements accruing from 1 January 2007, at the employee's discretion, either through explicit or tacit agreement, have been:
 - allocated to supplementary pension schemes;
 - remained with the company, which transferred the employee leaving entitlements to the I.N.P.S.'s Treasury Fund.

The amounts accrued from 1 January 2007 are still shown in the income statement item B9c) "Employee leaving entitlements". In the balance sheet, item C) "Employee leaving entitlements" represents the remainder of the provision outstanding at 31 December 2006, while item D13) "Payables to pension funds and social security agencies" shows the payable accrued at 30 June 2021 for the employee leaving entitlements still to be paid to the pension funds and social security agencies.

Payables

Payables are recorded in the Financial Statements using the amortised cost method, on a time-adjusted basis.

If the transaction's interest rate is not markedly different from the market rate, the payable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the debt. The aforementioned transaction costs, such as accessory costs to obtain loans, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the payable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual

conditions is markedly different from the market rate, the payable (and the relevant cost in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus and considering any transactions costs. The rate used to discount future cash flows is the market rate.

In the case of payables from commercial transactions, the difference between the thus determined initial recognition value of the payable and the value upon maturity is posted to the income statement as financial expense throughout the life of the loan, using the effective interest rate method. In the case of financial payables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial income or expenses in the income statement upon their initial recognition, unless the substance of the transaction or of the agreement attribute a different nature to this component. Subsequently, the interest expense accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the payable as a contra-entry.

The value of the payables is then subsequently reduced by the amounts paid both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses.

The Milan Group assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when payables are due within 12 months, taking into account that all contractual and substantial considerations that apply upon recognition of the payable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounted can be omitted, the interest can be calculated on the capital and transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest expense.

Payables towards Group companies

Items D9), D10) e D11) include respectively payables to subsidiaries, associates and parent companies (not fully consolidated), as defined by Article 2359 of the civil code. These payables are shown separately in the balance sheet.

Item D11 bis) includes payables to companies subject to parent companies' control.

Revenues

Match revenues are recognised at the actual time of performance (when each match is played); Season pass sales, if collected at the end of the previous football season, are recognised on an accrual basis using the same rule (i.e. when each match is played).

Sponsorship income is allocated pro rata according to the related contracts, which are signed on the basis of the FIGC football seasons. Bonuses from sponsors are allocated to the income statement on an accrual basis, when the sporting event they relate to takes place.

Revenues from broadcasting license rights and subsequent use of images relating to home league matches are recognised on an accrual basis according to the football season to which they relate.

Revenues from service provision and expenses for their purchase are recognised on the date on which provision ended, or, for those governed by contracts with periodical payments, on the date such payments are due.

The revenues from the sale are recognised net of returns, discounts, allowances and premiums, as well as any taxes directly linked to the sale of the products and the provision of the services, and any adjustments to the revenues accrued during the year directly reduce the item "Revenues".

The item "Other revenues and income" includes non-financial positive income components solely due to additional management. This item includes any grants related to income.

Cost

Acquisition costs are recognised on an accruals basis.

The costs for raw materials, ancillaries, consumables and goods are inclusive of ancillary purchase costs (transport, insurance, loading and downloading, etc.) if included by the supplier in the purchase price, otherwise they are separately posted to service costs depending on their nature.

The costs include not only those whose amount is certain, but also those that are not yet documented, which have been specifically recognised in the Financial Statements.

Costs for bonuses due to players, coaches and technical personnel, for the achievement of pre-established sports results, and bonuses from sponsors are allocated to the income statement on an accrual basis, when the sporting event they relate to takes place.

Financial Income and Expenses

They include the positive and negative components of the economic result for the year linked to the financial activity of the companies belonging to the Milan Group, and are recognised based on the accruals principle.

All revenues, with suitable indication of the relevant sub-items, are recognised on an accruals basis.

Dividends

Dividends are recognised at the time when, as a result of the Resolution adopted by the Shareholder's Assembly of the subsidiary to distribute the profit, or the provisions, a collection right arises for the investor company. The dividend is recognised as financial income, independently from the nature of the reserves distributed. The investee company verifies that, following the distribution, the recoverable value of the equity investment has not diminished to such an extent as to require the recognition of an impairment loss.

Gains and losses

Gains and losses arising from the sale of multi-year player registration rights are classified under revenues and costs from the core business.

Gains and/or losses are calculated as the difference between the price agreed and the net carrying amount at the date of sale.

Current and deferred taxes and national tax consolidation

Taxes for the year are recognised in the income statement in the item "Current income taxes".

Direct taxes accrued for the year are recognised based on the estimate of taxable income, in line with legal provisions and current tax rates and considering any applicable exemptions.

Moreover, the analysis of the presence of any time difference between the asset and liability values and the corresponding values relevant for tax purposes and/or between the income components posted in the income statement and those taxable or deductible for the purposes of the calculation of tax for the financial year, as provided for by OIC 25.

In presence of taxable temporary differences, deferred tax liabilities are registered in the Financial Statements, with the exceptions detailed below and provided by OIC 25.

In presence of deductible timing differences, taxes are registered in the Financial Statements only if

their future recoverability is reasonably certain.

If tax liabilities have occurred, deferred tax assets are calculated and registered against the future tax benefit linked to them and to the extent of the taxable result achievable in line with tax projections within a reasonable time scale.

Deferred tax assets and liabilities are calculated on the amount of all the timing differences for the financial year, applying the tax rates applicable during the financial year in which the timing differences will be taxed, as provided for by the tax regulations that apply at the date of the Financial Statements. If tax regulations do not set out the tax rates applicable to the year in which the timing differences shall be taxed, the Milan Group calculates deferred taxes based on the rates applicable at the date of the Financial Statements.

Deferred tax assets and liabilities are not discounted.

For the purposes of classification in the Financial Statements, tax receivables and payables are offset against each other only if there is a legal right to pay the amounts recognised based on tax legislation and if there the intention to net financial receivables and payables with a single payment.

The remuneration of the tax losses of the companies in the consolidation area is recognised at the time that the losses are effectively utilised in the consolidation area (and are not subject to the taxation of future profits by the individual consolidated company), at the IRES rate applicable during the tax period in which the tax loss is carried forward to reduce the consolidated taxable income. The economic benefits arising from consolidation adjustments effected by the consolidating company, but relating to the consolidated company, are remunerated in favour of the aforementioned consolidated company.

The consolidation adjustments that generated benefits in the consolidated tax return are recognised on the income statement under “Tax income from tax consolidated”, which is classified under “Current income taxes” with a contra-entry in the balance sheet, under “Receivables from Treasury from tax consolidation”.

With respect to the treatment of I.R.E.S. withholding tax, positive differences, as well as advances paid independently by the consolidated companies, as this is a real transfer of operations to the consolidated entity, the transferring entity recognises a receivable due from the consolidating entity.

Change of accounting principles

Below is a description of the standards used when there are changes to voluntary accounting standards, and also to mandatory standards if different rules are not specifically required.

The change to an accounting principles is registered in the financial year in which it is adopted and the relevant events and transactions are treated in compliance with the new principle, which is applied with retroactive effect. This entails the accounting recognition of such effects on the opening balance of the Shareholders’ equity for the year.

For comparison purposes only the opening balance of the Shareholders’ equity of the previous year is adjusted and the comparative figures for the previous financial year are considered as if the new accounting principle had always been applied. However, when, after all reasonable efforts, it is not possible to determine the effect pertaining to the previous financial year, or when this calculation is excessively onerous, the Milan Group does not restate figures.

Ultimately, when it is not possible to calculate the cumulative effect of the change of accounting principle of such calculation is too onerous, the Milan Group applies the new accounting principle starting from the first feasible date. When this date coincides with the start of the current financial year, the new accounting principle is applied on a forward-looking basis.

The effects resulting from the adoption of new accounting principles on the balance sheet, income statement and cash flow statement, where available, have been highlighted and commented in these notes in correspondence of the explanatory notes pertaining to the items in the Financial Statements that were impacted in a specific way.

This standard had no significant impact on the consolidated financial statements for the year ending 30 June 2021.

Error correction

An error is registered at the time in which an incorrect qualitative and/or quantitative representation of a Financial Statement figure and/or an information provided in a note and, at the same time, information and data for its correct management is available. Correction of relevant errors is performed by rectifying the balance sheet item that was affected by the error at the time, charging the error's correction to the opening statement of the Shareholders' equity of the financial year in which the error is identified.

For comparison purposes only, when feasible, the Milan Group corrects a material error for the previous year by restating comparable figures, whilst if an error relates to previous financial years, it is corrected by restating the opening balances of the previous financial year. When the cumulative effect of a material error cannot be restated for all previous financial years, the Milan Group must recalculate comparable figures to correct the material error starting from the first feasible date.

Non-material errors committed in previous years are recognised in the income statement of the financial year in which the error is detected.

This standard had no significant impact on the consolidated financial statements for the year ending 30 June 2021.

Conversion criteria for items in foreign currency

Pursuant to Article 2426, paragraph 1, no. 8 bis of the civil code, monetary assets and liabilities in currencies other than the functional currency in which the Financial Statements are presented (the so-called "accounting currency"), subsequently to initial recognition, are recognised at the spot exchange on the date of the end of the financial year. The resulting exchange-rate gains or losses are posted to the income statement at the items C17-bis) "Exchange-rate gains and losses" and any net profit, which contributes to the result for the financial year, is allocated to the dedicated reserve that cannot be distributed until realisation.

Non-monetary assets and liabilities in currencies other than the accounting one are recognised at the exchange rate applicable at the time of their purchase. When the exchange rate at the closing date of the financial year is markedly different from that at the purchase date, the exchange rate variance is one of the elements considered in the assessment process to determine the value that can be recognised in the financial statements for individual non-monetary assets. In this case, therefore, any (positive or negative) exchange rate differences contribute to the calculation of the recoverable value.

Exchange rates

The exchange rates used to translate the main items in foreign currency are:

		Spot rate 30.06.2021 (*)	Average rate 2020/2021 (*)
U.S. dollar.	USD	1.1884	1.2047
Japanese Yen	JPY	131.4300	132.6314
GB Pound	GBP	0.85805	0.85872
Swiss franc	CHF	1.0980	1.0940
Chinese Yuan	CNY	7.6742	7.7391

(*) Source Bank of Italy Eurosystema.

OTHER INFORMATION

Tax consolidation

The Parent Company A.C. Milan S.p.A. exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l. and Milan Real Estate S.p.A. and Casa Milan S.r.l., as consolidated companies.

Statutory audit of the accounts

The consolidated financial statements are audited by independent auditors EY S.p.A..

Statement of amounts

In view of their significance, the values of items in the consolidated financial statements, as well as the figures presented and commented on in the notes, are stated in thousands of Euros, unless otherwise indicated.

Disclosure on commitments, guarantees and contingent liabilities not included in the balance sheet

The note must detail the overall amount of the commitments, guarantees and contingent liabilities not included in the balance sheet, specifying the nature of any collateral provided, itemised in: a) existing pension and similar commitments, b) commitments towards subsidiaries, associates, as well as parent companies and companies subject to the latter's control.

Public funds - Information pursuant to Article 1, paragraphs 125-129 of law no. 124/2017

With reference to obligations on transparency and the disclosure of public funding regulated by article 1, paragraphs 125-129 of law no. 124/2017 as amended by the "security" decree law (no. 113/2018) and "simplification" decree law (no. 135/2018), introducing a number of disclosure and transparency obligations, starting from the 2018 financial reporting year, for entities that have economic relations with the Public Administration, in view of Assonime's interpretation in Circular no. 5 of 22 February 2019, which considers the regulation as non-applicable in the following cases:

- grants, contributions and economic benefits of any kind, of which the advantages are accessible to all enterprises that meet certain conditions, based on general, previously established criteria (for example: measures of ministerial decrees aimed at specific industrial sectors and at funding activities related to research and development projects);
- general measures that may benefit all enterprises and which come under the general structure of the reference system defined by the State (for example the mechanism to promote the reinvestment of profit, as provided for by A.C.E);
- public European/foreign resources;
- contributions from trade associations;
- interprofessional funds for training courses, considering that the Funds are provided through contributions made by the beneficiary companies, that are required to meet specific manage-

ment criteria based on transparency.

The companies (established under Italian law) of the Milan Group did not receive contributions of any kind in the 2020/2021 financial year.

Going concern

The Milan Group had a consolidated loss for the 2020/2021 financial year of Euro 96.4 million, a positive shareholders' equity of Euro 67.2 million and a consolidated negative net financial position, at 30 June 2021 of Euro 101.6 million.

The majority shareholder Rossoneri Sport Investment Luxembourg S.à r.l. has guaranteed its commitment to provide financial support to the Milan Group for at least 12 months from the date of approval of the consolidated financial statements at 30 June 2021. During the 2020/2021 financial year, Rossoneri Sport Investment Luxembourg S.à r.l. made capital contributions in favour of the Parent Company for a total of Euro 129.5 million.

Based on these considerations, the directors have prepared these consolidated financial statements on a going concern basis.

Significant events of the period

Capital payments

During the 2020/2021 financial year, the Company's majority shareholder made capital contributions totalling Euro 129.5 million.

These payments, necessary to cover current operating expenses and to strengthen the Group's capital, meant that the provisions Article 2446 of the Italian Civil Code no longer applied to the Parent Company as at 30 June 2020.

Casa Milan S.r.l.

On 23 February 2021, the subsidiary Casa Milan S.r.l. acquired from the Parent Company and subsequently exercised the pre-emption right to purchase from Vittoria Assicurazioni the property Casa Milan located in Via Aldo Rossi No. 8 (as the registered office of the subsidiary) for a consideration of Euro 41,919 thousand. The acquisition was completed through a bank loan that Casa Milan obtained from UniCredit S.p.A. for an amount of Euro 41,900 thousand with bullet repayment on 18 February 2023 (unless Casa Milan exercises its options to extend the maturity date).

It should also be noted that as part of the aforementioned transaction, Casa Milan has leased the property complex purchased to A.C. Milan, for a period of 7 + 6 years, for an annual rent of Euro 3.2 million plus VAT (*in the triple net rent formula*).

AC Milan (Shanghai) Sports Development Co. Ltd.

On 7 February 2021, the subsidiary AC Milan (Shanghai) Sports Development Co. Ltd. was incorporated with a share capital of Euro 200 thousand, fully paid up by the sole shareholder A.C. Milan S.p.A. in May 2021, with the purpose of developing commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and merchandising.

Transfer Campaign 2020/2021

The transactions finalised during the Transfer Campaign 2020/2021 resulted in a total increase in invested capital of Euro 26.7 million, deriving from acquisitions and increases of Euro 70.2 million and disposals of Euro 30.4 million (net book value of the rights sold).

The gains generated by the disposals amount to Euro 20.2 million, the losses of Players' registration rights for a total of Euro 2.2 million refer to disposals made during the month of January 2021.

With regard to the transactions concerning the transfers of players completed in the summer session of the 2021/2022 Transfer Campaign, from 1 July to 31 August 2021, among others, the permanent and temporary purchases of players Tonali Sandro, Abdelkader Diaz, Bakayoko Tiémouè, Ballo Fodè, Florenzi Alessandro, Giroud Olivier Jonathan, Maignan Mike Peterson, Messias Junior Walter, Pellegrini Pietro, Tomori Oluwafikayomi and Adli Yacine are noted.

In the area of the permanent and/or temporary transfers of Players' registration rights, we point out, among others, those related to Hauge Jens Petter, Laxalt Suarez Diego Sebastian, Abanda Mfomo, Caldara Mattia, Pobega Tommaso and Adli Yacine.

It should also be noted that during the month of August 2021, the employment contract with the player Murati Emir was terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2021.

Super League

On 17 April 2021, A.C. Milan (the "Company") and eleven other clubs (the "Founding Clubs") formalised an agreement (the "Original Agreement") to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the "Super League" (the "SL") in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the "SL Company"), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders' Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the "**UEFA Agreement**") and in this framework the Company has undertaken certain commitments towards UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of this agreement, the Company has also agreed that UEFA, in the next UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season.

Following the achievement of the UEFA Agreement, the Company has learned from public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to annul certain aspects of the obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

U.E.F.A. Licence

On 7 May 2021, the U.E.F.A. First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the U.E.F.A. Licence for the 2021/2022 football season, decided to grant the Licence on the basis of the requirements provided for by the U.E.F.A. Licence Manual - Edition 2020, and as per Official Notice No. 236/A published on 14 May 2021.

Football Season

On 23 May 2021, the Serie A championship ended with Milan reaching second place in the rankings, which guaranteed access to the Group Stage of the 2021/2022 Uefa Champions League.

Significant events occurring after period end

Liquidation of AC Milan (Beijing) Sports Development Co. Ltd.

It should be noted that in July 2021 the procedures for requesting the liquidation of the subsidiary AC Milan (Beijing) Sports Development Co. Ltd. were completed and the relative Liquidation Committee was notified to the competent Chinese authorities. The liquidation process, and consequent cancellation of the company, is expected to be completed by the end of September 2021, unless further investigations are requested by the Chinese authorities.

National licence

On 8 July 2021, Co.Vi.So.C./F.I.G.C., having examined the documents submitted by the club, found that the conditions required for the national licence for the 2021/2022 professional championship had been met, in accordance with Title I) of Official Communication no. 251A of 21 May 2021.

Confirming Line

In August 2021, a “confirming” financing line was signed with a primary Credit Institution that provides for the possibility for the Parent Company to request, within the limits of the agreed limit, the payment of debts falling due by the Institution, in the name and on behalf of the Company, with repayment of the amounts over time. During the month of September, the line was used for Euro 15.1 million for the payment of the first two instalments relating to the acquisition of two foreign players.

NOTES ON THE MAIN ASSET ITEMS

(in thousands of Euros)

FIXED ASSETS

Specific tables have been prepared for each class of fixed assets (intangible assets, tangible assets and financial fixed assets), shown in the attachments, which indicate for each item: the historical cost, the accumulated depreciation/amortisation, any write-backs and write-downs, movements during the period and the final balance.

INTANGIBLE FIXED ASSETS

This item amounts to Euro 179,314 thousand (Euro 219,027 thousand at 30 June 2020). The breakdown is as follows:

	30.06.2021	30.06.2020	Change
Concessions, licences, trade-marks and similar rights	11,042	17,263	-6,221
Assets in progress and advances	28	123	-95
Player registration rights	159,953	186,703	-26,750
Other intangible fixed assets	8,291	14,938	-6,647
Total	179,314	219,027	-39,713

The change in intangible fixed assets is shown in attachment 1, which is an integral part of these Notes.

The item Concessions, licences, trademarks and similar rights, equal to Euro 11,042 thousand (Euro 17,263 thousand at 30 June 2020), mainly refers to Euro 9,877 thousand (Euro 15,645 thousand at 30 June 2020), for the rights to use the television archive of home matches of A.C. Milan S.p.A. ("*Milan Library*") bought by Gruppo R.A.I. and R.T.I. S.p.A. (Mediaset Group) during 2009. This archive is supposed to be self-sustaining over time depending on the matches played by the team from time to time.

This item also includes the expenses related to the development of the official website, the company software, and the "A.C. Milan Lab" software of the Group Parent A.C. Milan S.p.A. and the company Milan Entertainment S.r.l., as well as the various "A.C. Milan" brands, owned by the Group Parent A.C. Milan S.p.A., not transferred to the subsidiary Milan Entertainment S.r.l..

Player registration rights, of Euro 159,953 thousand (Euro 186,703 thousand at 30 June 2020), also include the costs of direct allocation which are amortised according to the players' contract expiry dates, taking into account any contract extensions agreed before the financial statements are approved. The main changes resulting from investments, disposals and impairment during the period are detailed in attachment 2, which is an integral part of these Notes. The main changes for the period, as detailed in the specific table in the attachment, primarily related to new acquisitions of Euro 69,171 thousand, sales and other movements of Euro 28,430 thousand, amortisation of Euro 65,624 thousand and write-downs of Euro 1,864 thousand.

Other intangible assets, amounting to Euro 8,291 thousand (Euro 14,938 thousand on 30 June 2020), relate in particular to the following:

Euro 6,192 thousand (Euro 6,419 thousand on 30 June 2020), being the incremental costs incurred

for the San Siro Stadium in Milan, amortised according to the duration of the agreement with the Municipality of Milan;

Euro 2,017 thousand (Euro 2,366 thousand at 30 June 2020) relating to the acquisition of a 10-year ground lease (Article 952, second paragraph, civil code) for the Vismara sports centre, home to the Milan youth team, owned by the Opera Diocesana per la Preservazione e la Diffusione della Fede. The ground lease includes improvements which are recognised at cost, less the related amortisation calculated on the duration of the ground lease itself.

In relation to intangible fixed assets, amounting to Euro 179,314 thousand at 30 June 2021, it should be noted that write-downs of Euro 1,824 thousand were included under the item Player registration rights deriving from losses from definite sales, which took place in July and August 2021.

TANGIBLE FIXED ASSETS

This item amounts to Euro 66,994 thousand (Euro 14,149 thousand at 30 June 2020). The breakdown is as follows:

	30.06.2021	30.06.2020	Change
Land and buildings	61,388	10,321	51,067
Plant and machinery	2,630	1,809	821
Industrial and commercial equipment	1,625	731	894
Other assets	823	904	-81
Assets in progress and advances	228	384	-156
Total	66,694	14,149	52,545

The change in tangible fixed assets is shown in attachment 2, which is an integral part of these Notes.

Land and buildings, amounting to Euro 61,388 thousand (Euro 10,321 thousand at 30 June 2020), relates in particular to the following:

“Casa Milan” building owned by the subsidiary Casa Milan S.r.l. for Euro 50,399 thousand (not present at 30 June 2020);

Land adjacent to the Milanello Training Centre, of Euro 6,934 thousand (no change compared to 30 June 2020) owned by the subsidiary Milan Real Estate S.p.A.;

Milanello Training Centre, owned by the subsidiary Milan Real Estate S.p.A. of Euro 4,055 thousand (Euro 3,387 thousand at 30 June 2020).

Plant and machinery, of Euro 2,630 thousand (Euro 1,809 thousand on 30 June 2020) which mainly relates to facilities at the Milanello sports centre, owned by the subsidiary Milan Real Estate S.p.A..

Industrial and commercial equipment, of Euro 1,625 thousand (Euro 731 thousand on 30 June 2020), mainly including Euro 1,173 thousand (Euro 401 thousand on 30 June 2020) of the Parent A.C. Milan S.p.A. and Euro 98 thousand (Euro 150 thousand at 30 June 2020) of the subsidiary Milan Entertainment S.r.l. and Euro 354 thousand (Euro 180 thousand at 31 December 2020) of the subsidiary Milan Real Estate S.p.A.. The change mainly concerns the purchase of equipment for the Milan TV studio by the Parent Company and the purchase of new Milanello room furnishings by the subsidiary Milan Real Estate.

Other tangible assets, of Euro 823 thousand (Euro 904 thousand at 30 June 2020), which mainly includes electronic office equipment, furniture, office supplies and vehicles owned by the Milan Group.

Tangible fixed assets in progress and advances, amounting to Euro 228 thousand (Euro 384 thousand as at 30 June 2020), mainly refer to projects, already started but not yet completed, relating to the Milanello Sports Centre of the subsidiary Milan Real Estate S.p.A..

FINANCIAL FIXED ASSETS

Equity investments

The breakdown of equity investments in subsidiaries, associates and other companies is as follows:

	30.06.2021	30.06.2020	Change
Subsidiaries	104	104	0
Associates	1,337	2,425	-1,088
Other companies	2.000	-	2.000
Total	3,441	2,529	912

Details of the changes during the year for financial fixed assets are provided in attachment 3, which is an integral part of these Notes.

Equity investments in subsidiaries

The total for this item, of Euro 104 thousand (unchanged with respect to 30 June 2020) relates to 100% of the share capital of the non-profit Milan Foundation, which was set up in 2003 with the aim of meeting basic individual needs and freedoms, of diffusing a culture of sport as a tool for mental and physical wellbeing, social integration, improving quality of life, and to support and organise charitable projects.

Equity investments in associates

At 30 June 2021, these amounted to Euro 1,337 thousand (Euro 2,425 thousand at 30 June 2020) and related to the 50% share of the company M-I Stadio S.r.l., incorporated with F.C. Internazionale Milano S.p.A. for the technical and commercial management of the San Siro stadium in Milan for Euro 1,337 thousand (Euro 1,085 thousand at 30 June 2020). The change compared to the previous year derives from the write-down of the investment carried out at 30 June 2021 to align the book value to the share pertaining to the shareholders' equity, in the light of the actual negative result.

Shareholdings in other companies

Amounted to Euro 2,000 thousand at 30 June (not present at 30 June 2020) and related to the investment held in European Super League Company S.L.U. ("SL Company"), a company incorporated under Spanish law created to create and manage the competition called "Super League", amounting to Euro 2,000 thousand (not present at 30 June 2020).

Regarding the latter, please refer to the relevant paragraph in "Significant events during the period".

Long-term receivables

Other receivables

This item is equal to Euro 490 thousand (Euro 502 thousand at 30 June 2020), mainly comprising security deposits.

WORKING CAPITAL**INVENTORIES**

Inventories of finished products and goods, of Euro 444 thousand (Euro 294 thousand at 30 June 2020) relates to the Milan merchandise at “Store Milan” opened by the subsidiary Milan Entertainment S.r.l. at “Casa Milan”.

RECEIVABLES

	30.06.2021		Change
Trade receivables	55,514	52,085	3,429
Receivables from subsidiaries	-	-	-
Receivables from associates	181	111	70
Receivables from parent companies	-	-	-
Receivables from companies subject to parent companies' control	-	-	-
Tax receivables	526	8,042	-7,516
Deferred tax assets	12,075	13,575	-1,500
Other receivables	1,355	324	1,031
Receivables from entities – specific sector	58,823	55,762	3,061
Total	128,474	129,899	-1,425

Trade receivables

At the end of the period this item was composed as follows:

	30.06.2021		30.06.2020		Change
	Gross	Write-down provision.	Net value	Net value	
Parent Company A.C. Milan S.p.A.	51,200	-3,240	47,959	46,322	1,637
Milan Entertainment S.r.l.	13,602	-6,395	7,207	5,480	1,727
Milan Real Estate S.p.A.	127	-89	38	18	20
AC Milan (Beijing) Sports Development Co. Ltd.	23	-	23	265	-242
Casa Milan S.r.l.	-	-	-	-	-
AC Milan (Shanghai) Sports Development Co. Ltd.	586	-300	286	-	286
Total	65,538	-10,025	55,514	52,085	3,429

Trade receivables include receivables from the core operations of the sale of goods and services by Milan Group companies. The change of Euro 3,429 thousand was mainly due to the advance invoicing of the fourth instalment related to the technical sponsor, as well as the invoicing of the Champions League qualification bonus and royalties related to the main sponsor by the Parent Company. In addition, there was an increase for the subsidiary Milan Entertainment related to the higher volumes realised by the subsidiary compared to the financial year ended 30 June 2020.

The provision for doubtful accounts shown above reflects the value adjustment to the receivables to align them to their estimated realisable value. During the year 2020/2021, the write-down provisions increased by Euro 3,545 thousand as a result of the prudent provision for non-payment risk, and Euro 566 thousand of the provision was used against the reversal of previously written-down receivables.

Receivables from subsidiaries, associate, parent companies and companies subject to parent companies' control

Receivables from subsidiaries, amounting to Euro 111 thousand at 30 June 2020, referred to trade receivables from Fondazione Milan Onlus.

Receivables from associates, amounting to Euro 181 thousand (not present at 30 June 2020), refer to trade receivables from the associated company MI-Stadio S.r.l..

Tax receivables

At end of the period this item was composed as follows:

	30.06.2021	30.06.2020	Change
Due from Treasury for tax consolidation	-	-	-
Due from Treasury for VAT	-	5,289	-5,289
Regional business tax (IRAP) receivables	-	2,288	-2,288
Other tax receivables	526	465	61
Total	526	8,042	-7,516

As of 30 June 2021, the Group has a VAT and IRAP liability, the balances of which are therefore recorded in the balance sheet liabilities.

Deferred tax assets

The amount of Euro 12,075 thousand (Euro 13,575 thousand at 30 June 2020) relates to the recognition of deferred tax assets, mainly:

Euro 9,246 thousand (Euro 11,443 thousand at 30 June 2020) which represents consolidation adjustments concerning the reversal of operations pertaining to infra-group gains;

Euro 2,829 thousand (Euro 2,132 thousand at 30 June 2020) on amounts allocated to the write-down provision and provision for risks, as to the part that cannot be deducted for tax purposes.

Other receivables

This item, amounting to Euro 1,355 thousand (Euro 324 thousand at 30 June 2020), mainly includes Euro 1,138 thousand (Euro 98 thousand at 30 June 2020) for advances paid to suppliers, professionals and employees, and Euro 90 thousand for employee health insurance policies (Euro 81 thousand

at 30 June 2020) and Euro 50 thousand (not present at 30 June 2020) for advances paid to sports agents.

Receivables from entities – specific sector

Net of the provision for doubtful accounts and amortised cost, this item amounts to Euro 58,823 thousand (Euro 55,762 thousand at 30 June 2020). The amount is due from various football clubs, for payments relating to the current and/or past transfer seasons, and in connection with international trips by teams taking part in the training of players sold by those clubs, in accordance with the F.I.F.A. Solidarity mechanism.

Specifically the item consists of:

- Euro 13,719 thousand (not present at 30 June 2020) for amounts due from the club Seville Futbol Club for the definitive sale of the player Jesus Joaquin Fernández Saenz de la Torre “Susó”;
- Euro 13,066 thousand (not present at 30 June 2020) for receivables from Olympique Lyonnais for the definitive sale of the player Lucas Tolentino Coehlo De Lima “Paquetà”;
- Euro 12,151 thousand (Euro 16,120 thousand at 30 June 2020) for amounts due from the Lega Nazionale Professionisti, in respect of various transfer seasons;
- Euro 7,809 thousand (unchanged with respect to 30 June 2020) for amounts due from the club Herta BSC for the definitive sale of the player Krzysztof Piatek;
- Euro 6,000 thousand (Euro 12,000 at 30 June 2020) for amounts due from the club Wolverhampton Wanderers for the definitive sale of the player Patrick Cutrone;
- Euro 2,850 thousand (Euro 5,700 thousand at 30 June 2020) for amounts due from Club Atlético de Madrid for the definitive sale of Nikola Kalinic;
- Euro 2,011 thousand (Euro 3,500 at 30 June 2020) for amounts due from the club LOSC Lille for the definitive sale of the player Djalo Embaló;
- Euro 974 thousand (not present at 30 June 2020) for amounts due from Club Atlético de Madrid for the sell-on-fee for Nikola Kalinic;
- Euro 50 thousand (not present at 30 June 2020) for amounts due from the club FC Bayern Munchen for the temporary sale of the player Lenny Alexander Borges;
- Euro 184 thousand (Euro 315 thousand at 30 June 2020) for amounts due from various football clubs under the “solidarity mechanism”.

The amount due from Real Zaragoza S.A.D., for the sale of Ricardo De Oliveira, which was originally Euro 3,000 thousand, has been fully covered by the provision for doubtful accounts - professional bodies.

CASH AND CASH EQUIVALENTS

This item consists of the funds in the restricted and ordinary current accounts, totalling Euro 23,551 thousand (Euro 11,246 thousand at 30 June 2020). It should be noted that there are no restricted amounts at the consolidated financial statement date.

Cash and valuables on hand amounted to Euro 38 thousand (Euro 38 thousand at 30 June 2020).

ACCRUED INCOME AND PREPAYMENTS

At end of the period this item was composed as follows:

	30.06.2021	30.06.2020	Change
Accrued income	-	-	-
Prepaid expenses:			
- prepaid insurance premiums	882	971	-89
- prepaid apartment rentals	9	34	-25
- prepaid sports fields	180	405	-225
- Other prepayments	2,224	1,494	730
Total prepaid expenses	3,295	2,904	391
Total accruals and deferrals	3,295	2,904	391

The item Other deferrals, amounting to Euro 2,224 thousand (Euro 1,494 thousand at 30 June 2020), refers in particular for Euro 1,293 thousand (not present at 30 June 2020) to prepaid invoices for the supply of clothing and technical sponsors, for Euro 406 thousand (not present at 30 June 2020) to registered players and collaborators and for Euro 80 thousand (Euro 458 thousand at 30 June 2020) to commissions on guarantees resulting from the various player transfer campaigns pertaining to future periods. It should be noted that, as of 30 June 2020, deferred income for subscriptions amounted to Euro 456 thousand and did not exist as of 30 June 2021.

NET FINANCIAL POSITION

As a supplement to the reporting of financial payables and financial receivables in the consolidated financial statements, the Net Financial Position of the Milan Group is also provided in this section.

	30.06.2021	30.06.2020	Change
Non-current financial assets (<i>cash collateral</i>)	-	-	-
Total financial assets other than fixed assets	-	-	-
Cash and cash equivalents	23,589	11,284	12,305
Total financial assets	23,589	11,284	12,305
Bonds	-	-	-
Payables to shareholders for loans	-	-	-
Financial payables	-41,375	-6	-41,369
Payables to other financial institutions	-83,843	-115,170	31,327
Total financial liabilities	-125,218	-115,176	-10,042
Net financial position	-101,629	-103,892	2,263

A breakdown of changes in the individual items making up the net financial position is provided in the specific sections of these Notes.

NOTES ON MAIN SHAREHOLDERS' EQUITY AND LIABILITY ITEMS

(in thousands of Euros)

SHAREHOLDERS' EQUITY

The changes in the items of shareholders' equity are provided in attachment 4. Comments are provided on those changes below.

SHARE CAPITAL

The Share capital of the Parent Company A.C. Milan S.p.A. at 30 June 2021, amounting to 113,443,200, which was fully subscribed and paid up, consisted of 218,160,000 ordinary shares with a nominal value of Euro 0.52 each.

SHARE PREMIUM RESERVE

At 30 June 2021, the Share premium reserve amounted to Euro 31,020,000 (unchanged compared to 30 June 2020) and relates to the premium paid to cover 170,160,000 shares.

LEGAL RESERVE

The Legal reserve amounts to Euro 124 thousand (no change compared to 30 June 2020) and is the same as the amount indicated by the Parent Company A.C. Milan S.p.A.

OTHER RESERVES

The item Other reserves, which is positive at Euro 36,311 thousand (- Euro 101,431 thousand at 30 June 2020) includes the capital contributions and/or payments to cover losses already made, and the effects of the consolidation adjustments. The change compared to 30 June 2020 is mainly due to the Parent Company A.C. Milan S.p.A. following the use of reserves to fully cover the loss arising from the previous consolidated financial statements for Euro 194,616 thousand, as well as for capital injections made by the majority shareholder Rossoneri Sport Investment Luxembourg S.à r.l. for a total of Euro 129,500 thousand.

PROFIT (LOSS) CARRIED FORWARD

At 30 June 2021, this item amounted to - Euro 17,188 thousand (no change compared to 30 June 2020) and includes the effects of changes arising from the first-time adoption of the new OIC accounting standards.

PROFIT (LOSS) FOR THE PERIOD

During the 2020/2021 financial year, the result of the Milan Group shows a loss for the period of Euro 96,416 thousand (the consolidated result for the year ending 30 June 2020 was Euro 194,616 thou-

sand negative).

PROVISIONS FOR RISKS AND CHARGES

Provisions estimated on the basis of specific losses that are certain or likely are detailed below.

	Balance at 01.07.2020	Allo- cat- ions	(Uses)	Other chang- es	Balance at 30.06.2021
Provision for de- ferred tax liabili- ties	-	-	-	-	-
Other provisions for risks and charges	24,484	8,352	-14,169	0	18,667
Total	24,484	8,352	-14,169	0	18,667

Other provisions for risks and charges

At 30 June 2021 this item amounted to Euro 18,667 thousand (Euro 24,484 thousand at 30 June 2020) and refers to the allocation of future costs for the restructuring of registered players and non-registered personnel, the surplus in the provision for equity investment write-downs relating to the subsidiary AC Milan (Beijing) Sports Development Co. Ltd., compared to the value of the investment, as well as additional risks for the companies of the Group.

The provision for the period includes, among others, the provision for future charges related to sports and non-sporting personnel and the integration of the UEFA Financial Fair Play provision.

The utilisations for the period refer to transactions concluded with sports personnel whose employment contracts were terminated early during the previous season.

EMPLOYEE LEAVING ENTITLEMENTS

This item has moved as described in the table below and the balance is fully sufficient to cover contractual and legal obligations

	EMPLOYEE LEAVING EN- TITLEMENTS.	End of career entitlements	Total
Balance at 01.07.2020	1,488	96	1,584
Provisions	1,183	544	1,727
Uses for employment termi- nations/prepayments	-43	-	-43
Transfers	-4	-	-4
Payments	-	-695	-695
Other changes	-909	107	-802
Balance at 30.06.2021	1,715	52	1,767

The item Provisions includes revaluation of the pre-existing amount calculated in accordance with legal requirements and the “white semester” amount which represents (solely for the year 2007) the employee leaving entitlements accrued from 1 January 2007 up to the date of selection of allocation to the company supplementary pension fund (closed) or a contractual pension fund (open) or individual pension plan (IPP).

PAYABLES

	30.06.2021	30.06.2020	Change
Bonds	-	-	-
Payables to shareholders for loans	-	-	-
Financial payables	41,375	6	41,369
Payables to other financial institutions	83,843	115,170	-31,327
Trade payables	52,741	45,380	7,361
Advances	-	6	-6
Payables to subsidiaries	-	-	-
Payables to associates	2,731	2,505	226
Payables to parent companies	-	-	-
Payables to companies subject to parent companies' control	-	-	-
Tax payables	19,200	22,658	-3,458
Payables to pension funds and social security agencies	3,829	2,619	1,210
Payables to third parties	22,346	17,584	4,762
Payables to entities – specific sector	59,496	75,810	-16,314
Total	285,561	281,738	3,823

Payables due beyond the next financial year amounted to Euro 83,822 thousand; There were no payables with a remaining duration of more than five years.

Financial payables

The balance of Euro 41,375 thousand (Euro 6 thousand at 30 June 2020) refers exclusively to the bank loan granted to Casa Milan S.r.l. by Unicredit S.p.A. with bullet repayment on 18 February 2023 following the transaction related to the acquisition of the property Casa Milan located in Via Aldo Rossi No. 8 (the registered office of the parent).

Payables to other financial institutions

This amount, of Euro 83,843 thousand (Euro 115,170 thousand at 30 June 2020) relates to amounts payable to factoring companies for advances on future accounts receivable as follows.

for Euro 38,216 thousand (Euro 78,183 thousand at 30 June 2020) to a factoring contract signed with UniCredit Factoring S.p.A. concerning the sale with recourse to UniCredit Factoring S.p.A. of receivables accrued/matured deriving from the marketing of broadcasting rights of the Serie A championship for three football seasons and of the technical sponsor Puma;

Euro 45,627 thousand (Euro 36,987 thousand at 30 June 2020) to a factoring contract signed with Banca Ifis S.p.A. concerning the sale with recourse of receivables accrued/matured deriving from foreign transfer campaigns.

Trade payables

These are detailed in the table below:

	30.06.2021	30.06.2020	Change
Parent Company A.C. Milan S.p.A.	47,529	41,136	6,393
Milan Entertainment S.r.l.	3,250	3,637	-387
Milan Real Estate S.p.A.	1,847	527	1,320
AC Milan (Beijing) Sports Development Co. Ltd.	92	80	12
Casa Milan S.r.l.	24	-	24
AC Milan (Shanghai) Sports Development Co. Ltd.	-	-	-
Total	52,741	45,380	7,361

The item Trade payables of the Parent Company includes payables to football agents for a total of Euro 6,908 thousand (Euro 6,661 thousand at 30 June 2020), of which Euro 1,375 thousand maturing after the following year.

Payables to subsidiaries, associates and parent companies

Payables to associates, equal to Euro 2,731 thousand (Euro 2,505 thousand at 30 June 2020) relate to the company M-I Stadio S.r.l. for the coverage of operating costs for the management of the San Siro Stadium in Milan, under an agreement in place between A.C. Milan S.p.A., F.C. Internazionale Milano S.p.A. and M-I Stadio S.r.l., which provides for an annual fee in favour of the concessionaires of Euro 9,100 thousand (plus any adjustments).

Tax payables

	30.06.2021	30.06.2020	Change
Payables for current taxes	844	-	844
Payable to Treasury for VAT	603	-	603
Payables withholding tax on income from work	17,571	22,635	-5,064
Other tax payables and withholdings	183	23	160
Total	19,200	22,658	-3,458

It should be noted that, within Payables for current taxes, the related I.R.A.P. payable referred to the IRAP portion at 30 June 2021 (Euro 198 thousand), net of the A.C.E. (Aid to Economic Growth) surplus, converted into an I.R.A.P. tax credit, to be used in equal instalments over five tax periods (Euro 1,042 thousand).

The item VAT payables amounted to Euro 603 thousand (Euro 5,289 thousand receivables at 30 June 2020), the change is mainly due to the extraordinary transaction that took place in December 2020.

Payables on withholdings on income from work related to the withholdings made on registered players, employees and freelance workers. The change compared to the previous year is related to the use in the previous year of the suspension of contributions and social security payments due in the months of April-June 2020 pursuant to the "Relaunch" Decree Law 34/2020. The aforesaid payments resumed from 16 September 2020 according to the instalment plan granted by Decree Law 104/2020 (so-called "August Decree").

Payables to pension funds and social security agencies

The amount of this item was broken down as follows:

	30.06.2021	30.06.2020	Change
Payables to I.N.P.S.	3,712	2,517	1,195
Payables/(Receivables) to/from other pension institutions	117	102	15
Total	3,829	2,619	1,210

This item also includes the payables for contributions to supplementary pension funds and/or to the Treasury Fund at the INPS. The changes were in line with the trend in the cost of labour. The change from the previous year is related to the use in the previous year of the suspension of contributions and social security payments due in April-June 2020 pursuant to Decree Law 34/2020 and the suspension of payments due in January-February 2021 pursuant to Art. 1, paragraphs 36 and 37 of the 2021 Finance Act. The aforesaid payments resumed from 16 September 2020 and from May 2021 according to the instalment plan granted by Decree Law 104/2020 (so-called "August Decree").

Other payables

These consisted of the following:

	30.06.2021	30.06.2020	Change
Payables to registered players and employees	19,287	13,748	5,539
Payables to directors, statutory auditors and the Supervisory Body.	90	207	-117
Other payables	2,969	3,634	-665
Total	22,346	17,589	4,757

Payables to registered players and employees relate in particular to the additional month salaries and bonuses to registered players and employees, duly paid on the established deadlines. The increase compared to the previous year is mainly due to the variable bonuses paid to registered players and employees based on the results of the 2020/2021 season.

The item Other Payables refers mainly to refunds for season tickets for the 2019-2020 season and payables for holidays, reduced working hours and additional monthly payments.

Payables to entities – specific sector

These amount, net of the amortised cost, to Euro 59,496 thousand (Euro 75,810 thousand at 30 June 2020) and are composed of payables to the Lega Nazionale Professionisti and payables to foreign and national football clubs.

Payables to the Lega Nazionale Professionisti, of Euro 6,967 thousand (Euro 31,987 thousand of 30 June 2020) are the balance of the 2021/2022 transfer campaign.

Payables to foreign and Italian football clubs, amounting to Euro 52,529 thousand (Euro 42,724 thousand at 30 June 2020), net of amortised cost adjustments of Euro 1,059 thousand, related to

- Euro 28,969 thousand (not present at 30 June 2020) for the payable to Chelsea Football Club for the definitive purchase of the player Tomori Oluwafikayomi;
- Euro 12,785 thousand (not present at 30 June 2020) for the payable to Lille Olympique Sporting Club for the definitive purchase of the player Mike Petterson Maignan;
- Euro 7,113 thousand (Euro 14,225 thousand at 30 June 2020) to the payable to Real Madrid Club de Futbol for the definitive purchase of the player Theo Bernard Francois Hernandez;
- Euro 1,990 thousand (not present at 30 June 2020) for the payable to F.K. Bodø/Glimt for the definitive purchase of the player Jens Petter Hauge;
- Euro 1,352 thousand (not present at 30 June 2020) for the payable to Liverpool F.C. for the sell-on-fee related to the player Jesus Joaquin Fernández Saez de la Torre “Susó”;
- Euro 333 thousand (not present at 30 June 2020) for the payable to ETO FC Győr for the definitive purchase of the player Milos Kerkez;
- Euro 160 thousand (not present at 30 June 2020) to the payable to Asteras Tripolis FC for the definitive purchase of the player Fotis Pseftis;
- Euro 884 thousand (Euro 1,394 thousand at 30 June 2020) to various clubs for the fees payable in connection with international transfers to the teams who contributed to the players’ training, in accordance with the F.I.F.A. solidarity mechanism. Specifically, it mainly comes from the purchase of players Mike Petterson Maignan and Theo Bernard Francois Hernandez.

ACCRUED EXPENSES AND DEFERRED INCOME

At end of the period this item was composed as follows:

	30.06.2021	30.06.2020	Change
Accrued expenses	46	198	-152
Deferred income:			
deferred broadcasting rights	10,454	17,970	-7,516
deferred season tickets	-	3,111	-3,111
Other prepayments	21,951	17,379	4,572
Total deferred income	32,404	38,460	-6,056
Total accruals and deferrals	32,450	38,658	-6,208

The item Deferred income, equal to Euro 32,404 thousand (Euro 38,460 thousand on 30 June 2020) includes:

- Euro 10,454 thousand (Euro 17,970 at 30 June 2020) to the advance billing related to the broadcasting rights of the Serie A championship for the period 1 July 2021-30 June 2022;
- Euro 9,774 thousand (Euro 10,098 thousand at 30 June 2020) relating to royalties from rights to use images of Milan’s home games in specific seasons (“*Milan Library*”);
- for Euro 7,185 thousand (Euro 6,711 thousand at 30 June 2020) to the advance invoicing of promotional and advertising rights and royalties on commercial contracts valid for the period from 1 July 2021 to 30 June 2022;
- Euro 2,848 thousand (not present at 30 June 2020) related to advance invoicing for sponsorship and technical material;
- Euro 1,253 thousand to the advance invoicing related to Royalties contracts for the period 1

- July 2021-30 June 2022;
- Euro 410 thousand to the advance invoicing of Italian and foreign football school contracts.

COMMITMENTS, RISKS AND POTENTIAL LIABILITIES**COMMITMENTS AND GUARANTEES**

Bank guarantees, endorsements and other personal guarantees

These are guarantees issued by banks and/or insurers, totalling Euro 8,502 thousand (Euro 24,438 thousand at 30 June 2020), mainly in favour of:

Lega Calcio, for the transfer season, for Euro 3,924 thousand (Euro 17,762 thousand at 30 June 2020);

The Municipality of Milan, for the use of the San Siro Stadium, for Euro 2,349 thousand (Euro 2,337 thousand at 30 June 2020);

the Italian Revenue Agency (Agenzia delle Entrate) for Euro 2,097 thousand (unchanged with respect to 30 June 2020) for a VAT receivable relative to the 2018 VAT return 2017 tax period, requested as a reimbursement;

Tea S.r.l. for Euro 100 thousand (unchanged with respect to 30 June 2020) related to the rent of a flat used by company management;

Ministry for Economic Development, for Euro 32 thousand (not present at 30 June 2020), for prize contests related to the “MILAN120” and “Derby Together” initiatives.

POTENTIAL LIABILITIES

At the date of these consolidated financial statements, there were no potential liabilities arising from the financial statements. It should also be noted that on 10 May 2021, the A.C. Milan paid the amount of Euro 5,528 thousand to Mr. Boban, in accordance with the provisionally enforceable judgement No. 2565/2020 issued on 29 December 2020, which was however appealed by the Parent Company before the Milan Court of Appeal.

NOTES ON THE MAIN THE INCOME STATEMENT ITEMS

(in thousands of Euros)

Introduction

Before analysing the individual items, we remind you that the comments on the general changes in costs and revenues are provided in the Report on Operations, as required by Article 2428 paragraph 1 civil code. We also remind you that the income statement items have been classified according to the financial statement structure established for professional football clubs, in compliance with the provisions of the Italian Football Federation Official Notice no. 58, published on 5 September 2006.

VALUE OF PRODUCTION

The total value of production in the 2020/2021 financial year amounted to Euro 261,092 thousand (Euro 168,611 thousand in the 2019/2020 financial year). The breakdown of this item is shown below.

Revenues from sales and services

The item was composed as follows:

	FY 2020/2021	FY 2019/2020	Change
Match revenues	-	13,402	-13,402
Season tickets	-	6,676	-6,676
Revenues from other competitions	-	3,551	-3,551
Total	-	23,629	-23,629

Following the restrictions imposed by the Italian government and the relevant bodies, the championship matches for the 2020/2021 season, the 2021 Italian Cup and the 2021 UEFA Europa League Cup competitions were held behind closed doors.

Therefore, home match revenues in the Championship, revenues from International Cups, revenues from season tickets and revenues from other competitions for the 2020/2021 season are zero.

Other revenues and income

This income consisted of:

	FY 2020/2021	FY 2019/2020	Change
Sponsorship income	53,991	36,683	17,308
Commercial income and royalties	11,237	15,562	-4,325
Income from broadcasting and media rights	138,261	63,385	74,876
miscellaneous income	8,975	8,881	94

NOTES

Revenues from player loans	63	5,442	-5,379
gains from the sale of player registration rights	20,185	20,019	166
Other income from player management	8,133	2,674	5,459
Other income and revenues	20,097	15,965	4,132
Total	260,941	168,611	92,330

Sponsorship income of Euro 53,991 thousand (Euro 36,683 thousand in the 2019/2020 financial year) mainly relate to the following:

- for Euro 14,200 thousand (Euro 14,000 thousand in the 2019/2020 financial year), to the fees paid by the Official Sponsor Emirates;
- Euro 13,108 thousand (Euro 10,965 thousand in the 2019/2020 financial year) for amounts paid by the Technical Sponsor Puma International Sports Marketing B.V. for the purchase of the right to place their branding on the club's official kit;
- for Euro 26,026 thousand (Euro 11,127 thousand in the 2019/2020 financial year) to revenues from the sale of multi-product promotional-advertising packages to commercial partners, among which Socios Service L.t.d., A2A Energia S.p.A., Banco B.P.M. S.p.A., Dazn L.t.d., Electronic Arts Inc., Giuliani S.p.A., La Molisana S.p.a., Radio Studio 105 S.p.A., Royal Forex L.t.d., Salumificio Fratelli Beretta S.p.A., Skrilk L.t.d., Snaitech S.p.A., Star Casinò Media and Entertainment L.t.d., Tianyu Technology Inc. and Trenitalia S.p.A. are particularly significant. The increase of Euro 14,899 thousand compared to the 2019/2020 financial year is due to the agreement of new contracts with primary commercial partners for the 2020/2021 season;
- Euro 657 thousand (Euro 590 thousand in FY 2019/2020) being payments from contracts with the corporate sponsors, official and technical suppliers, and commercial partners under which the club allows sponsors to use the titles of "Official Supplier", "Official Partner" and "Institutional Sponsor" for advertising and publicity.

Commercial Income and royalties, amounting to Euro 11,237 thousand (Euro 15,562 thousand in the 2019/2020 financial year), mainly refer to revenues from merchandising and licensing activities and in particular to the contract with Puma International Sports Marketing B.V. and licensing contracts with Balocco S.p.A., Euro Publishing S.r.l., Seven S.p.A., Sicem S.p.A., Staff 3000 S.r.l., Stilscreen S.r.l., The Reputation Exchange P.L.C. and E.P.I. S.r.l..

Income from broadcasting rights, of Euro 138,261 thousand (Euro 63,385 thousand in the 2019/2020 financial year), pertaining to the Parent A.C. Milan S.p.A., relates to:

- Euro 121,857 thousand (Euro 63,385 thousand in the 2019/2020 financial year) from the centralised licence of broadcasting rights for the 2020/2021 season of various packages assigned to broadcasters, including in particular Sky Italia S.r.l., RAI IMG Media and Perform Investment Ltd (Dazn). The increase is mainly related both to the playing of some matches of the 2019/2020 Serie A Championship in July and August 2020 following the postponement in the conclusion of the competition due to Covid that led, therefore, to the playing of a greater number of matches compared to the same period of the previous year;
- Euro 16,404 thousand (not present in the 2019/2020 financial year when the Team did not participate in Uefa competitions), refer to the amount paid to the Company for the negotiation and exploitation of television and radio rights for participation in the UEFA Europa League - 2020/2021 edition.

The caption Miscellaneous income, equal to Euro 8,975 thousand (Euro 8,881 thousand in the 2019/2020 financial year), includes Euro 8,714 thousand (Euro 8,734 thousand in the 2019/2020 financial year) for the fees resulting from granting rights to use images of the A.C. Milan home matches for specific football seasons (the "Milan Library").

Revenues from player loans, amounting to Euro 63 thousand (Euro 5,442 thousand in the 2019/2020 financial year), relate to the following players loaned out by the club:

Player	Selling club	Amount
Alexander Borges	FC Bayern Munchen	50
Emir Murati	Pro Sesto 1913	13
Total		63

Gains from the sale of player registration rights, realised in the year 2020/2021, are listed below with details of the name of the player and the selling club:

Player	Selling club	Net carrying amount (*)	Sale amount	Gain
Jesús Joaquín Fernández Sáenz de la Torre	Sevilla Futbol Club	398	20,578	20,180
Alessandro Falzoni	Associazione Calcio Monza	-	4	4
Matteo Cosentino	Como 1907	-	1	1
Gains				20,185

(*) *Net of the effect of the implementation of the “amortised cost” method as provided for by Article 2426, paragraph 1, no. 8 of the Italian Civil Code.*

Other income from player management, of Euro 8,133 thousand (Euro 2,674 thousand in the 2019/2020 financial year) relates to:

- Euro 5,000 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Brescia Calcio for the player Sandro Tonali;
- Euro 1,000 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Atalanta B.C. for the achievement of the contractually envisaged targets by the players Mattia Caldara and Matteo Pessina;
- Euro 974 thousand (not present in the 2019/2020 financial year) to the consideration paid by the Company for the *sell on fee* for the player Nikola Kalinic to Club Atletico de Madrid;
- Euro 490 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Sevilla Futbol Club for the player Jesús Joaquín Fernández Sáenz de la Torre “Susó” reaching the contractual target;
- Euro 378 thousand (Euro 274 thousand in the 2019/2020 financial year) for the solidarity contribution paid by various clubs for the transfer of certain players who played for Milan aged between 12 and 23;
- Euro 244 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Herta BSC for the achievement of the contractually envisaged target by the player Krzysztof Piatek;
- Euro 47 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Celtic F.C. for the achievement of the contractually envisaged target by the player Diego Sebastian Laxalt Suarez.

The item “Other income and revenues”, amounting to Euro 20,097 thousand (Euro 15,965 thousand in the 2019/2020 financial year), included Euro 14,735 thousand (Euro 7,707 thousand in the

2019/2020 financial year) for the utilisation, for various reasons, of the provision for future charges accrued in previous years' financial statements, and Euro 3,123 thousand (Euro 5,165 thousand in the 2019/2020 financial year) for contingent assets and other residual revenues and income. This item also includes Euro 725 thousand (unchanged with respect to the 2019/2020 financial year) in fees arising from the invoicing to the associated company M-I Stadio S.r.l. for the use of some indoor and outdoor spaces of the San Siro Stadium in Milan, Euro 501 thousand (Euro 808 thousand in the 2019/2020 financial year) for insurance reimbursements resulting from injuries suffered by A.C. Milan first team players and Euro 305 thousand (Euro 262 thousand in the 2019/2020 financial year) of income for sundry recharges.

COSTS OF PRODUCTION

Costs of production in the 2020/2021 financial year amounted to Euro 347,415 thousand (Euro 378,916 thousand in the 2019/2020 financial year). The breakdown of this item is shown below.

Costs for consumables and goods

Costs for the purchase of consumables and goods, amounting to Euro 4,951 thousand (Euro 4,307 thousand in the first half of the 2019/2020 financial year), essentially relate to costs incurred by the Parent Company A.C. Milan S.p.A. and the subsidiary Milan Entertainment S.r.l. for the purchase of sports clothing for training, the official kits provided by the Technical Sponsor, medicinal expenses and purchase costs for products for resale at the new "Milan Store" opened in "Casa Milan".

Cost for services

Were broken down as follows:

	FY 2020/2021	FY 2019/2020	Change
General costs for sporting activities	23,049	23,876	-827
Consultancies and collaborations	5,239	6,321	-1,082
Advertising and promotion	1,302	1,631	-329
Insurance	555	568	-13
Fees to company bodies	3,633	3,784	-151
Administrative and general expenses	5,093	5,876	-783
Canteen and catering services	944	757	187
Maintenance and repair	2,007	1,644	363
Transport, storage and travel expenses	503	151	352
Other costs for services	8,693	7,348	1,345
Total	51,019	51,956	-937

General costs for sporting activities included the expenses incurred primarily by the Parent Company A.C. Milan S.p.A. and the subsidiary Milan Entertainment S.r.l., of which:

- Euro 11,604 thousand (Euro 14,532 thousand in the 2019/2020 financial year) mainly composed of consultancy and technical-sports collaborations for Euro 5,517 thousand (Euro 6,393 thousand in the 2019/2020 financial year), sports agent and auxiliary costs for the Transfer Campaign for Euro 4,458 thousand (Euro 6,942 thousand in the 2019/2020 financial year), the reduction of which is mainly related to the effects of the 2020/2021 Transfer Campaign, and by costs for monitoring players for Euro 1,637 thousand (Euro 885 thousand in the 2019/2020 financial year).
- Euro 5,001 thousand (Euro 2,907 thousand in the 2019/2020 financial year), relate to the expenses incurred for health and schooling assistance and for training and camp sessions of the first team and the youth sector.
- Euro 1,566 thousand (Euro 1,429 thousand in the 2019/2020 financial year) for remuneration to medical and healthcare personnel and other related expenses;
- Euro 2,475 thousand (Euro 2,285 thousand in the 2019/2020 financial year) for expenses incurred for away games of the first team and the minor teams;
- Euro 2,403 thousand (Euro 2,722 thousand in the 2019/2020 financial year), relates to the premiums paid to insure the players of the first team and youth sector, and have increased as a result of further insurance items being included in the cover.

Consultancies and collaborations, of Euro 5,239 thousand (Euro 6,321 thousand in the 2019/2020 financial year) includes the amounts payable for legal and notarial fees, administration, fiscal and management, commercial, communications, technical and other costs, and commission paid to third parties.

Advertising expenses, which amounted to Euro 1,302 thousand (Euro 1,631 thousand in the 2019/2020 financial year), mainly included posters and other advertising expenses.

Emoluments to company bodies, of Euro 3,633 thousand (Euro 3,784 thousand in the 2019/2020 financial year), includes fees payable to the directors, the statutory auditors and the Supervisory Control Body for their services to the Milan Group.

Administrative, general expenses and utilities, amounting to Euro 5,093 thousand (Euro 5,876 thousand in the 2019/2020 financial year), consists of the costs incurred by the Milan Group primarily for insurance and information technology services, for utilities, and for surveillance and cleaning costs.

Other costs for services, amounting to Euro 8,693 thousand (Euro 7,348 thousand in the 2019/2020 financial year), mainly consisted of:

Euro 4,550 thousand (unchanged with respect to the 2019/2020 financial year) relates to the costs of providing technical and maintenance services at the San Siro stadium, commercial and administration services charged by M-I Stadio S.r.l., under a specific agreement;

Euro 1,726 thousand (Euro 1,235 thousand in the 2019/2020 financial year), for the costs of broadcasting production and distribution for the Serie A Championship and 2020/2021 edition of the Tim Cup, charged by Lega Nazionale Professionisti Serie A;

Euro 1,763 thousand (Euro 1,576 thousand in the 2019/2020 financial year), being the content production and broadcasting costs for Milan Tv, which are lower mainly due to the recent contract with a new company that supplies the channel's production services;

Leases and rentals

The item was composed as follows:

	FY 2020/2021	FY 2019/2020	Change
Rental expenses	6,552	7,971	-1,419
Rentals and other hires	2,129	2,064	65
Total	8,681	10,035	-1,354

Rental expenses, amounting to Euro 6,552 thousand (Euro 7,971 thousand in the 2019/2020 financial year), consisted of:

costs of Euro 4,000 thousand (Euro 4,737 thousand in the 2019/2020 financial year) resulting from the use of the San Siro Stadium in Milan under the agreement reached with the Municipality of Milan involving the joint management of the stadium together with F.C. Internazionale Milano S.p.A. from 1 July 2000 up to 30 June 2030, of which Euro 1,371 thousand (Euro 2,183 thousand in the 2019/2020 financial year) will be subsequently deducted from the rental payments upon completion of the modernisation work carried out each year on the San Siro Stadium in Milan;

Euro 2,552 thousand (Euro 3,231 thousand in the 2019/2020 financial year) for costs for property leases and ancillary services that the subsidiary Milan Real Estate S.p.A. makes available to the players and certain employees of the Milan Group;

Rentals and other hires, of Euro 2,129 thousand (Euro 2,064 thousand in the 2019/2020 financial year), refer mainly to the leasing of vehicles and equipment for corporate use.

Personnel costs

Personnel costs were broken down as follows:

	FY 2020/2021			FY 2019/2020		
	Registered players	Other employees	Total	Registered players	Other employees	Total
Wages and salaries	136,357	23,952	160,309	140,006	11,657	151,663
Social security charges	3,831	3,484	7,315	4,050	3,086	7,136
End of career entitlements/Employee leaving entitlements	839	897	1,736	921	831	1,752
Other costs	107	221	328	108	131	239
Total	141,133	28,554	169,687	145,085	15,705	160,790

Details of the average numbers of personnel (both registered and employees) employed by the Milan Group in 2020/2021 are provided below:

	FY 2020/2021	FY 2019/2020	Change
Players	59	55	4
Team managers/other technicians	168	172	-4
Directors	16	16	1
Journalists	7	6	1
Office workers and middle managers	158	153	5
Workers	3	6	-3
Total	411	408	3

Amortisation, depreciation and write-downs

	FY 2020/2021	FY 2019/2020	Change
Amortisation of Intangible fixed assets	74,074	103,418	-29,344
Depreciation of tangible fixed assets	1,666	996	670
other write-downs of fixed assets	1,864	19,851	-17,987
Write-down of receivables included in working capital and in cash and cash equivalents	3,545	1,418	2,127
Total	81,149	125,683	-44,534

The details of the amortisation and depreciation of the intangible and tangible fixed assets are provided in the attached statements of changes.

The item Other write-downs of fixed assets, equal to Euro 1,864 thousand (Euro 19,851 thousand in the 2019/2020 financial year), relates to the write-down of the Player registration rights of some players, due to the effect of losses of some players in August 2021.

The item Write-down of receivables included in working capital and in cash and cash equivalents, amounting to Euro 3,545 thousand (Euro 1,418 thousand in the 2019/2020 financial year), refers to the allocation made to the provision for doubtful trade receivables.

Provisions for risks

The item amounts to Euro 8,352 thousand (Euro 9,858 thousand in the 2019/2020 financial year) and includes, among others, the provision for future expenses related to sports and non-sporting personnel and the integration of the UEFA provision.

Sundry management expenses

Sundry management expenses consisted of:

	FY 2020/2021	FY 2019/2020	Change
Various match organisation expenses	1,024	3,233	-2,209
Match registration costs	3	3	0
Percentage paid to visiting teams	0	241	-241
Costs for acquisition of player services on loan	11,821	3,438	8,383
Losses from the sale of multi-year player registration rights	2,224	4,717	-2,493
other expenses from player management	2,140	5	2,135
Other management expenses	6,363	4,561	1,802
Total	23,575	16,198	7,377

Other match organisation costs, of Euro 1,024 thousand (Euro 3,233 thousand in the first half of the 2019/2020 financial year), mainly relate to the costs of managing the corporate seating, Sky Boxes and Sky Lounges, and the stewarding, ticketing and customer services at San Siro during home matches

for the season 2020/2021. The decrease is mainly due to the holding of sporting events behind closed doors.

Costs for acquisition of player services on loan, amounting to Euro 11,821 thousand (Euro 4,717 thousand in the 2019/2020 financial year), refer to the following players purchased by the club:

Player	Selling club	Amount
Abdelkader Diaz	Real Madrid	200
Nikolaos Michelis	Ateras Tripolis	25
Josè Diogo Dalot Teixeira	Manchester United	486
Sandro Tonali	Brescia Calcio	10,000
Gianluca Rossi	Piacenza Calcio 1919	13
Oluwafikayomi Oluwadamilola Tomori	Chelsea F.C.	597
Soualiho Meité	Torino F.C.	500
Total		11,821

Losses from the sale of multi-year player registration rights, equal to Euro 2,224 thousand (Euro 4,717 thousand in the 2019/2020 financial year), realised during the 2020/2021 financial year, concern the following players.

Player	Selling club	Net book value	Sale amount	Capital loss
Mateo Pablo Musacchio	S.S. Lazio	2,215	-	-2,215
Ismet Sinani	Union San Giorgio Sedico	9	-	-9
Total		2,224	-	-2,224

Other management expenses, amounting to Euro 6,363 thousand (Euro 4,561 thousand in the 2019/2020 financial year) include the contributions to the Lega Nazionale Professionisti and other entities, fines and other penalties for matches, charitable donations, contingent liabilities, and other indirect tax expenses, as well as recharges made to players and third parties for the amounts due.

FINANCIAL INCOME AND (EXPENSES)

Financial income and expenses show expenses of Euro 3,257 thousand (expenses of Euro 6,338 thousand in the 2019/2020 financial year) and were broken down as follows.

	FY 2020/2021	FY 2019/2020	Change
Bank interest income	2	6	-4
Interest on other receivables	1,411	606	805
Total financial income	1,413	612	801
Interest payable on bonds	0	0	0
Bank interest expenses	0	-50	50
Interest expense on other debt	-3,270	-2,516	-754

Interest payable to parent companies	0	0	0
Interest expense on other debt	-88	0	-88
Other interest and financial charges	-1,315	-4,388	3,073
Total financial expenses	-4,673	-6,954	2,281
Exchange rate gains	13	34	-21
Exchange rate losses	-10	-30	20
Total exchange rate gains (losses)	3	4	-1
Total	-3,257	-6,338	3,081

The item Interest on other receivables includes the positive effect of Euro 282 thousand (Euro 598 thousand in the 2019/2020 financial year), from the adoption of the amortised cost criterion on receivables from the player transfer campaign.

The item Other interest and financial charges includes Euro 927 thousand (Euro 2,099 thousand in the 2019/2020 financial year) being the commission payable on guarantees issued by banks and/or insurers, mainly used as partial coverage for the player transfer season, and Euro 210 thousand (Euro 1,959 thousand in the 2019/2020 financial year), being the effects of applying the amortised cost principle to the bonds and liabilities arising from the player transfers.

VALUE ADJUSTMENTS OF FINANCIAL ASSETS

Write-downs

The amount of Euro 1,973 thousand refers to the write-down to align the book value of the investment in the associate M-I Stadio S.r.l. to the corresponding portion of the company's shareholders' equity resulting from the financial statements at 30 June 2021.

INCOME TAXES FOR THE PERIOD

Current taxes

	FY 2020/2021	FY 2019/2020	Change
IRAP (regional business tax)	-3,143	-183	-2,960
Previous years' tax income	0	-175	175
Tax income from tax consolidation	0	0	0
Other income taxes	-220	-15	-205
Total	-3,363	-373	-2,990

In the 2020/2021 financial year, there was no recognition of Tax income from tax consolidation, as the taxable income was offset against the tax losses within the Milan Group, in application of the "Agreement on the exercise of the option for the national tax consolidation scheme".

Deferred tax assets and liabilities

The item Deferred tax assets and liabilities, negative at - Euro 1,501 thousand (- Euro 1,847 thousand in the 2019/2020 financial year), relates specifically to the issue of deferred tax assets on consolidation adjustments which mainly relate to the reversal of inter-company gains.

CONSOLIDATED RESULT FOR THE PERIOD

The period 2020/2021 resulted in a loss of Euro 96,416 thousand (loss of Euro 194,616 thousand in the 2019/2020 financial year).

Milan, 27 September 2021

for the **Board of Directors**
The Chief Executive Officer
Ivan Gazidis

ATTACHMENTS



These attachments contain additional information to that reported in the Notes, of which they are an integral part.

This information is contained in the following attachments:

- statement of changes in intangible fixed assets;
- statement of changes in tangible fixed assets;
- statement of changes in equity investments;
- statement of changes in shareholders' equity;
- segment breakdown;
- reconciliation between the A.C. Milan S.p.A. and the Consolidated shareholders' equity and profit or loss;
- list of equity investments in subsidiaries, associates and others.

Attachment 1

Statement of changes in intangible assets

(IN THOUSANDS OF EUROS)

Historical cost	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATION)	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
START-UP AND EXPANSION COSTS	3	—	—	—	—	—	—	3
INDUSTRIAL PATENT RIGHTS AND USE OF INTELLECTUAL PROPEP	—	—	—	—	—	—	—	—
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	50.333	380	—	—	—	—	—	50.713
GOODWILL AND CONSOLIDATION DIFFERENCE	—	—	—	—	—	—	—	—
ASSETS IN PROGRESS AND ADVANCES	122	2.619	(2.714)	—	—	—	—	27
PLAYER REGISTRATION RIGHTS	426.043	69.177	(144.499)	—	—	—	—	350.721
OTHER INTANGIBLE FIXED ASSETS	35.462	2.390	(10.301)	—	—	—	—	27.551
Total	511.963	74.566	(157.514)	—	—	—	—	429.015

Accumulated amortisation and Provision for Doubtful Accounts	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATION)	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
START-UP AND EXPANSION COSTS	(3)	—	—	—	—	—	—	(3)
INDUSTRIAL PATENT RIGHTS AND USE OF INTELLECTUAL PROPEP	—	—	—	—	—	—	—	—
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	(33.066)	—	—	—	(6.601)	—	—	(39.667)
GOODWILL AND CONSOLIDATION DIFFERENCE	—	—	—	—	—	—	—	—
PLAYER REGISTRATION RIGHTS	(239.340)	—	116.061	—	(65.624)	(1.864)	—	(190.767)
OTHER INTANGIBLE FIXED ASSETS	(20.523)	—	—	3.111	(1.848)	—	—	(19.260)
Total	(292.932)	—	116.061	3.111	(74.073)	(1.864)	—	(249.697)

Net value	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATION)	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
START-UP AND EXPANSION COSTS	—	—	—	—	—	—	—	—
INDUSTRIAL PATENT RIGHTS AND USE OF INTELLECTUAL PROPEP	—	—	—	—	—	—	—	—
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	17.262	380	—	—	(6.601)	—	—	11.041
GOODWILL AND CONSOLIDATION DIFFERENCE	—	—	—	—	—	—	—	—
ASSETS IN PROGRESS AND ADVANCES	122	2.619	(2.714)	—	—	—	—	28
PLAYER REGISTRATION RIGHTS	186.703	69.177	(28.438)	—	(65.624)	(1.864)	—	159.954
OTHER INTANGIBLE FIXED ASSETS	14.939	2.390	(10.301)	3.111	(1.848)	—	—	8.291
Total	219.026	74.566	(41.453)	3.111	(74.073)	(1.864)	—	179.314

Attachment 2

Statement of changes in tangible fixed assets

(IN THOUSANDS OF EUROS)

Historical cost	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(DEPRECIATION)	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
LAND AND BUILDINGS	12.641	51.818	—	—	—	—	—	64.459
PLANT AND MACHINERY	4.939	1.409	(654)	—	—	—	—	5.694
INDUSTRIAL AND COMMERCIAL EQUIPME	4.277	1.205	(122)	—	—	—	—	5.360
OTHER TANGIBLE ASSETS	3.669	245	(1)	—	—	—	—	3.913
TANGIBLE ASSETS IN PROGRESS	384	48	(203)	—	—	—	—	229
Total	25.910	54.725	(980)	—	—	—	—	79.655

Accumulated Depreciation and Provision for Doubtful Accounts	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(DEPRECIATION)	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
LAND AND BUILDINGS	(2.320)	—	—	—	(751)	—	—	(3.071)
PLANT AND MACHINERY	(3.129)	—	343	—	(279)	—	—	(3.065)
INDUSTRIAL AND COMMERCIAL EQUIPME	(3.545)	—	122	—	(312)	—	—	(3.735)
OTHER TANGIBLE ASSETS	(2.764)	—	—	—	(325)	—	—	(3.089)
Total	(11.759)	—	465	—	(1.667)	—	—	(15.281)

Net value	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(DEPRECIATION)	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
LAND AND BUILDINGS	10.321	51.818	—	—	(751)	—	—	61.388
PLANT AND MACHINERY	1.810	1.409	(311)	—	(279)	—	—	2.629
INDUSTRIAL AND COMMERCIAL EQUIPME	731	1.205	—	—	(312)	—	—	1.624
OTHER TANGIBLE ASSETS	903	245	(1)	—	(325)	—	—	822
TANGIBLE ASSETS IN PROGRESS	384	48	(203)	—	—	—	—	229
Total	14.149	54.725	(515)	—	(1.667)	—	—	66.692

Attachment 3

Statement of changes in equity investments

(IN THOUSANDS OF EUROS)

Historical cost	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
SUBSIDIARIES:							
- MEASURED USING THE EQUITY METHOD	—	—	—	—	—	—	—
- MEASURED USING THE COST METHOD	104	—	—	—	—	—	104
ASSOCIATES:							
- MEASURED USING THE EQUITY METHOD	2.425	—	—	885	(1.973)	—	1.337
- MEASURED USING THE COST METHOD	—	—	—	—	—	—	—
OTHER COMPANIES:							
- MEASURED USING THE EQUITY METHOD	—	2.000	—	—	—	—	2.000
- MEASURED USING THE COST METHOD	—	—	—	—	—	—	—
Total	2.529	2.000	—	885	(1.973)	—	3.441

Write-down provision	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
SUBSIDIARIES:							
- MEASURED USING THE EQUITY METHOD	—	—	—	—	—	—	—
- MEASURED USING THE COST METHOD	—	—	—	—	—	—	—
ASSOCIATES:							
- MEASURED USING THE EQUITY METHOD	—	—	—	—	—	—	—
- MEASURED USING THE COST METHOD	—	—	—	—	—	—	—
OTHER COMPANIES:							
- MEASURED USING THE EQUITY METHOD	—	—	—	—	—	—	—
- MEASURED USING THE COST METHOD	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—

Net value	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(WRITE-DOWNS) / WRITE-BACKS	SCOPE OF CONSOLIDATION	30.06.2021
SUBSIDIARIES:							
- MEASURED USING THE EQUITY METHOD	—	—	—	—	—	—	—
- MEASURED USING THE COST METHOD	104	—	—	—	—	—	104
ASSOCIATES:							
- MEASURED USING THE EQUITY METHOD	2.425	—	—	885	(1.973)	—	1.337
- MEASURED USING THE COST METHOD	—	—	—	—	—	—	—
OTHER COMPANIES:							
- MEASURED USING THE EQUITY METHOD	—	2.000	—	—	—	—	2.000
- MEASURED USING THE COST METHOD	—	—	—	—	—	—	—
Total	2.529	2.000	—	885	(1.973)	—	3.441

Attachment 4

Statement of changes in shareholders' equity

(IN THOUSANDS OF EUROS)

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY RESERVES	OTHER RESERVES	PROFIT (LOSS) CARRIED FORWARD	PROFIT/(LOSS) FOR THE YEAR	Total Shareholders' Equity
Shareholders' Equity at 30.06.2019	113.443	31.020	124	—	101.872	(17.188)	(145.985)	83.286
APPROPRIATION OF PROFIT FOR THE YEAR 2018/19	0	0	0	0	(145.985)	0	145.985	—
DIVIDENDS PAID TO SHAREHOLDERS	0	0	0	0	0	0	0	—
INCREASES IN SHARE CAPITAL	0	0	0	0	145.000	0	0	145.000
CAPITAL CONTRIBUTIONS AND/OR CONTRIBUTIONS TO C	0	0	0	0	0	0	0	—
COVERING OF LOSSES	0	0	0	0	0	0	0	—
OTHER CHANGES	0	0	0	0	453	0	0	453
RESULT FOR THE PERIOD	0	0	0	0	0	0	(194.616)	(194.616)
Shareholders' Equity at 30.06.2020	113.443	31.020	124	—	101.341	(17.188)	(194.616)	34.124
APPROPRIATION OF PROFIT FOR THE YEAR 2019/20	0	0	0	0	(194.616)	0	194.616	—
DIVIDENDS PAID TO SHAREHOLDERS	0	0	0	0	0	0	0	—
INCREASES IN SHARE CAPITAL	0	0	0	0	129.500	0	0	129.500
CAPITAL CONTRIBUTIONS AND/OR CONTRIBUTIONS TO C	0	0	0	0	0	0	0	—
COVERING OF LOSSES	0	0	0	0	0	0	0	—
OTHER CHANGES	0	0	0	0	86	0	0	86
RESULT FOR THE PERIOD	0	0	0	0	0	0	(96.416)	(96.416)
Shareholders' Equity at 30.06.2021	113.443	31.020	124	—	36.311	(17.188)	(96.416)	67.294

Attachment 5

Segment breakdown

(IN THOUSANDS OF EUROS)

Balance Sheet	A.C. Milan S.p.A.	Milan Entertainment S.p.A.	Milan Real Estate S.p.A.	AC Milan (Beijing) Sports Development Co. Ltd.	Casa Milan S.r.l.	AC Milan (Shanghai) Sports Development Co. Ltd.	Adjustments	Milan Group Consolidated
Assets								
RECEIVABLES FROM SHAREHOLDERS	—	—	—	—	—	—	—	0
FIXED ASSETS:								
- INTANGIBLE	179.882	39.154	—	—	—	—	(39.721)	179.314
- TANGIBLE	2.100	426	21.315	0	60.747	—	(17.894)	66.694
- FINANCIAL	200.212	999.9	—	—	—	—	(197.771)	3.441
	—	—	—	—	—	—	—	0
OTHER LONG-TERM RECEIVABLES	384	1	104	—	—	—	—	490
Total fixed assets	382.578	40.581	21.419	0	60.747	0	(255.386)	249.939
WORKING CAPITAL:								
- INVENTORIES	—	444	—	—	—	—	—	444
- RECEIVABLES	135.641	9.138	287	107	3.703	286	(17.095)	132.066
- CURRENT FINANCIAL ASSETS	5.784	163.590	—	—	—	—	(169.374)	—
- CASH AND CASH EQUIVALENTS	17.481	2.422	121	866	2.501	198	—	23.589
Total working capital	158.906	175.594	408	974	6.204	484	(186.469)	156.099
ACCRUALS AND DEFERRALS	2.982	139	189	—	—	—	(16)	3.295
Total assets	544.467	216.313	22.017	974	66.950	483	(441.874)	409.333
Shareholders' Equity and Liabilities								
SHAREHOLDERS' EQUITY:								
- SHARE CAPITAL	113.443	20.000	5.000	350	10	200	(25.560)	113.443
- RESERVES	118.094	167.632	7.399	9	990	2	(176.021)	118.105
- PROFIT/(LOSS) CARRIED FORWARD	(34.250)	227	1.383	(240)	—	—	(34.957)	(67.838)
- PROFIT/(LOSS) FOR THE PERIOD	(97.943)	9.821	294	508	354	(29)	(9.423)	(96.416)
Shareholders' Equity	99.345	197.679	14.077	626	1.354	174	(245.961)	67.294
CAPITAL AND RESERVES OF MINORITY SHAR	—	—	—	—	—	—	—	0
Total Shareholders' Equity	99.345	197.679	14.077	626	1.354	174	(245.961)	67.294
PROVISIONS FOR RISKS AND CHARGES	18.304	526	—	10	—	—	(173)	18.667
EMPLOYEE LEAVING ENTITLEMENTS	933	804	31	—	—	—	—	1.767
PAYABLES	400.912	10.113	7.891	337	65.596	26	(195.723)	289.152
ACCRUALS AND DEFERRALS	24.974	7.191	18	—	—	283	(16)	32.450
Total liabilities and shareholders' equity	544.467	216.313	22.017	974	66.950	483	(441.873)	409.333

(IN THOUSANDS OF EUROS)

Income Statement	A.C. Milan S.p.A.	Milan Entertainment S.p.A.	Milan Real Estate S.p.A.	AC Milan (Beijing) Sports Development Co. Ltd.	Casa Milan S.r.l.	AC Milan (Shanghai) Sports Development Co. Ltd.	Adjustments	Milan Group Consolidated
VALUE OF PRODUCTION:								
- REVENUES FROM SALES AND SERVICES	—	—	—	—	—	—	—	—
- CHANGES IN INVENTORIES OF FINISHED PRODUCTS, WORK IN PROGRESS, INCREASES IN FIXED ASSETS FOR INTERNAL USE	—	150	—	—	—	—	—	150
- OTHER REVENUES AND INCOME	244.835	227	66.384	7.100	1.318	1.634	300	(40.631)
Total value of production	244.835	46.534	7.100	1.318	1.634	300	(40.631)	260.941
COSTS OF PRODUCTION:								
- FOR RAW MATERIALS, ANCILLARY MATERIALS, CONSUMABLES A	3.307	1.503	141	—	—	—	—	4.951
- FOR SERVICES	61.304	6.694	4.081	433	13	26	(21.311)	51.019
- OF USE OF LEASED ASSETS	9.743	4.139	864	36	480	—	(6.582)	8.681
- FOR PERSONNEL	162.239	7.117	247	85	—	—	—	169.687
- AMORTISATION, DEPRECIATION AND WRITE-DOWNS	75.837	13.086	511	1	305	300	(8.891)	81.149
- CHANGES IN INVENTORIES	—	—	—	—	—	—	—	—
- PROVISIONS AND OTHER OPERATING EXPENSES	30.109	1.829	758	66	213	0	(1.030)	31.927
Total costs of production	342.538	34.168	6.582	602	1.012	326	(37.813)	347.415
Difference between value and costs of production	(97.703)	12.367	518	717	622	(26)	(2.817)	(86.323)
FINANCIAL INCOME AND (EXPENSES)	(1.500)	1.499	(74)	12	(91)	(2)	(3.100)	(3.257)
ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS	(643)	—	—	—	—	—	(1.330)	(1.973)
Result before tax	(99.846)	13.865	444	728	532	(29)	(7.247)	(91.552)
INCOME TAXES FOR THE PERIOD	1.903	(4.044)	(150)	(220)	(177)	—	(2.176)	(4.864)
(PROFIT) LOSS OF MINORITY SHAREHOLDERS	—	—	—	—	—	—	—	—
Group profit/(loss)	(97.943)	9.822	294	508	354	(29)	(9.424)	(96.416)

Attachment 6

‘Reconciliation between the A.C. Milan S.p.A. and the Consolidated shareholders’ equity and profit or loss for the period

(IN THOUSANDS OF EUROS)

	30.06.2021		30.06.2020	
	Shareholders’ Equity	Group Profit (Loss)	Shareholders’ Equity	Group Profit (Loss)
Balance of statutory financial statements A.C. Milan S.p.A.	99.344	(97.943)	67.787	(201.061)
SURPLUSES IN SHAREHOLDERS’ EQUITY INCLUDING PROFIT/LOSS FOR THE PERIOD, COMPARED TO BOOK VALUE OF THE EQUITY INVESTMENTS	3.897	10.949	7.914	3.747
ELIMINATION OF INFRAGROUP PROFITS AND LOSSES	(35.947)	(6.323)	(41.578)	7.498
OTHER CONSOLIDATION ADJUSTMENTS	-	(3.100)	-	(4.800)
Balance of consolidated financial statements	67.294	(96.417)	34.123	(194.616)

Attachment 7

‘Related-party transactions

(IN THOUSANDS OF EUROS)

Counterparty	Trade receivables and Other	Financial Receivables	Trade payables and Other	Financial Payables	Value of production	Costs of production	Financial Income (Expenses)
ROSSONERI SPORT INVESTMENT LUXEMBOURG S.À R	-	-	-	-	-	-	-
Total parent companies	-	-	-	-	-	-	-
FONDAZIONE MILAN ONLUS	0	-	-	-	44	145	-
Total subsidiaries	0	-	-	-	44	145	-
M-I STADIO S.R.L.	181	-	2.731	-	725	5.022	-
Total associates	181	-	2.731	-	725	5.022	-
Total associates	-	-	-	-	-	-	-
EUROPEAN SUPER LEAGUE COMPANY (*)	-	-	-	-	-	-	-
Total Other companies	-	-	-	-	-	-	-
Total	181	-	2.731	-	769	5.167	-

(*) It should be noted that the Company was incorporated on 17 April 2021 and as of the date of these consolidated financial statements, information relating to its Balance Sheet (in particular Shareholders’ Equity and Share Capital) and Income Statement was not available.

Attachment 8

List of equity investments in subsidiaries, associates and others**List of equity investments in subsidiaries, associates and others**

(*)	NAME	LOCATION	CURRENCY	SHARE CAPITAL (IN THOUSANDS OF EUROS)	% OWNERSHIP HELD BY THE GROUP
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Companies consolidated using the line-by-line method**Parent Company**

	A.C. MILAN S.P.A.	MILAN	EURO	113.443	—
A	MILAN ENTERTAINMENT S.R.L.	MILAN	EURO	20.000	100,00
A	MILAN REAL ESTATE S.P.A.	CARNAGO (VA)	EURO	5.000	100,00
A	AC MILAN (BEIJING) SPORTS DEVELOPMENT CO. LTD.	BEIJING (PRC)	EURO	350	100,00
A	AC MILAN (SHANGHAI) SPORTS DEVELOPMENT CO. LTD.	SHANGHAI (PRC)	EURO	200	100,00
A	CASA MILAN S.R.L.	MILAN	EURO	10	0,01

Companies consolidated using the equity method

B	M-I STADIO S.R.L.	MILAN	EURO	1.000	50,00
C	EUROPEAN SUPER LEAGUE COMPANY (**)	MADRID	EURO	2.000	9,09

Companies consolidated using the cost method

A	- FONDAZIONE MILAN - ONLUS	MILAN	EURO	104	100,00
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KEY:

- (*) A=> SUBSIDIARIES
B=> ASSOCIATES
C=> OTHERS

- (**) It should be noted that the Company was incorporated on 17 April 2021 and as of the date of these consolidated financial statements, information relating to its Balance Sheet (in particular Shareholders' Equity and Share Capital) and Income Statement was not available.

AUDITING FIRM'S REPORT





A.C. Milan S.p.A.

Consolidated financial statements as at June 30, 2021

Independent auditor's report in pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010



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Via Meravigli, 12
20123 Milano

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Fax: +39 02 722122037
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Independent auditor's report pursuant to article 14 of Legislative
Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
A.C. Milan S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Milan Group (the Group), which comprise the balance sheet as at 30 June 2021, the income statement and consolidated statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

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

Emphasis of matter

We draw the attention to the Note "Going Concern" (the "Note") of the explanatory notes, that describes that the Group incurred in a consolidated loss for the period equal to Euro 96,4 million, the equity amounts to Euro 67,3 million and its financial indebtedness amounts to Euro 101,6 million. In this context the Directors underline that during the 2020/2021 financial year the majority shareholder made capital contributions for a total of Euro 129,5 million in favor of the parent company A.C. Milan S.p.A.. The Directors underline the financial support, for a period of not less than 12 months from the date of approval of the budget, guaranteed by the same shareholder of majority to the entities of the Group. Based on the assumptions outlined above, the Directors have prepared these consolidated financial statements under the going concern assumption. Our opinion is not modified in respect to this matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the A.C. Milan S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of A.C. Milan S.p.A. are responsible for the preparation of the Report on Operations of the Group as at 30 June 2021, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of the Group as at 30 June 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of the Group as at 30 June 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, October 7, 2021

EY S.p.A.
Signed by: Luca Pellizzoni, Auditor

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

REPORT ON OPERATIONS



A.C. MILAN S.p.A.

Registered office: Via Aldo Rossi no. 8, Milan

Secondary offices:, Via Milanello no. 25 – Carnago (VA)

Via dei Missaglia no. 17 – 20142 Milan - Via dei Fontanili no. 61/63 – 20017 Rho (MI)

Share Capital: Euro 113,443,200.00 fully subscribed and paid

comprising 218,160,000 shares, each with a nominal value of Euro 0.52.

Tax ID and Milan, Monza and Brianza e Lodi Companies' Registry Registration No:
01073200154

BOARD OF DIRECTORS' REPORT ON OPERATIONS AT 30 JUNE 2021

SPORTS RESULTS

The football season ended with second place in the Italian Serie A championship and reaching the quarter finals of the Italian Cup, while, as far as European competitions are concerned, the failure to reach the round of sixteen of the UEFA Europa League competition is worthy of note.

On 7 May 2021, the U.E.F.A. First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the U.E.F.A. Licence for the 2021/2022 football season, decided to grant the Licence on the basis of the requirements provided for by the U.E.F.A. Licence Manual - Edition 2020, and as per Official Notice No. 236/A published on 14 May 2021.

On 8 July 2021, Co.Vi.So.C./F.I.G.C., having examined the documents submitted by the club, found that the conditions required for the national licence for the 2021/2022 professional championship had been met, in accordance with Title I) of Official Communication no. 251A of 21 May 2021.

TRANSFER CAMPAIGN

Sales and purchases of player rights

The transactions finalised during the Transfer Campaign 2020/2021 resulted in a total increase in invested capital of Euro 26.7 million, deriving from acquisitions and increases of Euro 70.2 million and disposals of Euro 30.4 million (net book value of the rights sold).

The gains generated by the disposals amount to Euro 20.2 million, the losses of Players' registration rights for a total of Euro 2.2 million refer to disposals made during the month of January 2021.

With regard to the transactions concerning the transfers of players completed in the summer session of the 2021/2022 Transfer Campaign, from 1 July to 31 August 2021, among others, the permanent and temporary purchases of players Tonali Sandro, Abdelkader Diaz, Bakayoko Tièmouè, Ballo Fodè, Florenzi Alessandro, Giroud Olivier Jonathan, Maignan Mike Peterson, Messias Junior Walter, Pellegrini Pietro, Tomori Oluwafikayomi and Adli Yacine were made.

In the area of the permanent and/or temporary transfers of Players' registration rights, we point out, among others, those related to Hauge Jens Petter, Laxalt Suarez Diego Sebastian, Abanda Mfomo, Caldara Mattia, Pobega Tommaso and Adli Yacine.

It should also be noted that during the month of August 2021, the employment contract with the player Murati Emir was terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2021.

Renewals of player contracts

During 2020/2021, three contract renewals took place in relation to players in the Milan first team.

Terminations of player contracts

During the 2020/2021 Transfer Campaign, the contracts of the players Halilovic Alein and Sinani Ismet were terminated by mutual consent and the economic effects of the terminations were already reflected in the financial statements at 30 June 2020. As previously reported, during August 2021 the player Murati Emir terminated his contract with the club by mutual consent.

SEASON TICKET CAMPAIGN

In compliance with administrative authority directives to contain Covid-19, the Serie A championship season 2020/2021 was held behind closed doors.

FINANCIAL POSITION AND OPERATING PERFORMANCE*Net income/(loss) for the period*

The net result for the 2020/2021 financial year shows a loss of Euro 97.943 million, an increase of Euro 99.345 million compared to the loss of the 2019/2020 financial year, equal to Euro 201.061 million.

Following the restrictions imposed by the Italian government and the relevant bodies, the championship matches for the 2020/2021 season, the 2021 Italian Cup and the 2021 UEFA Europa League Cup competitions were held behind closed doors.

The change in net income/(loss) for the 2020/2021 financial year compared to the previous year is mainly due to higher income from the sale of broadcasting and media rights for Euro 74.9 million, lower amortisation of fixed intangible assets for Euro 29.2 million, mainly attributable to players' registration rights, lower write-downs of players' registration rights for Euro 18 million, higher revenues and other income for a total of Euro 16 million, higher income from sponsorships for Euro 2.5 million and lower losses from the sale of players' registration rights for Euro 2.5 million. These positive changes were partly offset by the absence of home match revenues, season ticket sales and revenues from other competitions with an overall reduction in revenues of Euro 23.8 million, higher costs for temporary player acquisition of Euro 8.4 million, higher personnel costs of Euro 7.7 million, and higher costs for raw materials of Euro 0.5 million.

Value of production

The value of production for 2020/2021 amounted to Euro 244.8 million, an increase of 40% compared to the Euro 174.9 million for the previous year, as follows:

	2020/2021		2019/2020		Change
	Value	%	Value	%	
Income from broadcasting and media rights	138.3	56.5%	63.4	36.2%	74.9
Income from matches	-	0.0%	23.8	13.6%	-23.8

Income from players' registration rights	28.4	11.6%	28.1	16.1%	0.2
Sponsorship income	27.9	11.4%	25.3	14.5%	2.5
Commercial income and royalties	6.6	2.7%	6.7	3.8%	-0.1
Other revenues and income	43.7	17.9%	27.6	15.8%	16.1
Total	244.8	100.0%	174.9	100.0%	69.9

Income from broadcasting and media rights, amounting to Euro 138.3 million (+118.1% compared to the 2019/2020 financial year), increased mainly due to the playing of some matches of the 2019/2020 Serie A Championship in July and August 2020 following the postponement in the conclusion of the competition due to Covid-19 which led, therefore, to a higher number of matches compared to the same period of the previous financial year, as well as for the improved positioning in the championship compared to the previous season (second place in the Championship rankings) and for the participation in the UEFA Europa League competition - 2020/2021 edition (unlike the 2019/2020 season, when the club did not participate in any European competition).

Income from matches amounted to zero (-100% compared to the 2019/2020 financial year) as a result of the Covid-19 pandemic and the consequent restrictions adopted, which required the Championship matches for the 2020/2021 season, the 2021 Italian Cup matches and the competitions related to the 2021 UEFA Europa League Cup to be held behind closed doors. Therefore, revenues from ticketing and season ticket sales were also zero.

Incomerom players' registration rights, amounting to Euro 28.4 million, increased by Euro 0.2 million compared to the 2019/2020 financial year due to the combined effect of lower revenues from the temporary transfer of players' registration rights (- Euro 5.3 million), higher gains from the disposal of players' registration rights (+ Euro 0.2 million) and higher miscellaneous income from players' registration rights (+ Euro 5.5 million) mainly due to the consideration paid to the Company on the sell on of players.

Sponsorship income, commercial income and royalties amounted to Euro 34.5 million and went up by Euro 2.5 million compared to the 2019/2020 financial year.

Other revenues and income amounted to Euro 43.7 million (Euro 27.6 million in the 2019/2020 financial year) and mainly related for Euro 14.6 million (Euro 7.6 million in the 2019/2020 financial year) to the utilisation, for various reasons, of the provision for future charges allocated in the financial statements closed in previous years, Euro 11.5 million (Euro 1.5 million in the 2019/2020 financial year) to other extraordinary income related to the sale of the pre-emption right, Euro 8.7 million (unchanged with respect to the 2019/2020 financial year) related to the consideration arising from the granting of the rights to use images of the home matches of A. C. Milan relating to specific sporting seasons (so-called "Milan Library"), Euro 2.9 million (Euro 3.7 million in the 2019/2020 financial year) for contingent assets and other revenues and income of a residual nature, Euro 3.4 million (unchanged with respect to the 2019/2020 financial year) to income deriving from the recharge of costs to Milan Entertainment S.r.l, in particular for the use of some indoor spaces at Casa Milan and at the San Siro Stadium in Milan, Milan Real Estate S.p.A, players and third parties, as well as for Euro 1.4 million (unchanged compared to the 2019/2020 financial year) in relation to the fees arising from the invoicing to the associated company M-I Stadio S.r.l. for the use of certain indoor and outdoor spaces at the San Siro Stadium in Milan, pursuant to a specific contract, and Euro 0.5 million (Euro 0.8 million in the 2019/2020 financial year) for insurance reimbursements resulting from injuries sustained by Milan first team players and Euro 0.2 million (unchanged compared to the 2019/2020 financial year) as income for miscellaneous recharges.

Costs of production

Costs of production for the 2020/2021 financial year amounted to Euro 342.5 million, a decrease of Euro 31.8 million (- 8.5%) compared to Euro 374.3 million for the previous financial year, and refer to:

	2020/2021		2019/2020		Change
	Value	%	Value	%	
Personnel costs	162.2	47.4%	154.5	41.3%	7.7
Amortisation, depreciation and write-downs	75.8	22.1%	123.3	32.9%	-47.5
Leases and rentals	71.0	20.7%	71.7	19.2%	-0.7
Costs from player registration rights	16.2	4.7%	8.2	2.2%	8.0
Costs for consumables and goods	3.3	1.0%	2.8	0.8%	0.5
Other costs and charges	13.9	4.1%	13.8	3.7%	0.2
Total	342.5	100.0%	374.3	100.0%	-31.8

Personnel costs, equal to Euro 162.2 million, show an overall increase of 5% (+ Euro 7.7 million compared to the 2019/2020 financial year), essentially due, on one hand, to the lower cost of the “bench” players for Euro 2.8 million and, on the other, to higher charges for team managers, technicians and other sports personnel for Euro 8.1 million and higher charges for employees for Euro 2.4 million;

Amortisation, depreciation and write-downs amounted to Euro 75.8 million and decreased by Euro 47.5 million (-38.5% compared to the 2019/2020 financial year), mainly as a result of lower amortisation of players’ registration rights for Euro 28.9 million, as a consequence of the 2020/2021 transfer campaign, as well as lower write-downs of the registration rights of some players, as a result of losses on disposals that occurred also during the 2020/2021 transfer campaign for Euro 18.0 million (Euro 19.9 million in the 2019/2020 financial year).

Leases and rental, equal to Euro 71 million, showed a net decrease of Euro 0.7 million (- 0.9% compared to the 2019/2020 financial year) mainly due to lower specific technical costs (- Euro 2.9 million), mainly related to lower consulting and technical-sports collaborations and lower costs for sports agents and auxiliary costs for the 2020/2021 transfer campaign and lower costs arising from the use of the San Siro stadium of Milan following the agreement reached with the Municipal Administration of Milan, which provides for the joint management with F. C. Internazionale Milano S.p.A. of the Stadium (- Euro 0.6 million). These decreases were partly offset by an increase in costs for registered players (+ Euro 2 million), related to costs for health and education assistance and for training and retreats of the first team and the youth sector, and various services from subsidiaries (+ Euro 0.8 million), related to the contract renewed with effect from 1 July 2020, with which the subsidiary Milan Real Estate S.p.A. provides A.C. Milan S.p.A. with a range of management services related to the Milanello Training Centre.

Costs from player rights amounted to Euro 16.2 million and increased by Euro 8.0 million compared to the 2019/2020 financial year due to higher costs of temporary acquisition of players (+ Euro 8.4 million) and costs on the sell on of players (+ Euro 2 million), mitigated by lower losses on disposal of players’ registration rights(- Euro 2.4 million).

Costs for consumables and goods were essentially in line with the previous financial year (+ Euro +0.5 million) and essentially refer to the costs incurred in buying training kit, the official strips supplied by the technical sponsor, and costs of buying medical items.

Other costs and charges, amounting to Euro 13.9 million (Euro 13.8 million in the previous financial year), was essentially in line with the previous year and mainly includes Euro 7.9 million (Euro 9.8 million in the previous financial year) relating in particular to the allocation of future charges related

to sports and non-sporting personnel and the integration of the UEFA fund, Euro 2 million (Euro 0.5 million in the 2019/2020 financial year) related to contingent liabilities, Euro 1.3 million for Lega Nazionale Professionisti Serie A contributions (Euro 1.6 million in the 2019/2020 financial year), Euro 1.2 million (Euro 0.3 million in the 2019/2020 financial year) related to charitable donations, as well as Euro 0.6 million (unchanged with respect to the 2019/2020 financial year) related to costs arising from recharges made to Milan Entertainment S.r.l, Milan Real Estate S.p.A. and players and third parties for their own fees.

Financial Income and Expenses

Financial income and expenses showed a negative balance of Euro 1.5 million, an improvement of Euro 1.5 million compared to the negative balance of Euro 3 million in the 2019/2020 financial year.

Adjustments in value of financial assets

Amounted to a negative Euro 0.6 million (not present in the 2019/2020 financial year) and refer to the write-down carried out to align the book value of the investment in the associate M-I Stadio S.r.l. with the corresponding fraction of the company's shareholders' equity resulting from the financial statements for the year ended 30 June 2021.

Income taxes for the year

The balance of taxes, amounting to Euro 1.9 million (Euro 1.3 million positive in the 2019/2020 financial year), mainly includes current taxes for Euro 2.4 million for allocations for regional business tax, as well as tax income from tax consolidation arising from the adjustment of relations exclusively within the sub-consolidation area of the Milan Group for Euro 4.5 million.

Player registration rights

On 30 June 2021 players registration rights totalled Euro 160 million compared to Euro 186.7 million at 30 June 2020.

The net decrease of Euro 26.7 million derives from the investments (+ Euro 70.2 million) and net disinvestments (- Euro 30.4 million), amortisation for the period (- Euro 65.6 million), amortised cost (+ Euro 1 million) and write-downs of multi-year player registration rights in the period (- Euro 1.8 million).

For details of the players involved in these movements, please see the attachments section of the Notes.

Shareholders' Equity

Shareholders' equity at 30 June 2021 was positive for Euro 99.3 million, an increase compared to the balance of Euro 67.8 million at 30 June 2020, due to payments on account of the future share capital increase for a total of Euro 129.5 million and the loss for the period (- Euro 97.9 million).

At 30 June 2021, the club's shareholders' equity was made up of the share capital, fully subscribed and paid, of Euro 113,443,200.00, comprising 218,160,000 shares, each with a nominal value of €0.52, the share premium reserve of Euro 31,020,000.00, fully subscribed and paid, the legal reserve of Euro 123,889.55, payments on account of future capital increases and/or to cover losses, of Euro 86,950,444.38 and losses carried forward of Euro 34,249,947.91.

Net Financial Position

On 30 June 2021 the consolidated net financial position of the Company showed net indebtedness of Euro 221.2 million, an improvement (+ Euro -28.6 million) compared to the 2019/2020 financial year (Euro 249.8 million) mainly due to the decrease in payables to factors of Euro 31.3 million. It

should be noted that Euro 160.6 million (Euro 149.3 million in the previous year) refers to financial payables due to subsidiaries for centralised management of the Group treasury.

For more details about the composition and movements in net financial position, please see the Notes to the financial statements.

RELATIONSHIPS WITH SUBSIDIARIES, ASSOCIATES AND PARENT COMPANIES

The company is not subject to direction and coordination by the parent Rossoneri Sport Investment Luxembourg S.à. r.l.

With regard to the main relationships in place with subsidiaries, associates and parent companies:

- the Company has an agreement in place with the subsidiary Milan Real Estate S.p.A. regarding the use of the Milanello Training Centre and a number of rental units, which also includes maintenance services, for an annual fee of Euro 6.9 million, net of any adjustments and ISTAT revaluation;
- the Company has an agreement with its subsidiary Milan Entertainment S.r.l. for the provision of a whole series of services including commercial, marketing, sales, stadium and ticketing management, staff management and administration, fiscal and insurance services, financial and cash management, operations control and internal auditing, legal, compliance and security services, IT, social and new media, logistics and general services, as well as sports regulatory compliance, with a total annual value of Euro 13.8 million, not including the Istat revaluation;
- the Company also has a lease contract for internal areas within the real estate complex called “Casa Milan”, leased by the Company from the subsidiary company Casa Milan S.r.l., with a total annual value of Euro 3.2 million net of Istat revaluation;
- the Company has entered into an agreement with the subsidiary AC Milan (Beijing) Sports Development Co. Ltd. for the use of the Milan branding for commercial purposes such as sponsorships (with the exception of Technical and Jersey sponsorships), licences and Academies in China, against the payment of royalties to the subsidiary, following the finalisation of the specific agreement;
- the Company has a contract with the subsidiary AC Milan (Shanghai) Sports Development Co. Ltd. for the development of commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and merchandising in Asia against royalties to be paid to the subsidiary following the execution of the specific agreement;
- the Company has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to the payments from invoices issued for the use of some internal and external spaces at the San Siro Stadium in Milan, under which the annual fee payable to the licensees is Euro 1.4 million (plus any adjustments);
- the Company has a joint contract with F.C. Internazionale S.p.A., with M-I Stadio S.r.l. relating to operating costs to manage the San Siro Stadium, under which the annual fee payable by the licensees is Euro 9.1 million (plus any adjustments);
- the Company has an intercompany correspondence account with subsidiaries, which is regulated at arm’s-length conditions;

With effect from 1 January 2017, the Parent A.C. Milan S.p.A. exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l. consolidated companies.

Details of all other intercompany relationships and the changes in equity investments, as well as related-party transactions, are provided in the summary tables in the Notes.

POTENTIAL LIABILITIES AND OTHER INFORMATION

Financial Fair Play

The club's participation in European competitions is subject to compliance with the U.E.F.A. Club Licensing and Financial Fair Play Regulations – Edition 2018. In this regard, on 18 June 2020 the Executive Committee of UEFA approved partial exemptions from the Financial Fair Play rules and the criteria for their monitoring, so that the negative effects of Covid-19 on the financial results of football clubs are taken into account for the issuing of the Licence.

Based on historical data and expected results, the company believes, in line with the opinions of its legal advisers that, following qualification for European competitions in the 2021/2022 season having finished sixth in the Serie A Championship, which ended in May 2021, UEFA may administer sporting and/or economic/financial sanctions based on any violations of the break-even rule required by Financial Fair Play, in the monitoring periods indicated by regulations. The Company, evaluating the results of the current season and the expected prospective figures, has therefore decided to integrate during the 2020/2021 financial year, on a prudential basis, the provision for risks previously recognised in the financial statements, to cover the risk deriving from the application of any economic sanctions by UEFA itself.

Super League

On 17 April 2021, A.C. Milan (the “Company”) and eleven other clubs (the “Founding Clubs”) formalised an agreement (the “Original Agreement”) to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the “Super League” (the “SL”) in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the “SL Company”), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders' Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the “UEFA Agreement”) and in this framework the Company has undertaken certain commitments towards UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of this agreement, the Company has also agreed that UEFA, in the next UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season.

Following the achievement of the UEFA Agreement, the Company has learned from public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to annul certain aspects of the obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

*Other information**Chief Football Officer*

On 10 May 2021, the Company paid the amount of Euro 5.5 million to Mr. Boban, in accordance with the provisionally enforceable judgement No. 2565/2020 issued on 29 December 2020, which was however appealed by the Parent Company before the Milan Court of Appeal.

INFORMATION ON THE ENVIRONMENT AND PERSONNEL

In accordance with Article 2428(2) civil code, the club performs its activity in full accordance with the health and safety obligations provided for in legislative decree 81/2008, with regard to stadium security, the prevention and repression of football-related violence as provided for by Law number 41 of 4 April 2007 and by the Pisanu and Amato decrees.

Details of the number and composition of personnel are provided in the Notes.

RESEARCH AND DEVELOPMENT

The company did not carry out any research and development during the 2020/2021 financial year.

Going concern

The company had a loss for the period of Euro 97.943 million, positive shareholders' equity of Euro 99.345 million and a consolidated negative net financial position Euro 221.197 million (of which Euro 160.620 million with subsidiaries).

The majority shareholder Rossoneri Sport Investment Luxembourg S.à r.l. has guaranteed its commitment to provide financial support to the club for at least 12 months from the date of approval of these financial statements. During the 2020/2021 financial year, Rossoneri Sport Investment Luxembourg S.à r.l. made capital contributions in favour of the Company for a total of Euro 129.5 million.

Based on these considerations, the directors have prepared these financial statements on a going concern basis.

MAIN RISKS AND UNCERTAINTIES AND BUSINESS OUTLOOK

The continuation of the global health crisis that affected this last financial year and which substantially altered the calendar of sporting competitions by extending the 2019/2020 football season until 31 August 2020 and postponing both the first phase of the Transfer Campaign and the start of the 2020/2021 football season – exacerbates the climate of economic, financial and sporting uncertainty.

The first match of the Serie A Championship of the 2020/2021 football season was played on 19 September while the start of the European club competitions – and in particular the preliminary phase of the UEFA Europa League, which the Team was involved in – took place on 17 September 2021 with the first preliminary round for access to the Group Stage.

The schedules of national and international competitions could be subject to change, as well as the possibility of allowing more spectators into stadiums to watch matches (currently 50% capacity), which would result in zero or a significant reduction in match revenues, until 100% capacity is possible. As a result of government measures, competitions are being staged at 50% capacity and given the uncertainties related to the spread of viruses and their impact on stadium capacity, the club has decided not to run a season ticket campaign but to proceed with individual ticket sales.

Furthermore, when assessing the outlook of operations, the uncertainties typical of the football business are still present. These derive, in particular, from the performance of the First Team in the

competitions in which it is involved, from additional transfers of player registration rights that may be made in the financial year, from the revenues from commercial activities, and from the trend in the cost of registered players, also taking into account the variable component of the agreed remuneration.

The Company will continue to monitor the evolution of the situation related to the spread of the Covid-19 pandemic, in view of both the changing regulatory framework and the complex global economic context. This will allow it to assess whether to adopt further measures to protect the health and wellbeing of its registered players, employees and collaborators, and to protect its sources of income and assets.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Milan Group has put in place specific policies outlining its financial risk management guidelines and objectives, with the aim of reducing its exposure to the exchange, credit and liquidity risks connected to its core business.

The existing financial instruments (which do not include derivatives) such as bank and postal deposits, cash, cheques and other valuables and accounts receivable do not carry any type of financial risk.

The main financial risks that the company is exposed to are described below.

Exchange rate risk

Exposure to exchange risk derives almost entirely from the acquisition of player registration rights in currencies other than the Euro (generally U.S. Dollars, Swiss Francs and Pound Sterling). However, the company carries out the majority of its transactions (both purchases and sales) in Euro, and accordingly there are no significant risks connected to exchange rate fluctuations.

Interest rate risk

The interest rate risk mainly derives from the variable-rate payables that expose the Group to variable cash flow.

Credit risk

The Company does not have a significant concentration of credit risk and has suitable procedures in place to minimise exposure to that risk. In particular, receivables from domestic football clubs are guaranteed by the clearing house mechanism of the Lega Nazionale Professionisti. Receivables for fees resulting from the negotiation of contracts for TV rights are guaranteed by bank sureties issued by the clients. Lastly, receivables not backed by guarantees are regularly monitored to manage collection risk, with specific provisions for doubtful accounts made where necessary.

Liquidity risk

Liquidity risk is linked to the difficulty in raising funds to meet commitments. As mentioned above, the shareholder Rossoneri Sport Investment Luxembourg S.à. r.l. carried out recapitalisations during 2020/2021 for Euro 129.5 million to provide the company with the necessary funds to cover current operating expenses and to strengthen its balance sheet.

The majority shareholder Rossoneri Sport Investment Luxembourg S.à. r.l. has also guaranteed its commitment to provide financial support to the club for at least 12 months from the date of approval of the financial statements.

Milan, 27 September 2021

for the Board of Directors
The Chief Executive Officer
Ivan Gazidis

FINANCIAL STATEMENTS



AC MILAN

FINANCIAL STATEMENTS AT 30 JUNE 2021 (1/5)

(IN THOUSANDS OF EUROS)

BALANCE SHEET

ASSETS

	30.06.2021	30.06.2020	Change
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS DUE	—	—	—
B) FIXED ASSETS			
I INTANGIBLE FIXED ASSETS			
4 CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	10.455.763	16.344.009	(5.888.246)
7 PLAYER REGISTRATION RIGHTS	159.953.414	186.702.988	(26.749.574)
8 OTHER	9.469.275	14.917.722	(5.448.447)
Total	179.881.652	218.065.393	(38.183.741)
II TANGIBLE FIXED ASSETS			
1 LAND AND BUILDINGS	536	600	(63)
2 PLANT AND MACHINERY	310.963	109.438	201.525
3 INDUSTRIAL AND COMMERCIAL EQUIPMENT	1.173.209	401.527	771.682
4 OTHER ASSETS	567.740	639.476	(71.736)
5 ASSETS IN PROGRESS AND ADVANCES	47.500	—	47.500
Total	2.099.948	1.151.040	948.908
III FINANCIAL FIXED ASSETS			
1 EQUITY INVESTMENTS IN:			
A) SUBSIDIARIES	196.885.117	196.685.017	200.100
B) ASSOCIATES	1.326.918	1.085.291	241.627
E) OTHER COMPANIES	2.000.000	—	2.000.000
Total	200.212.035	197.770.308	2.441.727
2 RECEIVABLES:			
E) DEBTS DUE TO OTHERS			
- WITHIN 12 MONTHS	384.080	360.585	23.495
- AFTER 12 MONTHS	—	—	—
Total	384.080	360.585	23.495
Total	200.596.115	198.130.893	2.465.222
TOTAL FIXED ASSETS (B)	382.577.716	417.347.326	(34.769.611)

AC MILAN

FINANCIAL STATEMENTS AT 30 JUNE 2021 (2/5)

(IN THOUSANDS OF EUROS)

BALANCE SHEET

ASSETS

	30.06.2021	30.06.2020	Change
C) WORKING CAPITAL:			
I INVENTORIES	—	—	—
Total	—	—	—
II RECEIVABLES			
1 FROM CUSTOMERS	47.959.310	46.321.795	1.637.515
2 FROM SUBSIDIARIES	26.199.864	2.425.855	23.774.009
3 FROM ASSOCIATES	181.250	—	181.250
4 FROM PARENT COMPANIES	—	—	—
5 FROM COMPANIES SUBJECT TO PARENT COMPANIES' CONTROL	—	—	—
5 BIS TAX RECEIVABLES			
A) WITHIN 12 MONTHS	12.319	6.881.802	(6.869.483)
B) BEYOND 12 MONTHS	418.879	732.288	(313.409)
5 TER DEFERRED TAX ASSETS	1.138.594	1.287.874	(149.280)
5 QUATER FROM OTHERS	908.413	192.260	716.153
6 RECEIVABLES FROM INSTITUTIONS - SPECIFIC SECTOR			
A) WITHIN 12 MONTHS	39.047.091	32.102.305	6.944.786
B) BEYOND 12 MONTHS	19.775.645	23.660.112	(3.884.467)
Total	135.641.366	113.604.291	24.462.930
III TOTAL FINANCIAL ASSETS (OTHER THAN FIXED ASSETS)			
8 FINANCIAL ASSETS FOR THE CENTRALISED TREASURY MANAGEMENT	5.783.947	5.962.774	(178.827)
Total	5.783.947	5.962.774	(178.827)
IV CASH AND CASH EQUIVALENTS			
1 BANK AND POSTAL DEPOSITS	17.448.345	8.728.320	8.720.025
3 CASH IN HAND	32.759	33.046	(287)
Total	17.481.103	8.761.366	8.719.737
TOTAL WORKING CAPITAL (C)	158.906.416	128.328.431	33.003.841
D) ACCRUALS AND DEFERRALS			
1 ACCRUALS	—	—	—
2 DEFERRALS	2.982.115	1.896.921	1.085.194
TOTAL ACCRUALS AND DEFERRALS (D)	2.982.115	1.896.921	1.085.194
TOTAL ASSETS	544.466.247	547.572.655	(680.576)

AC MILAN

FINANCIAL STATEMENTS AT 30 JUNE 2021 (3/5)

(IN THOUSANDS OF EUROS)

BALANCE SHEET

EQUITY AND LIABILITIES

	30.06.2021	30.06.2020	Change
A) SHAREHOLDERS' EQUITY			
I CAPITAL	113.443.200	113.443.200	—
II SHARE PREMIUM RESERVE	31.020.000	31.020.000	—
III REVALUATION RESERVES	—	—	—
IV LEGAL RESERVE	123.890	123.890	(0)
V STATUTORY RESERVES	—	—	—
VI OTHER RESERVES:			
A) CAPITAL CONTRIBUTIONS	86.950.444	158.511.123	(71.560.679)
VII RESERVE FOR HEDGING EXPECTED CASH FLOWS	—	—	—
VIII PROFIT (LOSS) CARRIED FORWARD	(34.249.948)	(34.249.948)	0
IX PROFIT (LOSS) FOR THE PERIOD	(97.942.559,42)	(201.060.678)	103.118.119
X NEGATIVE RESERVE FOR OWN SHARES IN PORTFOLIO	—	—	—
TOTAL SHAREHOLDERS' EQUITY (A)	99.345.027	67.787.587	31.557.440
B) PROVISIONS FOR RISKS AND CHARGES			
4 OTHER	18.303.938	24.778.983	(6.475.045)
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	18.303.938	24.778.983	(6.475.045)
C) EMPLOYEE LEAVING ENTITLEMENTS	932.670	787.411	145.259
D) PAYABLES			
4 FINANCIAL PAYABLES	51	6.011	(5.960)
5 PAYABLES TO OTHER FINANCIAL INSTITUTIONS			
A) WITHIN 12 MONTHS	70.449.982	96.511.416	—
B) BEYOND 12 MONTHS	13.392.572	18.658.712	—
7 TRADE PAYABLES			
A) WITHIN 12 MONTHS	44.973.688	40.160.797	4.812.891
B) BEYOND 12 MONTHS	1.375.000	975.000	400.000
9 PAYABLES TO SUBSIDIARIES	160.750.890	149.577.294	11.173.595
10 PAYABLES TO ASSOCIATES	2.610.412	2.195.292	415.121
11 PAYABLES TO PARENT COMPANIES	—	—	—
11 BIS PAYABLES TO COMPANIES SUBJECT TO PARENT COMPANIES' CONTROL	—	—	—
12 TAX PAYABLES	22.187.066	22.480.149	(293.083)
13 PAYABLES TO PENSION FUNDS AND SOCIAL SECURITY AGENCIES	3.543.948	2.355.797	1.188.151
14 OTHER PAYABLES	22.131.285	13.762.163	8.369.122
15 PAYABLES TO PROFESSIONAL BODIES			
A) WITHIN 12 MONTHS	30.582.670	63.443.609	(32.860.940)
B) BEYOND 12 MONTHS	28.913.237	12.366.665	16.546.572
TOTAL PAYABLES (D)	400.910.801	422.492.905	161.518.056
E) ACCRUALS AND DEFERRALS			
1 ACCRUALS	40.166	192.784	(152.618)
2 DEFERRALS	24.933.647	31.532.985	(6.599.339)
TOTAL ACCRUALS AND DEFERRALS (E)	24.973.812	31.725.769	(6.751.957)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	544.466.247	547.572.655	179.993.752

AC MILAN

FINANCIAL STATEMENTS AT 30 JUNE 2021 (4/5)

(IN THOUSANDS OF EUROS)

INCOME STATEMENT

	FY 2020/2021	FY 2019/2020	Change
C) FINANCIAL INCOME AND (EXPENSES)			
15 INCOME FROM EQUITY INVESTMENTS			
A) SUBSIDIARIES	3.100.000	4.800.000	(1.700.000)
16 OTHER FINANCIAL INCOME			
D) INCOME DIFFERENT FROM THE ABOVE:			
- OTHER	1.116.630	681.722	434.908
Total	4.216.630	5.481.722	(1.265.092)
17 INTEREST AND OTHER FINANCIAL CHARGES			
A) FROM SUBSIDIARIES	(1.499.074)	(1.560.999)	61.925
D) OTHER FINANCIAL EXPENSES	(4.213.462)	(6.954.317)	2.740.855
Total	(5.712.536)	(8.515.316)	2.802.780
17 BIS EXCHANGE-RATE GAINS AND LOSSES:			
A) EXCHANGE RATE GAINS	2.177	34.148	(31.971)
B) EXCHANGE RATE LOSSES	(6.011)	(4.688)	(1.323)
Total	(3.833)	29.460	(33.293)
TOTAL FINANCIAL INCOME AND (EXPENSES) (C)	(1.499.739)	(3.004.134)	1.504.395
D) ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS AND LIABILITIES			
19 WRITE-DOWNS			
A) OF EQUITY INVESTMENTS	(642.873)	—	(642.873)
Total	(642.873)	—	(642.873)
TOTAL ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS AND LIABILITIES (D)	(642.873)	—	(642.873)
RESULT BEFORE TAX	(99.845.781)	(202.375.896)	102.530.116
22 INCOME TAXES FOR THE YEAR (CURRENT, DEFERRED TAX ASSETS AND LIABILITIES)			
A) CURRENT TAXES	2.052.501	1.252.248	800.253
B) DEFERRED TAX ASSETS AND LIABILITIES	(149.280)	62.970	(212.250)
Total	1.903.221	1.315.218	588.003
PROFIT (LOSS) FOR THE PERIOD	(97.942.559)	(201.060.678)	103.118.119

FOR THE Board of Directors
THE CHIEF EXECUTIVE OFFICER
Ivan Gazidis

AC MILAN

FINANCIAL STATEMENTS AT 30 JUNE 2021 (5/5)

(IN THOUSANDS OF EUROS)

INCOME STATEMENT

	FY 2020/2021	FY 2019/2020	Change
C) FINANCIAL INCOME AND (EXPENSES)			
15 INCOME FROM EQUITY INVESTMENTS			
A) SUBSIDIARIES	3.100.000	4.800.000	(1.700.000)
16 OTHER FINANCIAL INCOME			
D) INCOME DIFFERENT FROM THE ABOVE:			
- OTHER	1.116.630	681.722	434.908
Total	4.216.630	5.481.722	(1.265.092)
17 INTEREST AND OTHER FINANCIAL CHARGES			
A) FROM SUBSIDIARIES	(1.499.074)	(1.560.999)	61.925
D) OTHER FINANCIAL EXPENSES	(4.213.462)	(6.954.317)	2.740.855
Total	(5.712.536)	(8.515.316)	2.802.780
17 BIS EXCHANGE-RATE GAINS AND LOSSES:			
A) EXCHANGE RATE GAINS	2.177	34.148	(31.971)
B) EXCHANGE RATE LOSSES	(6.011)	(4.688)	(1.323)
Total	(3.833)	29.460	(33.293)
TOTAL FINANCIAL INCOME AND (EXPENSES) (C)	(1.499.739)	(3.004.134)	1.504.395
D) ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS AND LIABILITIES			
19 WRITE-DOWNS			
A) OF EQUITY INVESTMENTS	(642.873)	—	(642.873)
Total	(642.873)	—	(642.873)
TOTAL ADJUSTMENTS IN VALUE OF FINANCIAL ASSETS AND LIABILITIES (D)	(642.873)	—	(642.873)
RESULT BEFORE TAX	(99.845.781)	(202.375.896)	102.530.116
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PROFIT (LOSS) FOR THE PERIOD	(97.942.559)	(201.060.678)	103.118.119

FOR THE Board of Directors
THE CHIEF EXECUTIVE OFFICER
Ivan Gazidis

AC MILAN

FINANCIAL STATEMENTS AT 30 JUNE 2021

(IN THOUSANDS OF EUROS)

CASH FLOW STATEMENT	Amount at 30.06.2021	Amount at 30.06.2020
A. CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit/(loss) for the year	- 97.942.610	- 201.060.678
Income taxes	- 1.903.221	- 1.315.218
Interest expense (interest income)	4.599.739	7.804.134
(Dividends)	- 3.100.000	- 4.800.000
(Gains) Losses on disposal of assets	-	900
1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on disposals	- 98.346.092	- 199.370.862
Adjustments for non-monetary items not offset in net working capital		
Provisions	9.319.147	11.256.538
Depreciation and amortisation expense	73.958.055	103.117.695
Impairment losses	1.863.730	19.850.639
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve cash flows	-	-
Other adjustments for non-cash items	-	-
2. Cash flow before changes in NWC	- 13.205.160	- 65.145.990
Change in net working capital		
Decrease (Increase) in inventories	-	-
Decrease (Increase) in receivables from customers	- 1.637.516	8.051.712
Increase (Decrease) in payables to suppliers	5.802.889	4.707.303
Decrease (Increase) in accrued income and prepayments	- 1.085.195	661.249
Increase (Decrease) in accrued expenses and deferred income	6.751.956	146.037
Other changes in net working capital	11.526.878	35.634.684
3. Cash flow after changes in NWC	- 5.350.060	- 25.359.611
Other adjustments		
Interest received (paid)	- 4.599.739	7.804.134
(Income taxes paid)	-	-
Dividend income	3.100.000	4.800.000
(Use of provisions)	- 15.648.934	8.809.566
Other income/(payments)	-	-
CASH FLOW FROM OPERATING ACTIVITIES (A)	- 22.498.722	- 37.173.234
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Tangible fixed assets		
(Investments)	- 1.425.565	180.700
Disinvestments	-	-
Player registration rights		
(Acquisitions) player registration rights	- 69.177.291	99.368.654
Disposals players' registration rights	10.478.507	15.119.259
Decrease/(Increase) in receivables due to disposals of players' registration rights	- 3.060.319	9.012.186
Decrease/(Increase) in payables due to disposals of players' registration rights	- 16.314.367	64.072.222
Other intangible fixed assets		
(Investments)	- 4.353.082	813.541
Disinvestments	7.930.031	32.000
Financial fixed assets		
(Investments)	- 2.465.221	4.723
Disinvestments	-	132.970
Current financial assets		
(Investments)	178.827	1.076.849
Disinvestments	-	-
(Acquisition of business units net of cash and cash equivalents)	-	-
Disposal of business units net of cash and cash equivalents	-	-
CASH FLOW FROM INVESTING ACTIVITIES (B)	- 78.208.480	- 141.220.274
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Third-party financing		
Increase (Decrease) in short-term payables to banks	- 5.960	1.253.077
New financing	- 20.067.100	34.237.544
Loan repayments	-	-
Shareholder financing	-	-
New financing	-	-
Loan repayments	-	-
Own funds		
Paid capital increase	129.500.000	145.000.000
(Repayment of capital)	-	-
Sale (Buyback) of own shares	-	-
(Dividends and interim dividends paid)	-	-
Other income (expenditure) from financing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES (C)	109.426.940	177.984.467
Increase (Decrease) in cash and cash equivalents	8.719.738	409.041
Exchange rate effect on cash and cash equivalents	-	-
Cash and cash equivalents - opening balance		
Bank and postal deposits	8.728.320	9.126.251
Cheques	-	-
cash in hand	33.046	44.156
Total cash and cash equivalents - opening balance		
<i>Of which not freely usable</i>		
Cash and cash equivalents - closing balance		
Bank and postal deposits	17.448.345	8.728.320
Cheques	-	-
cash in hand	32.759	33.046
Total cash and cash equivalents - closing balance		
<i>Of which not freely usable</i>		
Rounding difference	-	-

FOR THE Board of Directors
THE CHIEF EXECUTIVE OFFICER
Ivan Gazidis

NOTES



A.C. MILAN S.P.A.
Registered office: Via Aldo Rossi, 8 - 20149 Milan
Secondary offices: Via Milanello, 25 - 21040 Carnago (VA)
Via dei Missaglia, 17 - 20142 Milan — Via dei Fontanili, 61/63 - 20017 Rho (MI)
Share Capital: Euro 113,443,200.00 fully subscribed and paid
comprising 218,160,000 shares, each with a nominal value of Euro 0.52.
Tax ID and Milan, Monza and Brianza e Lodi Companies' Registry Registration: 01073200154

FINANCIAL STATEMENTS AT 30 JUNE 2021

NOTES

GENERAL INFORMATION

A.C. Milan S.p.A. (hereinafter the “Company”) is a joint stock company incorporated in Italy and entered in the Milan Companies Register. Its registered office is located in 8 Via Aldo Rossi, 20149 Milan. The company’s sole purpose is the pursuit of sporting activities and in particular the training, the preparation and management of football teams and the promotion and organisation of competitions, tournaments and all other football activities in general, for the purposes and in compliance with the rules and guidelines of the Italian Football Federation and its Bodies (the “FIGC”).

STRUCTURE AND CONTENT

These financial statements have been prepared in accordance with the provisions of the civil code as amended by legislative decree 139/2015 (the “**Decree**”), interpreted and amended by the Italian accounting standards as issued by the National Accounting Body (“**OIC**”) which were updated following the enactment into Italian law of Directive 2013/34/EU (the “**Accounting Directive**”).

The financial statements comprise the Balance Sheet (prepared in accordance with the model contained in Articles 2424 and 2424bis civil code), the income statement (prepared in accordance with the model in Articles 2425 and 2425a civil code), and the Cash Flow Statement (the content of which, in accordance with Article 2425ter civil code, has been presented in accordance with national accounting standard OIC 10) and these Notes (which provide the information required by Article 2427 civil code).

In accordance with Article 2423 civil code, the general principles of clarity and truthful/accurate representation of the club’s financial situation and its results for the year, have been observed.

The recognition, valuation, presentation and information of these items may differ from the contents of the mandatory provisions, in cases in which failure to comply with those provisions would have a negligible effect on the truthful/accurate representation of the club’s financial situation and its results for the period. To this end, information is considered relevant, from a qualitative and/or quantitative viewpoint, when its omission or incorrect indication may reasonably influence the decisions made by users on the basis of the company’s Financial Statements. Further specific criteria used to explain the concept of non-materiality are detailed for individual financial statement items when they apply. The materiality of individual items is assessed in the context of other similar items.

Moreover, the principles provided for by Article 2423-bis of the civil code were complied with as detailed below.

The valuation of the items was carried out in accordance with the general principles of prudence and the going concern assumption, for the reasons outlined in the specific paragraph of these notes, as well as taking into account the economic substance of the transaction or arrangement. Therefore, the econo-

mic substance of each transaction or event and, in any case, of each company event, was identified – notwithstanding its origin – and the interdependency of several agreements that refer to complex transactions was assessed.

The profits indicated on the financial statements for the financial year are only those earned on the closing date.

Revenues and charges recorded refer to the period, notwithstanding their collection or payment date.

Consideration was given to the risks and losses pertaining to the year even if known after year-end. Heterogeneous elements included in individual items were valued separately.

Additional information considered necessary to give a true and fair view has also been provided, even if not specifically required by law.

The numbering used in the models contained in Articles 2424 and 2425 civil code, has been faithfully reproduced. Consecutive numbering has not been used for items identified by Arabic numerals with no value. As a result, each individual item will always be allocated the same number, making it easy to compare the financial and income statement positions for different periods.

The Balance Sheet and Income Statement indicate the changes in the various items. The Notes provide comments limited to the main items.

The “Attachments” section which forms an integral part of these Notes contains the schedules of the mandatory information required by the regulations, and other information considered useful in providing a clear, comprehensive picture of these financial statements at 30 June 2021.

MEASUREMENT CRITERIA AND ACCOUNTING PRINCIPLES

The financial statements at 30 June 2021 were prepared on the basis of the principles of clarity, accurate and truthful representation of the financial situation of the company and of the profit or loss for the period, in accordance with article 2423, second paragraph, of the Italian Civil Code.

The consolidated financial statements to 30 June 2021 were prepared in accordance with the general principles of prudence, accrual, and on a going-concern basis, and also took into account the economic function of the asset and liability items.

The valuation criteria of various financial statement items comply with the provisions of Article 2426 of the civil code and the reference accounting principles. Budget assumptions include continuity with the previous financial year with respect to the application of the valuation criteria adopted to prepare the Financial Statements.

As also required by the first paragraph of Article 2423-ter civil code, in view of the nature of the company’s business, the instructions issued by the Italian Football Federation (FIGC) and the Committee for the Supervision of Italian Football Clubs have also been taken into consideration (hereinafter “Covisoc”).

There were no derogations (Art. 2423(4) civil code) in the drafting of the consolidated financial statements to 30 June 2021.

The most significant valuation criteria and first-implementation rules adopted are detailed below.

Intangible fixed assets

Intangible assets are recognised as assets when they can be individually identified, and their cost can be estimated in a sufficiently reliable way. They are recognised at purchase or production cost, including ancillary charges net of amortisation and write-downs. Fixed assets are systematically amortised on the basis of their estimated future life.

Multi-year charges were registered as assets because:

- their future useful life is demonstrated;
- there is an objective link with the relevant future benefits that the company shall enjoy;

- their recovery can be estimated with reasonable certainty.

Player registration rights

These are intangible assets with a defined useful life equal to the term of the sports contracts signed with players.

Multi-year player registration rights are recorded at their historic purchase price inclusive of any directly attributable ancillary charges and, where appropriate, time-discounted to take into account the deferral of payments over more than one financial period.

The amounts were stated net of amortisation charges, calculated on a straight-line basis in relation of the duration of the contracts signed with individual professional players.

With regard to the accounting treatment of fees for services rendered to the club by sports agents, in accordance with the industry regulations connected to the transfer of player registration rights or contract renewals:

- in the absence of conditions precedent (for example the player remaining registered with the club), these fees are capitalised because they constitute a transaction cost for the purchase of the registration rights;
- if they are conditional on the player remaining registered with the club or relate to services performed for the temporary acquisition or transfer (definitive or temporary) of the right, the fees are instead recognised each time in the income statement.

Player registration rights are recognised on the date when the contract is signed. That date, pursuant to Article 1360 Italian Civil Code, becomes the retroactive date of effectiveness of the ratification by the Lega Nazionale Professionisti Serie A of national transfers, or the issuance of the international transfer certificate (I.T.C.) by the Italian Football Federation (FIGC) for international transfers, through the FIFA “T.M.S.” system.

Amortisation starts from the year when the player is registered. For rights acquired during the year, amortisation starts from the date when the player is available, on a time accrual basis.

The original amortisation schedule is amended if a contract is extended due to its early renewal. The new amortisation schedule takes account, on a straight-line basis, of the net book value of the rights at the date of extension of the contract and of the new duration of that contract.

If there is no contractual provision regarding the effective date of the contract, the date for the accounting recognition is the date on which the Lega Nazionale Professionisti Serie A ratifies the contract for national transfers, or from the effectiveness of the issuance of the international transfer certificate by the Italian Football Federation (FIGC) for international transfers, through the FIFA “T.M.S.” system.

The item player registration rights also include the costs incurred by the company for the registration of players from amateur football clubs, or foreign clubs that have contributed to the technical training of the players. In particular, the following are recognised:

- technical training and coaching bonuses, pursuant to Article 99 NOIF, paid to amateur football clubs following the signing of the first “professional” contract by players from those clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players;
- the training compensation and/or solidarity mechanism payments made, pursuant to FIFA regulations, to football clubs following definitive or temporary transfers of players registered with foreign clubs. These costs are amortised on a straight-line basis over the duration of the contracts signed with the individual players.

Concessions, licences, trademarks and similar rights

These are recognised at acquisition cost and relate to the user rights to the historical archive of television images of the club, which have a finite useful life as they have a period of economic use, in addition to the expenses for the creation and registration of company trademarks and the acquisition of software licenses, which are amortised on a straight-line basis over their estimated future useful life.

Other intangible fixed assets

These specifically refer to leasehold improvements amortised over the term of the related contract.

Tangible fixed assets

The are recorded at the purchase cost effectively paid to acquire the asset and are recognised on the date on which the transfer of risks and benefits takes place, which usually coincides with the transfer of title. This cost includes the purchase cost, ancillary purchase costs and all costs incurred to bring the asset to the location and in the conditions required for it to be a long-term asset for the company.

Tangible fixed assets with a limited useful life are systematically depreciated on a straight-line basis based on their residual useful life.

The depreciation charge for each financial year refers to the distribution of the cost incurred over the entire duration of use.

For assets purchased during the financial year, the depreciation charge is reduced by 50%.

The basis for depreciation, initially estimated upon drafting the depreciation schedule based on the prices achievable on the market through the disposal of similar assets both in terms of technical features and the type of use to which they have been subject, is periodically reviewed in order to verify that the initial estimate is still valid. This amount is considered net of presumable removal costs.

If the tangible asset includes components or accessories with a useful life other than that of the principal asset, the depreciation of such components is calculated separately from that of the principal asset, unless this is not material or feasible.

The annual depreciation rates used, unchanged from the previous year, are shown in the table below:

Asset	Rate
Plant and machinery	7.5% - 25.0% - 30.0%
Industrial and commercial equipment	15.5%
Furniture and fittings	12.0%
Electrical office equipment	20.0%
Vehicles	25.0%

Ordinary maintenance costs are charged in full to the income statement. Improvement-related maintenance costs are allocated to the related assets and depreciated over their remaining useful life.

Impairment losses for intangible and tangible assets

Impairment losses for intangible and tangible assets are posted pursuant to the provisions of the OIC 9 Accounting Principle.

The Company accesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. If such evidence exists, it estimates the recoverable value of the asset.

In particular, if the recoverable value of an asset (that is the greater out of its use value and fair value) is lower than its book value, the asset is posted at such lower value. The difference is recognised in the income statement as an impairment loss under item B10c). If, in the subsequent financial years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/ amortisation, and recognised in the income statement under item A5).

In absence of evidence of potential impairment losses, the recoverable amount is not determined.

The value is restored if the reasons for the impairment losses no longer exist and takes place to the extent of the value that the asset would have had, had the value adjustment not been performed. The impairment of goodwill cannot be restored.

With specific reference to player registration rights, if there are indications of value impairments (for example serious injuries or significant losses from post year-end sales, and contractual market conditions that prohibit the sales of players who are surplus to requirements) (“impairment”) of the residual book value.

Financial fixed assets

Equity investments in subsidiaries, associates, parent companies and other companies

Equity investments are recognised as financial assets if they are expected to be part of the company’s long-term investment portfolio, otherwise they are recognised in Working capital.

Equity investments are recognised at purchase or establishment cost, including any ancillary costs. The cost incurred when purchasing an investment booked as a fixed asset is maintained in the financial statements of the subsequent financial years, unless an impairment loss occurs. The Company assesses at each financial statements date whether objective evidence exists that an asset has incurred an impairment loss. The impairment loss is determined by comparing the value the equity investment was recorded at in the financial statements with the relevant recoverable value, calculated on the basis of the future benefits expected for the investor. The impairment loss is not maintained if the reasons for the adjustment made no longer apply.

Receivables

Receivables are carried at the amortised costs, time-adjusted, to the extent of their expected realisable value and, therefore, they are shown in the balance sheet net of the relevant provisions for doubtful accounts deemed adequate to cover reasonably predictable losses due to un-collectability.

If the transaction’s interest rate is not markedly different from the market rate, the receivable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the receivable. The aforementioned transaction costs, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the receivable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual conditions is markedly different from the market rate, the receivable (and the relevant income in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus any transactions costs. The rate used to discount future cash flows is the market rate.

In the case of receivables from commercial transactions, the difference between the thus determined initial recognition value of the receivable and the value upon maturity is posted to the income statement as financial income throughout the life of the loan, using the effective interest rate method. In the case of financial receivables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial expenses or income in the income statement upon their initial recognition, unless the substance of the transaction or of the agreement attribute a different nature to this component. Subsequently, the active interest accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the receivable as a contra-entry.

The value of the receivables is then subsequently reduced by the amounts received both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses.

The company assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when receivables are due within 12 months, taking into account that all contractual and substantial considerations that apply upon recognition of the receivable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounted can be omitted, the interest can be calculated on the capital and

transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest income.

It should be noted that the company took advantage of the option – provided for by Article 12 of Italian Legislative Decree 139/2015 – to apply the amortised cost only to receivables that have arisen after 1 January 2016.

Write-off of receivables

A receivable is written off from the Financial Statements when:
the contractual rights on the financial flows arising from the receivable are extinguished; or
the ownership of the contractual rights arising from the receivable is transferred and, with it, the risks linked to the receivable area also essentially transferred.

For the purposes of the valuation of the transfer of risks, all contractual clauses are taken into account, such as repurchase obligations at the occurrence of certain events or the presence of commissions, excesses or penalties due for non-payment.

When the receivable is written off from the financial statements as a result of a disposal transaction that entails the substantial transfer of all risks, the difference between the price and the value the receivable was recognised at the time of disposal is recognised as disposal loss to be posted under item B14) of the income statement, unless the contract does not allow the identification of other economic components of different nature, including financial.

When the sale agreement does not include the transfer of all risks (e.g. pro-solvendo agreements), the account receivable is kept on the financial statements. If part of the consideration agreed by the transferee is paid in advance, a financial receivable is recorded as counterparty of the advance received. Cost elements, such as interest and commission, to be paid to the transferee, are recorded in the income statement depending on their nature.

When, also by virtue of a disposal contract that can substantially transfer all risks linked to the receivable, minimal risks for the company can be identified, the presence of the conditions required to affect a relevant provision to the risk provision is assessed.

Cash and cash equivalents

Bank deposits, post office deposits, and cheques (current account, bank drafts and similar), and are measured according to the general principle of the estimated realisable value, unless the collection of such receivables is very doubtful.

Cash and revenue stamps, measured at their nominal amount.

Cash pooling, consisting in the centralised treasury management by one company within a Group, enables the optimisation of financial resources and is characterised by receivable and payable items towards the company managing the aforementioned cash pooling, respectively for collections from and deposits to the joint current account. Individual companies that participate in centralised treasury management recognise the receivables generated in the item “Financial assets for centralised treasury management” with an indication of the counterparty, which can be the subsidiary of the parent company, in Financial assets that do not constitute long-term investments. If the receivables are not due within one year, they are classified as financial fixed assets. Any such revaluations and write-downs are posted to the income statement under “Write-down of financial assets due to centralised treasury management” and “Revaluation of financial assets due to centralised treasury management”, indicating the counterparty. Any debt position arising from centralised treasury management shall be classified based on the provision of OIC 19 “Debts”.

Accruals and deferrals

The items include the portions of costs and revenues that are common to two or more financial years, based on the accruals principle. This principle provides that an accrual or a deferral is recognised

when the following conditions are met:

- the contract starts in one financial year and ends in a subsequent one;
- the consideration for the services provided is contractually due in advance or in arrears compared to performance common to two or more subsequent financial years;
- the size of accruals and deferrals varies over time.

Accruals and deferrals do not include costs and revenues that accrued in full in the period to which the Financial Statements refer or in subsequent ones.

At the end of each financial year, the Company assesses whether the conditions that determined the initial recognition of the accrual or the deferral still apply; if necessary, the required value adjustments are affected. This assessment takes into account not only the passage of time, but also the estimated recoverability of the amount posted to the Financial Statements.

Shareholders' Equity

This item recognises all capital transactions effected between the company and the individuals who exercise their rights and duties as Shareholders. The share capital increase may only be recognised in the accounts after the transaction has been recorded in the companies' registry, as provided for by Article 2444, paragraph 2, civil code. This condition entails, from an accounting viewpoint, the need to use a Shareholders' equity item other than "Equity" in order to recognise the capital contributions subscribed by the Shareholders, which are only reclassified under that item after the transaction has been registered in the companies registry.

Any decrease in the share capital due to the withdrawal of a Shareholder entails an obligation for the Company to purchase his/her shares in order to reimburse him/her, if they are not acquired by other Shareholders; from an accounting viewpoint, a negative provision is registered under the item AX) "Negative reserve for treasury shares in the portfolio". The difference between the reduction in Shareholders' equity and the claim against the outgoing shareholder is channelled to a provision.

If a shareholder defaults, the share capital is reduced by an amount corresponding to the cancelled shares, which from an accounting point of view reverses the amount due from the outgoing shareholder (as to the tenths still payable by him), and the difference between the reduction in shareholders' equity and the claim against the outgoing shareholder is paid into a reserve.

Provisions for risks and charges

Provisions for risks are recognised for specific liabilities that are probable and whose values are estimated. Therefore, they are contingent liabilities linked to conditions that already existed at the date of the Financial Statements, but that were characterised by a degree of uncertainty, whose outcome depends on the occurrence of one or more future events.

Provisions for charges are recognised for liabilities of a specific nature and certain existence, estimated as to their amount or date of occurrence, linked to obligations already assumed at the Financial Statements' date, but which will be collected in subsequent financial years.

Provisions are quantified based on estimates that take into account all available information, in compliance with the principles of accruals and prudence. These elements can also include the time horizon when at the Financial Statements' date there is a known commitment, on the basis of a contractual or legal obligation, whose disbursement can be reliably estimated and whose occurrence can be reasonably determined, that is sufficiently distant in time so as to make its current value at the date of the Financial Statements significantly different from the one estimated at the time of disbursement.

No generic risk funds without economic justification were set up.

Potential liabilities, if any, are posted to the Financial Statements and registered in the provisions only if they are deemed probably and if the amount of the relevant expense can be reasonably estimated. As a result, remote risks were not taken into account, whereas for contingent liabilities that are deemed possible, even if unlikely, information about the uncertainty situation, where relevant, that the loss

would cause, as well as the estimated amount or the indication that such amount cannot be estimated, other possible effects, if not apparent, the indication of the management's opinion and that of its legal and other advisers, where available.

With respect to classification, the provisions for risks and charges are initially registered in the income statement items of the relevant classes Per (B, C or D), depending on their nature. If the link between the nature of the provision and one of the aforementioned classes is not immediately apparent, provisions for risks and charges are posted to items B12) and B13) of the income statement.

Employee leaving entitlements

Italian Law no. 296 of 27 December 2006, (2007 Finance Act) introduced new rules for employee leaving entitlements accruing from 1 January 2007. As a result of the Supplementary Pension Reform: employee leaving entitlements accrued up to 31 December 2006 remain in the company;

employee leaving entitlements accruing from 1 January 2007, at the employee's discretion, either through explicit or tacit agreement, have been:

allocated to supplementary pension schemes;

remained with the company, which transferred the employee leaving entitlements to the I.N.P.S.'s Treasury Fund.

The amounts accrued from 1 January 2007 are still shown in the income statement item B9c) "Employee leaving entitlements". In the balance sheet, item C) "Employee leaving entitlements" represents the remainder of the provision outstanding at 31 December 2006, while item D13) "Payables to pension funds and social security agencies" shows the payable accrued at 30 June 2021 for the employee leaving entitlements still to be paid to the pension funds and social security agencies.

Payables

Payables are recorded in the Financial Statements using the amortised cost method, on a time-adjusted basis.

If the transaction's interest rate is not markedly different from the market rate, the payable is initially recognised at a value equal to the nominal value net of all premiums, discounts, allowances and inclusive of any costs directly attributable to the transaction that generated the debt. The aforementioned transaction costs, such as accessory costs to obtain loans, any commission income and expenses and any difference between the initial value and the nominal value at maturity are distributed along the life of the payable using the effective interest method.

When, on the other hand, the interest rate for the transaction that can be inferred from contractual conditions is markedly different from the market rate, the payable (and the relevant cost in the case of commercial transactions) is initially posted at a value equal to the present value of estimated future cash flows plus and considering any transactions costs. The rate used to discount future cash flows is the market rate.

In the case of payables from commercial transactions, the difference between the thus determined initial recognition value of the payable and the value upon maturity is posted to the income statement as financial expense throughout the life of the loan, using the effective interest rate method. In the case of financial payables, the difference between the liquidity disbursed and the current value of future financial flows, always determined using the market interest rate, is recognised in financial income or expenses in the income statement upon their initial recognition, unless the substance of the transaction or of the agreement attribute a different nature to this component. Subsequently, the interest expense accruing on the transaction is calculated at the effective interest rate and posted to the income statement with the value of the payable as a contra-entry.

The value of the payables is then subsequently reduced by the amounts paid both as capital and as interest, as well as by any write-downs effected to readjust the receivables to their expected realisable value or due to losses.

The company assumes that effects resulting from the implementation of the amortised costs and the discounting are not material when payables are due within 12 months, taking into account that all

contractual and substantial considerations that apply upon recognition of the payable, as well as all transaction costs and any difference between the initial value and the nominal value at maturity are also negligible. In this case, discounted can be omitted, the interest can be calculated on the capital and transaction costs registered as deferred expenses and amortised on a straight-line basis over the duration of the receivable to adjust nominal interest expense.

Payables towards Group companies

Items D9), D10) and D11) include respectively payables to subsidiaries, associates and parent companies, as defined by Article 2359 of the civil code. These payables are shown separately in the balance sheet.

Item D11 bis) includes payables to companies subject to parent companies' control.

Revenues

Match revenues are recognised at the actual time of performance (when each match is played); Season pass sales, if collected at the end of the previous football season, are recognised on an accrual basis using the same rule (i.e. when each match is played).

Revenues from sponsorship are allocated pro rata according to the related contracts, which are signed on the basis of the FIGC Football seasons. Sponsor premiums are recognised in the income statement on an accruals basis, depending on when the sports event to which they refer takes place.

Revenues from broadcasting license rights and subsequent use of images relating to home league matches are recognised on an accrual basis according to the football season to which they relate.

Revenues from service provision and expenses for their purchase are recognised on the date on which provision ended, or, for those governed by contracts with periodical payments, on the date such payments are due.

The revenues from the sale are recognised net of returns, discounts, allowances and premiums, as well as any taxes directly linked to the sale of the products and the provision of the services, and any adjustments to the revenues accrued during the year directly reduce the item "Revenues".

The item "Other revenues and income" includes non-financial positive income components solely due to additional management. This item includes any grants related to income.

Cost

Acquisition costs are recognised on an accruals basis.

The costs for raw materials, ancillaries, consumables and goods are inclusive of ancillary purchase costs (transport, insurance, loading and downloading, etc.) if included by the supplier in the purchase price, otherwise they are separately posted to service costs depending on their nature.

The costs include not only those whose amount is certain, but also those that are not yet documented, which have been specifically recognised in the Financial Statements.

Costs for bonuses due to players, coaches and technical personnel, for the achievement of pre-established sports results, and bonuses from sponsors are allocated to the income statement on an accrual basis, when the sporting event they relate to takes place.

Financial Income and Expenses

They include the positive and negative components of the economic result for the year linked to the company's financial activity, and are recognised based on the accruals principle.

All revenues, with suitable indication of the relevant sub-items, are recognised on an accruals basis.

Dividends

Dividends are recognised at the time when, as a result of the Resolution adopted by the Shareholder's Assembly of the subsidiary to distribute the profit, or the provisions, a collection right arises for the investor company. The dividend is recognised as financial income, independently from the nature of the reserves distributed. The investee company verifies that, following the distribution, the recoverable value of the equity investment has not diminished to such an extent as to require the recognition of an impairment loss.

Gains and losses

Gains and losses arising from the sale of multi-year player registration rights are classified under revenues and costs from the core business.

Gains and/or losses are calculated as the difference between the price agreed and the net carrying amount at the date of sale.

Current and deferred taxes and national tax consolidation

Taxes for the year are recognised in the income statement in the item “Current income taxes”.

Direct taxes accrued for the period are recognised based on the estimate of taxable income, in line with legal provisions and current tax rates and considering any applicable exemptions.

Moreover, the analysis of the presence of any time difference between the asset and liability values and the corresponding values relevant for tax purposes and/or between the income components posted in the income statement and those taxable or deductible for the purposes of the calculation of tax for the period, as provided for by OIC 25.

In presence of taxable temporary differences, deferred tax liabilities are registered in the Financial Statements, with the exceptions detailed below and provided by OIC 25.

In presence of deductible timing differences, taxes are registered in the Financial Statements only if their future recoverability is reasonably certain.

If tax liabilities have occurred, deferred tax assets are calculated and registered against the future tax benefit linked to them and to the extent of the taxable result achievable in line with tax projections within a reasonable time scale.

Deferred tax assets and liabilities are calculated on the amount of all the timing differences for the financial year, applying the tax rates applicable during the financial year in which the timing differences will be taxed, as provided for by the tax regulations that apply at the date of the Financial Statements. If tax regulations do not set out the tax rates applicable to the period in which the timing differences shall be taxed, the company calculates deferred taxes based on the rates applicable at the date of the Financial Statements.

Deferred tax assets and liabilities are not discounted.

For the purposes of classification in the Financial Statements, tax receivables and payables are offset against each other only if there is a legal right to pay the amounts recognised based on tax legislation and if there the intention to net financial receivables and payables with a single payment.

The remuneration of the tax losses of the companies in the consolidation area is recognised at the time that the losses are effectively utilised in the consolidation area (and are not subject to the taxation of future profits by the individual consolidated company), at the IRES rate applicable during the tax period in which the tax loss is carried forward to reduce the consolidated taxable income. The economic benefits arising from consolidation adjustments effected by the consolidating company, but relating to the consolidated company, are remunerated in favour of the aforementioned consolidated company.

The consolidation adjustments that generated benefits in the consolidated tax return are recognised on the income statement under “Tax income from tax consolidation”, which is classified under “Current income taxes” with a contra-entry in the balance sheet, under “Receivables from subsidiaries”.

Change of accounting principles

Below is a description of the standards used when there are changes to voluntary accounting standards, and also to mandatory standards if different rules are not specifically required.

The change to an accounting principles is registered in the period in which it is adopted and the relevant events and transactions are treated in compliance with the new principle, which is applied with retroactive effect. This entails the accounting recognition of such effects on the opening balance of the Shareholders’ equity for the year.

For comparison purposes only the opening balance of the Shareholders’ equity of the previous year is adjusted and the comparative figures for the previous financial year are considered as if the new accounting principle had always been applied. However, when, after all reasonable efforts, it is not possible to determine the effect pertaining to the previous financial year, or when this calculation is excessively onerous, the company does not restate figures.

Ultimately, when it is not possible to calculate the cumulative effect of the change of accounting principle of such calculation is too onerous, the company applies the new accounting principle starting from the first feasible date. When this date coincides with the start of the current financial year, the new accounting principle is applied on a forward-looking basis.

The effects resulting from the adoption of new accounting principles on the balance sheet, income

statement and cash flow statement, where available, have been highlighted and commented in these notes in correspondence of the explanatory notes pertaining to the items in the Financial Statements that were impacted in a specific way.

This standard did not have significant effects on the financial statements for the year ended 30 June 2021.

Error correction

An error is registered at the time in which an incorrect qualitative and/or quantitative representation of a Financial Statement figure and/or an information provided in a note and, at the same time, information and data for its correct management is available. Correction of relevant errors is performed by rectifying the balance sheet item that was affected by the error at the time, charging the error's correction to the opening statement of the Shareholders' equity of the financial year in which the error is identified.

For comparison purposes only, when feasible, the company corrects a material error for the previous year by restating comparable figures, whilst if an error relates to previous financial years, it is corrected by restating the opening balances of the previous financial year. When the cumulative effect of a material error cannot be restated for all previous financial years, the company must recalculate comparable figures to correct the material error starting from the first feasible date.

Non-material errors committed in previous years are recognised in the income statement of the period in which the error is detected.

This standard did not have significant effects on the financial statements for the year ended 30 June 2021.

Conversion criteria for items in foreign currency

Pursuant to Article 2426, paragraph 1, no. 8 bis of the civil code, monetary assets and liabilities in currencies other than the functional currency in which the Financial Statements are presented (the so-called "accounting currency"), subsequently to initial recognition, are recognised at the spot exchange on the date of the end of the financial year. The resulting exchange-rate gains or losses are posted to the income statement at the items C17-bis) "Exchange-rate gains and losses" and any net profit, which contributes to the result for the period, is allocated to the dedicated reserve that cannot be distributed until realisation.

Non-monetary assets and liabilities in currencies other than the accounting one are recognised at the exchange rate applicable at the time of their purchase. When the exchange rate at the closing date of the period is markedly different from that at the purchase date, the exchange rate variance is one of the elements considered in the assessment process to determine the value that can be recognised in the financial statements for individual non-monetary assets. In this case, therefore, any (positive or negative) exchange rate differences contribute to the calculation of the recoverable value.

Exchange rates

The exchange rates used to translate the main items in foreign currency are:

		Spot rate 30.06.2021 (*)	Average rate 2020/2021 (*)
U.S. dollar.	USD	1.1884	1.2047
Japanese Yen	JPY	131.4300	132.6314
GB Pound	GBP	0.85805	0.85872
Swiss franc	CHF	1.0980	1.0940
Chinese Yuan	CNY	7.6742	7.7391

(*) Source: Bank of Italy Eurosystem.

OTHER INFORMATION

Tax consolidation

The Company exercised the option to join the tax consolidation scheme (Articles 117-129 of Presidential Decree 917/86), as the consolidating entity, jointly with Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l., as consolidated companies.

Consolidated Financial Statements

The company has prepared its consolidated financial statements at 30 June 2021 in compliance with the law and the provisions introduced by UEFA Club Licensing Manual 2020 edition, part II, title V, Article 14.4.4, which require football clubs that exercise control over one or more companies, as in the case of A.C. Milan S.p.A., to produce consolidated financial statements subject to an independent audit.

Statutory audit of the accounts

The financial statements for the year ending 30 June 2021 were audited by the independent auditors EY S.p.A..

Statement of amounts

In accordance with Article 2423, fifth paragraph, of the civil code, the financial statements to 30 June 2021 were prepared in Euros, with no decimal places, apart from these Notes which show the values and related comments in thousands of Euros, unless indicated otherwise. It should be noted, however, that the Report on Operations is prepared in millions of Euro with one decimal place shown.

Disclosure on commitments, guarantees and contingent liabilities not included in the balance sheet

The note must detail the overall amount of the commitments, guarantees and contingent liabilities not included in the balance sheet, specifying the nature of any collateral provided, itemised in: a) existing pension and similar commitments; b) commitments towards subsidiaries, associates, as well as parent companies and companies subject to the latter's control.

Public funds - Information pursuant to Article 1, paragraphs 125-129 of law no. 124/2017

With reference to obligations on transparency and the disclosure of public funding regulated by article 1, paragraphs 125-129 of law no. 124/2017 as amended by the "security" decree law (no. 113/2018) and "simplification" decree law (no. 135/2018), introducing a number of disclosure and transparency obligations, starting from the 2018 financial reporting year, for entities that have economic relations with the Public Administration, in view of Assonime's interpretation in Circular no. 5 of 22 February 2019, which considers the regulation as non-applicable in the following cases:

- grants, contributions and economic benefits of any kind, of which the advantages are accessible to all enterprises that meet certain conditions, based on general, previously established criteria (for example: measures of ministerial decrees aimed at specific industrial sectors and at funding activities related to research and development projects);
- general measures that may benefit all enterprises and which come under the general structure of the reference system defined by the State (for example the mechanism to promote the reinvestment of profit, as provided for by A.C.E);
- public European/foreign resources;
- contributions from trade associations;
- interprofessional funds for training courses, considering that the Funds are provided through contributions made by the beneficiary companies, that are required to meet specific management criteria based on transparency.

During the 2020/2021 financial year, the company declared that it had not received this type of contribution.

Going concern

The company showed a loss for the period of Euro 97.943 million, positive shareholders' equity of Euro 99.345 million and a consolidated negative net financial position Euro 221.197 million (of which Euro 152.808 million with subsidiaries).

The majority shareholder Rossoneri Sport Investment Luxembourg S.à r.l. has guaranteed its commitment to provide financial support to the club for at least 12 months from the date of approval of these financial statements. During the 2020/2021 financial year, Rossoneri Sport Investment Luxembourg S.à r.l. made capital contributions in favour of the Company for a total of Euro 129.5 million.

Based on these considerations, the directors have prepared these financial statements on a going concern basis.

SIGNIFICANT EVENTS OF THE PERIOD

Capital payments

During the 2020/2021 financial year, the Company's majority shareholder made capital contributions totalling Euro 129.5 million.

These payments, necessary to cover current operating expenses and to strengthen the Group's capital, meant that the provisions Article 2446 of the Italian Civil Code no longer applied to the Company as at 30 June 2020.

Casa Milan S.r.l.

acquired from the Company and subsequently exercised the option right to purchase from Vittoria Assicurazioni the property "Casa Milan" located at Via Aldo Rossi No. 8 (as the Company's registered office) for a consideration of Euro 41,919 thousand. The acquisition was completed through a bank loan that Casa Milan S.r.l. obtained from UniCredit S.p.A. for an amount of Euro 41,900 thousand with bullet repayment on 18 February 2023 (unless Casa Milan S.r.l. exercises its options to extend the maturity date).

It should also be noted that as part of the aforementioned transaction, Casa Milan has leased the property complex purchased to A.C. Milan, for a period of 7 + 6 years, for an annual rent of Euro 3.2 million plus VAT (*in the triple net rent formula*).

AC Milan (Shanghai) Sports Development Co. Ltd.

On 7 February 2021, the subsidiary AC Milan (Shanghai) Sports Development Co. Ltd. was incorporated with a share capital of Euro 200 thousand, fully paid up by the sole shareholder A.C. Milan S.p.A. in May 2021, with the purpose of developing commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and merchandising.

Transfer Campaign 2020/2021

The transactions finalised during the Transfer Campaign 2020/2021 resulted in a total increase in invested capital of Euro 26.7 million, deriving from acquisitions and increases of Euro 70.2 million and disposals of Euro 30.4 million (net book value of the rights sold).

The gains generated by the disposals amount to Euro 20.2 million, the losses of Players' registration

rights for a total of Euro 2.2 million refer to disposals made during the months of July and August 2021.

With regard to the transactions concerning the transfers of players completed in the summer session of the 2021/2022 Transfer Campaign, from 1 July to 31 August 2021, among others, the permanent and temporary purchases of players Tonali Sandro, Abdelkader Diaz, Bakayoko Tiémouè, Ballo Fodè, Florenzi Alessandro, Giroud Olivier Jonathan, Maignan Mike Peterson, Messias Junior Walter, Pellegrini Pietro, Tomori Oluwafikayomi and Adli Yacine are noted.

In the area of the permanent and/or temporary transfers of Players' registration rights, we point out, among others, those related to Hauge Jens Petter, Laxalt Suarez Diego Sebastian, Abanda Mfomo, Caldara Mattia, Pobega Tommaso and Adli Yacine.

It should also be noted that during the month of August 2021, the employment contract with the player Murati Emir was terminated by mutual consent and the economic effect of the termination has already been recognised in the financial statements at 30 June 2021.

Super League

On 17 April 2021, A.C. Milan (the "Company") and eleven other clubs (the "Founding Clubs") formalised an agreement (the "Original Agreement") to create, subject to the fulfilment of certain conditions precedent, a twenty-team European competition called the "Super League" (the "SL") in which the first team of AC Milan would take part permanently as a founding club.

On 18 April 2021, the Company, together with eight other Founding Clubs, became a member, through the subscription of a share issue and payment of an amount of Euro 200 thousand, of the European Super League Company S.L.U. (the "SL Company"), i.e. the company incorporated under Spanish law set up for the purpose of creating and managing the proposed SL. Subsequently, as provided for in the agreements between the Founding Clubs, the Company made a further payment to Shareholders' Equity of the SL Company of Euro 1.8 million.

Following the public announcement of the planned creation of the SL, UEFA and other sports bodies affiliated to UEFA expressed their opposition to the creation of the SL and publicly announced the adoption of disciplinary sanctions against the Founding Clubs.

Following the termination, as provided for in the Original Agreement, of the SL project and the Original Agreement itself, the Company (together with certain other Founding Clubs) reached an amicable settlement with UEFA an amicable settlement of the matter (the "**UEFA Agreement**") and in this framework the Company has undertaken certain commitments towards UEFA including that of paying to the UEFA Foundation For Children, together with the other clubs that signed the agreement with UEFA, a total amount of Euro 15 million, divided among the various clubs pro rata, within 12 months of the signing of the agreement. On the basis of this agreement, the Company has also agreed that UEFA, in the next UEFA competition in which the Company qualifies (it being understood that the first season for this purpose will be the 2023/2024 season), shall retain 5% of the revenues due to the Company in relation to that season.

Following the achievement of the UEFA Agreement, the Company has learned from public sources that the Commercial Court of Madrid has issued an interim injunction, in the context of a case pending before that Court, ordering UEFA, inter alia, to annul certain aspects of the obligations undertaken towards it by the signatory clubs to the UEFA Agreement.

U.E.F.A. Licence

On 7 May 2021, the U.E.F.A. First Instance Licensing Committee, having examined the documentation produced by the Licence applicant in the framework of the granting process of the U.E.F.A. Licence for the 2021/2022 football season, decided to grant the Licence on the basis of the requirements provided for by the U.E.F.A. Licence Manual - Edition 2020, and as per Official Notice No. 236/A published on 14 May 2021.

Football Season

On 23 May 2021, the Serie A championship ended with Milan reaching second place in the rankings, which guaranteed access to the Group Stage of the 2021/2022 UEFA Champions League.

Significant events occurring after period end

Liquidation of AC Milan (Beijing) Sports Development Co. Ltd.

It should be noted that in July 2021 the procedures for requesting the liquidation of the subsidiary AC Milan (Beijing) Sports Development Co. Ltd. were completed and the relative Liquidation Committee was notified to the competent Chinese authorities. The liquidation process, and consequent cancellation of the company, is expected to be completed by the end of September 2021, unless further investigations are requested by the Chinese authorities.

National licence

On 8 July 2021, Co.Vi.So.C./F.I.G.C., having examined the documents submitted by the club, found that the conditions required for the national licence for the 2021/2022 professional championship had been met, in accordance with Title I) of Official Communication no. 251A of 21 May 2021.

Confirming Line

In August 2021, a “confirming” financing line was signed with a primary Credit Institution that provides for the possibility for the Company to request, within the limits of the agreed limit, the payment of debts falling due by the Institution, in the name and on behalf of the Company, with repayment of the amounts over time. During the month of September, the line was used for Euro 15.1 million for the payment of the first two instalments relating to the acquisition of two foreign players.

NOTES ON THE MAIN ASSET ITEMS

(in thousands of Euros)

FIXED ASSETS

Specific tables have been prepared for each class of fixed assets (intangible assets, tangible assets and financial fixed assets), shown in the attachments, which indicate for each item: the historical cost, the accumulated depreciation/amortisation, any write-backs and write-downs, movements during the period and the final balance.

INTANGIBLE FIXED ASSETS

This item amounts to Euro 179,882 thousand (Euro 218,066 thousand at 30 June 2020). The breakdown is as follows:

	30.06.2021	30.06.2020	Change
Player registration rights	159,953	186,703	-26,750
Concessions, licences, trademarks and similar rights	10,456	16,344	-5,888
Assets in progress and advances	3	101	-98
Other intangible fixed assets	9,469	14,918	-5,449
Total	179,882	218,066	-38,184

The change in intangible fixed assets is shown in attachment 1, which is an integral part of these Notes.

Player registration rights, of Euro 159,953 thousand (Euro 186,703 thousand at 30 June 2020), also include the costs of direct allocation which are amortised according to the players' contract expiry dates, taking into account any contract extensions agreed before the financial statements are approved. The main changes resulting from investments, disposals and impairment during the period are detailed in attachment 2, which is an integral part of these Notes.

The item Concessions, licences, trademarks and similar rights, equal to Euro 10,456 thousand (Euro 16,344 thousand at 30 June 2020), mainly refers to Euro 9,877 thousand (Euro 15,645 thousand at 30 June 2020), for the rights to use the television archive of home matches of A.C. Milan S.p.A. ("*Milan Library*") bought by Gruppo R.A.I. and R.T.I. S.p.A. (Mediaset Group) during 2009. This archive is supposed to be self-sustaining over time depending on the matches played by the team from time to time.

Other intangible assets, amounting to Euro 9,469 thousand (Euro 14,918 thousand on 30 June 2020), relate in particular to the following:

Euro 1,260 thousand (Euro 6,133 thousand at 30 June 2020) to the investments in the new "Casa Milan" headquarters, after the transfer of the option right for the purchase of Casa Milan and amortised according to the duration of the rental agreement for the technical and commercial areas; The reduction compared to the previous financial year is related to the sale of the option right for the purchase of Casa Milan, the proceeds of which were determined taking into account the works carried out on the property until the date of valuation of the right itself;

Euro 6,192 thousand (Euro 6,419 thousand on 30 June 2020), being the incremental costs incurred for the San Siro Stadium in Milan, amortised according to the duration of the agreement with the Municipality of Milan;

Euro 2,017 thousand (Euro 2,366 thousand at 30 June 2020) relating to the acquisition of a 10-year ground lease (Article 952, second paragraph, civil code) for the Vismara sports centre, home to the Milan youth team, owned by the Opera Diocesana per la Preservazione e la Diffusione della Fede. The ground lease includes improvements which are recognised at cost, less the related amortisation calculated on the duration of the ground lease itself.

In relation to intangible fixed assets, amounting to Euro 179,882 thousand at 30 June 2021, it should be noted that write-downs of Euro 1,864 thousand were included under the item Player registration rights deriving from losses from definite sales, which took place in July and August 2021.

TANGIBLE FIXED ASSETS

This item amounts to Euro 2,100 thousand (Euro 1,151 thousand at 30 June 2020). The breakdown is as follows:

	30.06.2021	30.06.2020	Change
Land and buildings	1	1	0
Plant and machinery	311	109	202
Industrial and commercial equipment	1,173	402	771
Other assets	568	639	-71
Assets in progress and advances	48	-	48
Total	2,100	1,151	949

The change in tangible fixed assets is shown in attachment 3, which is an integral part of these Notes.

Plant and machinery, amounting to Euro 311 thousand (Euro 109 thousand at 30 June 2020), relates in particular to the following: The change compared to the previous year, amounting to Euro 202 thousand, mainly concerns the upgrading and replacement of the heating and boiler system of the Vismara training centre.

Industrial and commercial equipment, amounting to Euro 1,173 thousand (Euro 402 thousand at 30 June 2020), mainly related to commercial equipment. The change mainly relates to the purchase of equipment for the Milan TV studio.

Other tangible assets, of Euro 568 thousand (Euro 639 thousand at 30 June 2020), which mainly includes electronic office equipment, furniture, office supplies and vehicles owned by the Milan Group.

FINANCIAL FIXED ASSETS

Equity investments

The breakdown of equity investments in subsidiaries, associates and other companies is as follows:

	30.06.2021	30.06.2020	Change
Subsidiaries	196,885	196,685	200
Associates	1,327	1,085	242
Other companies	2,000	-	2,000
Total	200,212	197,770	2,442

With regard to changes during the year relating to financial assets, please see Attachment 4 (Statement of changes in equity investments) and Attachment 7 (List of equity investments in subsidiaries and associates (ex Article 2427 (5) civil code), the latter gives a comparison of the book value and the corresponding share of shareholders' equity, and they form an integral part of these Notes.

Equity investments in subsidiaries

The amount shown for this item, equal to Euro 196,885 thousand (unchanged compared to 30 June 2020), consists of:

Euro 183,756 thousand (unchanged compared to 30 June 2020), for 100% of the share capital of Milan Entertainment S.r.l., based in Milan, Via Aldo Rossi no. 8, whose main object is the management and commercial promotion of brands owned by or available to A.C. Milan S.p.A.;

Euro 12,825 thousand (unchanged compared to 30 June 2020), relating to 100% of the share capital of Milan Real Estate S.p.A., headquartered in Carnago (Varese) – Via Milanello no. 25. The company's purpose is the development of projects in the real estate sector, in the area of sports facilities, through any activities or operations aimed at and connected to the construction or acquisition of property complexes and infrastructure;

Euro 104 thousand (unchanged compared to 30 June 2020) relating to 100% of the share capital of the non-profit Milan Foundation, which was set up in 2003 with the aim of meeting basic individual needs and freedoms, of diffusing a culture of sport as a tool for mental and physical wellbeing, social integration, improving quality of life, and to support and organise charitable projects.

for Euro 0.1 thousand (not present at 30 June 2020) to 1% of the share capital of Casa Milan S.r.l., incorporated in November 2020 with the corporate purpose of buying and selling, exchanging, renting and administering real estate.

Euro 200 thousand (not present at 30 June 2020) for 100% of the share capital of the company AC Milan (Shanghai) Sports Development Co. Ltd. incorporated in February 2021 and having as its corporate purpose the development of commercial activities under the Milan brand in the Asian market, including the planning and organisation of sports events and the sale of sports material and merchandising.

At 30 June 2021 the value of the investment in AC Milan (Beijing) Sports Development Co. Ltd., based in Beijing (People's Republic of China), a Chinese company whose aim is to develop the commercial operations of the Milan brand on the Asian market, and originally recognised at Euro 350 thousand, was completely written down due to the alignment of the book value with the shareholders' equity of the subsidiary. As mentioned in the section "Significant events occurring after the period end", the procedures for the liquidation of the subsidiary started in July 2021.

Equity investments in associates

At 30 June 2021, these amounted to Euro 1,327 thousand (Euro 1,085 thousand at 30 June 2020) and related to the 50% share of the company M-I Stadio S.r.l., incorporated with F.C. Internazionale Milano S.p.A. for the technical and commercial management of the San Siro stadium in Milan for Euro 1,327 thousand (Euro 1,085 thousand at 30 June 2020). The change compared to the previous year derives from the write-down of the investment carried out at 30 June 2021 to align the book value to the share pertaining to the shareholders' equity, in the light of the actual negative result.

Shareholdings in other companies

Amounted to Euro 2,000 thousand at 30 June (not present at 30 June 2020) and related to the investment held in European Super League Company S.L.U. ("SL Company"), a company incorporated under Spanish law created to create and manage the competition called "Super League", amounting to Euro 2,000 thousand (not present at 30 June 2020).

Regarding the latter, please refer to the relevant paragraph in "Significant events during the period".

Long-term receivables

Other receivables

This item is equal to Euro 384 thousand (Euro 361 thousand at 30 June 2020), mainly comprising security deposits.

WORKING CAPITAL

RECEIVABLES

	30.06.2021	30.06.2020	Change
Trade receivables	47,959	46,322	1,637
Receivables from subsidiaries	26,200	2,426	23,774
Receivables from associates	181	-	181
Receivables from parent companies	-	-	-
Receivables from companies subject to parent companies' control	-	-	-
Tax receivables	431	7,614	-7,183
Deferred tax assets	1,139	1,288	-149

Other receivables	908	192	716
Receivables from entities – specific sector	58,823	55,762	3,061
Total	135,641	113,604	22,037

Receivables due beyond the next financial year amounted to Euro 419 thousand; there were no receivables with a remaining duration of more than five years.

Trade receivables

At the end of the period, this item was composed as follows:

	30.06.2021	30.06.2020	Change
Trade receivables	51,200	49,746	1,454
Provision for doubtful trade receivables	-3,240	-3,424	184
Net value	47,959	46,322	1,637

Trade receivables, net of the provision for doubtful accounts, amounted to Euro 47,959 thousand (Euro 46,322 thousand at 30 June 2020) and are of a commercial nature. The increase is mainly due to the fact that the Company invoiced for the Champions League qualification bonuses.

The provision for doubtful accounts shown above reflects the value adjustment to the receivables to align them to their estimated realisable value. During the period, the allowance for doubtful accounts was used for Euro 184 thousand for the reversal of receivables previously written down.

Receivables from subsidiaries, associate, parent companies and companies subject to parent companies' control

The item was composed as follows:

	30.06.2021	30.06.2020	Change
Receivables from subsidiaries:			
· trade receivables	21,598	999	20,599
· other receivables	4,602	1,427	3,175
Total receivables from subsidiaries	26,200	2,426	23,774
Receivables from associates:			
· trade receivables	181	-	181
· other receivables	-	-	-
Total receivables from associates	181	-	181
Receivables from parent companies:			
· trade receivables	-	-	-
· other receivables	-	-	-
Total receivables from parent companies	-	-	-

Total receivables from companies subject to parent companies' control:			
·	trade receivables	-	-
·	other	-	-
Total receivables from companies subject to parent companies' control		-	-

Receivables from subsidiaries of a commercial nature mainly include Euro 21,050 thousand (not present at 30 June 2020) related to the transaction that took place in December 2020 and concerning the transfer for consideration of the option right of the property "Casa Milan" to the subsidiary Casa Milan S.r.l..

"Other receivables" from subsidiaries includes Euro 4,602 thousand (Euro 1,427 thousand at 30 June 2020) arising from the execution of the "Agreement on the exercise of the option for the national tax consolidation scheme" and are due from Milan Entertainment S.r.l., Milan Real Estate S.p.A. and Casa Milan S.r.l..

Receivables from associates equal to Euro 181 thousand (not present at 30 June 2020) refer to the trade receivables from M-I Stadio S.r.l., for charges for using internal and external facilities at the San Siro stadium under an agreement between A.C. Milan S.p.A., F.C. Internazionale S.p.A. and M-I Stadio S.r.l. for which the licensees pay an annual fee of Euro 1,507 thousand (plus any adjustments).

Tax receivables

At end of the period, this item was composed as follows:

	30.06.2021	30.06.2020	Change
Due from Treasury for tax consolidation	-	-	-
Due from Treasury for VAT	-	5,289	-5,289
Regional business tax (IRAP) receivables	-	1,876	-1,876
Other tax receivables	431	449	-18
Total	431	7,614	-7,183

As of 30 June 2021, the Company has a VAT and IRAP liability, the balances of which are therefore recorded in the balance sheet liabilities.

Deferred tax assets

The amount of Euro 1,139 thousand (Euro 1,288 thousand at 30 June 2020) relates to the recognition of deferred tax assets on the provisions over the years, and in the current year to the provision for doubtful accounts, as to the non-tax-deductible part.

Other receivables

This item, amounting to Euro 908 thousand (Euro 192 thousand at 30 June 2020), mainly includes Euro 824 thousand (Euro 79 thousand at 30 June 2020) for advances paid to suppliers, professionals

and employees, and Euro 50 thousand (not present at 30 June 2020) for advances paid to sports agents.

Receivables from entities – specific sector

Net of the provision for doubtful accounts and amortised cost, this item amounts to Euro 58,823 thousand (Euro 55,762 thousand at 30 June 2020). The amount is due from various football clubs, for payments relating to the current and/or past transfer seasons, and in connection with international trips by teams taking part in the training of players sold by those clubs, in accordance with the F.I.F.A. Solidarity mechanism.

Specifically, the item consists of:

- Euro 13,719 thousand (not present at 30 June 2020) for amounts due from the club Seville Futbol Club for the definitive sale of the player Jesus Joaquin Fernández Saenz de la Torre “Suso”;
- Euro 13,066 thousand (not present at 30 June 2020) for receivables from Olympique Lyonnais for the definitive sale of the player Lucas Tolentino Coehlo De Lima “Paquetà”;
- Euro 12,151 thousand (Euro 16,120 thousand at 30 June 2020) for amounts due from the Lega Nazionale Professionisti, in respect of various transfer seasons;
- Euro 7,809 thousand (unchanged with respect to 30 June 2020) for amounts due from the club Herta BSC for the definitive sale of the player Krzysztof Piatek;
- Euro 6,000 thousand (Euro 12,000 at 30 June 2020) for amounts due from the club Wolverhampton Wanderers for the definitive sale of the player Patrick Cutrone;
- Euro 2,850 thousand (Euro 5,700 thousand at 30 June 2020) for amounts due from Club Atlético de Madrid for the definitive sale of Nikola Kalinic;
- Euro 2,011 thousand (Euro 3,500 at 30 June 2020) for amounts due from the club LOSC Lille for the definitive sale of the player Djalo Embalo;
- Euro 974 thousand (not present at 30 June 2020) for amounts due from Club Atlético de Madrid for the sell-on-fee for Nikola Kalinic;
- Euro 50 thousand (not present at 30 June 2020) for amounts due from the club FC Bayern Munchen for the temporary sale of the player Lenny Alexander Borges;
- Euro 184 thousand (Euro 315 thousand at 30 June 2020) for amounts due from various football clubs under the “solidarity mechanism”;

The amount due from Real Zaragoza S.A.D., for the sale of Ricardo De Oliveira, which was originally Euro 3,000 thousand, has been fully covered by the provision for doubtful accounts - professional bodies.

TOTAL FINANCIAL ASSETS OTHER THAN FIXED ASSETS

Financial assets for centralised cash management, of Euro 5,784 thousand (Euro 5,963 thousand at 30 June 2020) relate to the cash management services performed by A.C. Milan S.p.A. for Milan Real Estate S.p.A., under an infra-group current account contract.

CASH AND CASH EQUIVALENTS

This item consists of the funds in the restricted and ordinary current accounts, totalling Euro 17,448 thousand (Euro 8,728 thousand at 30 June 2020). It should be noted that there are no restricted amounts at the financial statement date.

Cash and valuables on hand amounted to Euro 33 thousand (unchanged with respect to 30 June 2020).

ACCRUED INCOME AND PREPAYMENTS

At end of the period, this item was composed as follows:

	30.06.2021	30.06.2020	Change
Accrued income	-	-	-
Prepaid expenses:			
- prepaid insurance pre- miums	865	958	-93
- other prepayments	2,117	939	1,176
Total prepaid expenses	2,982	1,897	1,085
Total accruals and de- ferrals	2,982	1,897	1,085

The item Other deferrals equal to Euro 2,117 thousand (Euro 939 thousand at 30 June 2020), refer in particular to Euro 1,293 thousand for the advance invoicing of the supply of clothing and technical sponsors, Euro 406 thousand for registered players and collaborators and Euro 80 thousand for commissions on guarantees following the various player transfer campaigns for future periods.

NET FINANCIAL POSITION

As a supplement to the reporting of financial payables and financial receivables in the financial statements, the Net Financial Position is also provided in this section.

	30.06.2021	30.06.2020	Change
Non-current financial assets (cash collateral)	-	-	-
Total financial assets other than fixed assets	5,784	5,963	-179
Cash and cash equivalents	17,481	8,761	8,720
Total financial assets	23,265	14,724	8,541
Bonds	-	-	-
Payables to shareholders for loans	-	-	-
Financial payables	0	-6	6
Payables to other financial institutions	-83,843	-115,170	31,327
Financial payables to subsidiaries, associates, parent com- panies and other financial liabilities	-160,620	-149,359	-11,261
Total financial liabilities	-244,462	-264,535	20,073
Net financial position	-221,197	-249,811	28,614

A breakdown of changes in the individual items making up the net financial position is provided in the specific sections of these Notes.

NOTES ON MAIN SHAREHOLDERS' EQUITY AND LIABILITY ITEMS

(in thousands of Euros)

SHAREHOLDERS' EQUITY

The changes in the items of shareholders' equity are provided in attachment 5. Comments are provided on those changes below.

SHARE CAPITAL

Share capital at 30 June 2021, amounted to Euro 113,443,200 (unchanged compared to 30 June 2020), which was fully subscribed and paid up, consisting of 218,160,000 ordinary shares with a nominal value of Euro 0.52 each.

SHARE PREMIUM RESERVE

At 30 June 2021, the Share premium reserve amounted to Euro 31,020,000 (unchanged compared to 30 June 2020) and relates to the premium paid to cover 170,160,000 shares.

LEGAL RESERVE

At 30 June 2021, the Legal reserve totalled Euro 124 thousand and was unchanged from the prior period.

OTHER RESERVES

The balance of Euro 86,950 thousand (Euro 158,511 thousand at 30 June 2020) relates to capital contributions and/or payments to cover losses, made by the majority shareholder. The change compared to 30 June 2020 is mainly attributable to the use of reserves to fully cover the loss arising from the previous financial statements for Euro 201.1 million, as well as capital contributions made by the majority shareholder Rossoneri Sport Investment Luxembourg S.à r.l. for a total of Euro 129.5 million, in addition to liquidity requirements, to strengthen the Company's equity and comply with the financial requirements imposed by the F.I.G.C. (Liquidity Indicator).

PROFIT (LOSS) CARRIED FORWARD

At 30 June 2021, this item amounted to - Euro 34,250 thousand (no change compared to 30 June 2020) and includes the effects of changes arising from the first-time adoption of the new OIC accounting standards.

RESULT FOR THE PERIOD

A loss of Euro 97,942,559 was recorded for the 2020/2021 financial year (a loss of Euro 201,060,678 for the year ending 30 June 2020).

PROVISIONS FOR RISKS AND CHARGES

Provisions estimated on the basis of specific losses that are certain or likely are detailed below:

Balance at			Other	Balance at
01.07.2020	Allocations	(Uses)	changes	30.06.2021

NOTES

Provision for deferred tax liabilities	-	-	-	-	-
Other provisions for risks and charges	24,779	7,952	-14,427	-	18,304
Total	24,779	7,952	-14,427	-	18,304

Other provisions for risks and charges

At 30 June 2021 this item amounted to Euro 18,304 thousand (Euro 24,779 thousand at 30 June 2020) and refers to the allocation of future costs for the restructuring of registered players and non-registered personnel, the surplus in the provision for equity investment write-downs relating to the subsidiary AC Milan (Beijing) Sports Development Co. Ltd., compared to the value of the investment, as well as additional risks for the company.

The provision for the period includes, among others, the provision for future charges related to sports and non-sporting personnel and the integration of the UEFA Financial Fair Play provision.

The utilisations for the period refer to transactions concluded with sports personnel whose employment contracts were terminated early during the previous season.

EMPLOYEE LEAVING ENTITLEMENTS

The changes in this item are shown in the following table; The balance is fully sufficient to cover contractual and legal obligations.

	EMPLOYEE LEAVING ENTITLEMENTS.	End of career entitlements	Total
Balance at 01.07.2020	692	96	787
Provisions	823	544	1,367
Uses for employment terminations/prepayments	-40	-	-40
Transfers	3	-	3
Payments	-	-695	-695
Other changes	-598	108	-490
Balance at 30.06.2021	880	53	932

The item Provisions includes revaluation of the pre-existing amount calculated in accordance with legal requirements and the “white semester” amount which represents (solely for the year 2007) the employee leaving entitlements accrued from 1 January 2007 up to the date of selection of allocation to the company supplementary pension fund (closed) or a contractual pension fund (open) or individual pension plan (IPP).

PAYABLES

	30.06.2021	30.06.2020	Change
Bonds	-	-	-
Payables to shareholders for loans	-	-	-
Financial payables	0	6	-6
Payables to other financial institutions	83,843	115,170	-31,327

Trade payables	46,349	41,136	5,213
Payables to subsidiaries	160,751	149,577	11,174
Payables to associates	2,610	2,195	415
Payables to parent companies	-	-	-
Payables to companies subject to parent companies' control	-	-	-
Tax payables	22,187	22,480	-293
Payables to pension funds and social security agencies	3,544	2,356	1,188
Payables to third parties	22,131	13,762	8,369
Payables to entities – specific sector	59,496	75,810	-16,314
Total	400,911	422,492	-21,581

Payables due beyond the next financial year amounted to Euro 43,681 thousand; There were no payables with a remaining duration of more than five years.

Payables to other financial institutions

This amount, of Euro 83,843 thousand (Euro 115,170 thousand at 30 June 2020) relates to amounts payable to factoring companies for advances on future accounts receivable as follows.

for Euro 38,216 thousand (Euro 78,183 thousand at 30 June 2020) to a factoring contract signed with UniCredit Factoring S.p.A. concerning the sale with recourse to UniCredit Factoring S.p.A. of receivables accrued/matured deriving from the marketing of broadcasting rights of the Serie A championship for three football seasons and of the technical sponsor Puma;

Euro 45,627 thousand (Euro 36,987 thousand at 30 June 2020) to a factoring contract signed with Banca Ifis S.p.A. concerning the sale with recourse of receivables accrued/matured deriving from foreign transfer campaigns.

Trade payables

These are detailed in the table below:

	30.06.2021	30.06.2020	Change
Suppliers	33,276	31,271	2,005
Suppliers for invoices to be received	13,072	9,962	3,110
Credit notes to be received	-	-96	96
Total	46,349	41,137	5,212

The item Trade payables includes payables to football agents for a total of Euro 6,908 thousand (Euro 6,661 thousand at 30 June 2020), of which Euro 1,375 thousand maturing after the following year.

Payables to subsidiaries, associate, parent companies and companies subject to parent companies' control

The item was composed as follows:

	30.06.2021	30.06.2020	Change
Payables to subsidiaries:			
· trade and other payables	131	219	-88
· financial payables	160,620	149,359	11,261
Total payables from subsidiaries	160,751	149,578	11,173
Payables to associates:			
· trade and other payables	2,610	2,195	415
· financial payables	-	-	-
Total payables to associates	2,610	2,195	415
Payables to parent companies:			
· trade and other payables	-	-	-
· financial payables	-	-	-
Total payables to parent companies	-	-	-
Payables to companies subject to parent companies' control:			
- trade and other payables	-	-	-
- financial payables	-	-	-
Total payables to companies subject to the control of parent companies	-	-	-

Trade and other payables to subsidiaries mainly refer for Euro 115 thousand (Euro 130 thousand at 30 June 2020) to the company Milan Entertainment S.r.l., and Euro 2 thousand (Euro 20 thousand at 30 June 2020) to the company Milan Real Estate S.p.A..

Financial payables to subsidiaries, of Euro 160,620 thousand (Euro 149,359 thousand at 30 June 2020) relate exclusively to Milan Entertainment S.r.l. and derive from cash management services performed by the company under an inter-company current account agreement.

Payables to associates relate to the company M-I Stadio S.r.l. for the coverage of operating costs for the management of the San Siro Stadium in Milan, under an agreement in place between A.C. Milan S.p.A., F.C. Internazionale S.p.A. and M-I Stadio S.r.l., which provides for an annual fee in favour of the concessionaires of Euro 9,100 thousand (plus any adjustments).

Tax payables

	30.06.2021	30.06.2020	Change
Payables for current taxes	571	-	571
Payable to Treasury for VAT	4,199	-	4,199
Payables withholding tax on income from work:			
· registered players and employees	16,518	21,667	-5,149
freelance workers and consultants	899	813	86
Other tax payables and withholdings	-	-	-
Total	22,187	22,480	-293

It should be noted that, within Payables for current taxes, the related I.R.A.P. payable referred to the IRAP portion at 30 June 2021 (Euro 761 thousand), net of the A.C.E. (Aid to Economic Growth) surplus, converted into an I.R.A.P. tax credit, to be used in equal instalments over five tax periods (Euro 190 thousand).

The item VAT payables amounted to Euro 4,199 thousand (Euro 5,289 thousand receivables at 30 June 2020).

Payables on withholdings on income from work related to the withholdings made on registered players, employees and freelance workers. The change from the previous year is related to the use in the previous year of the suspension of contributions and social security payments due in April-June 2020 pursuant to Decree Law 34/2020 and the suspension of payments due in January-February 2021 pursuant to Art. 1, paragraphs 36 and 37 of the 2021 Finance Act. The aforesaid payments resumed from 16 September 2020 and from May 2021 according to the instalment plan granted by Decree Law 104/2020 (so-called August Decree).

Payables to pension funds and social security agencies

The amount of this item was broken down as follows:

	30.06.2021	30.06.2020	Change
Payables to I.N.P.S.	3,450	2,277	1,173
Payables/(Receivables) to/from other pension institutions	94	79	15
Total	3,544	2,356	1,188

This item also includes the payables for contributions to supplementary pension funds and/or to the Treasury Fund at the INPS. The changes were in line with the trend in the cost of labour. The change from the previous year is related to the use in the previous year of the suspension of contributions and social security payments due in April-June 2020 pursuant to Decree Law 34/2020 and the suspension of payments due in January-February 2021 pursuant to Art. 1, paragraphs 36 and 37 of the 2021 Finance Act. The aforesaid payments resumed from 16 September 2020 and from May 2021 according to the instalment plan granted by Decree Law 104/2020 (so-called August Decree).

Other payables

These consisted of the following:

Payables to registered players and employees	18,853	13,170	5,683
Payables to directors, statutory auditors and the Supervisory Body.	48	207	-159
Other payables	3,231	385	2,846
Total	22,131	13,762	8,369

Payables to registered players and employees relate in particular to the additional month salaries and bonuses to registered players and employees, duly paid on the established deadlines. The increase com-

pared to the previous year is mainly due to the variable bonuses paid to registered players and employees based on the results of the 2020/2021 season.

The item Other Payables refers mainly to payables for ticket vouchers/season tickets for the 2019-2020 season and payables for holidays, reduced working hours and additional monthly payments.

Payables to entities – specific sector

These amount, net of the amortised cost, to Euro 59,496 thousand (Euro 75,810 thousand at 30 June 2020) and are composed of payables to the Lega Nazionale Professionisti and payables to foreign and national football clubs.

Payables to the Lega Nazionale Professionisti, of Euro 6,967 thousand (Euro 31,987 thousand of 30 June 2020) are the balance of the 2021/2022 transfer campaign.

Payables to foreign and Italian football clubs, amounting to Euro 52,529 thousand (Euro 42,724 thousand at 30 June 2020), net of amortised cost adjustments of Euro 1,059 thousand, related to

Euro 28,969 thousand (not present at 30 June 2020) for the payable to Chelsea Football Club for the definitive purchase of the player Tomori Oluwafikayomi;

- Euro 12,785 thousand (not present at 30 June 2020) for the payable to Lille Olympique Sporting Club for the definitive purchase of the player Mike Petterson Maignan;
- Euro 7,113 thousand (Euro 14,225 thousand at 30 June 2020) to the payable to Real Madrid Club de Futbol for the definitive purchase of the player Theo Bernard Francois Hernandez;
- Euro 1,990 thousand (not present at 30 June 2020) for the payable to F.K. Bodø/Glimt for the definitive purchase of the player Jens Petter Hauge;
- Euro 1,352 thousand (not present at 30 June 2020) for the payable to Liverpool F.C. for the sell-on-fee related to the player Jesus Joaquin Fernández Saez de la Torre “Susó”;
- Euro 333 thousand (not present at 30 June 2020) for the payable to ETO FC Győr for the definitive purchase of the player Milos Kerkez;
- Euro 160 thousand (not present at 30 June 2020) to the payable to Asteras Tripolis FC for the definitive purchase of the player Fotis Pseftis;
- Euro 884 thousand (Euro 1,394 thousand at 30 June 2020) to various clubs for the fees payable in connection with international transfers to the teams who contributed to the players’ training, in accordance with the F.I.F.A. solidarity mechanism. Specifically, it mainly comes from the purchase of players Mike Petterson Maignan and Theo Bernard Francois Hernandez.

ACCRUED EXPENSES AND DEFERRED INCOME

At end of the period, this item was composed as follows:

	30.06.2021	30.06.2020	Change
Accrued expenses	40	193	-153
Deferred income:			
· deferred broadcasting rights	10.454	17.970	-7,516
· deferred season tickets	-	3,111	-3,111
· other prepayments	14.480	10.452	4,028
Total deferred income	24,934	31,533	-6,599
Total accruals and deferrals	24,974	31,726	-6,752

The item Deferred income, equal to Euro 24,934 thousand (Euro 31,533 thousand on 30 June 2020) includes:

- Euro 10,454 thousand (Euro 17,970 at 30 June 2020) to the advance billing related to the broadcasting rights of the Serie A championship for the period 1 July 2021-30 June 2022;
- Euro 9,774 thousand (Euro 10,098 thousand at 30 June 2020) relating to royalties from rights to use images of Milan's home games in specific seasons ("*Milan Library*");
- Euro 2,848 thousand (not present at 30 June 2020) related to advance invoicing for sponsorship and technical material;
- Euro 1,253 thousand to the advance invoicing related to Royalties contracts for the period 1 July 2021-30 June 2022;
- Euro 410 thousand to the advance invoicing of Italian and foreign football school contracts.

COMMITMENTS, RISKS AND POTENTIAL LIABILITIES

COMMITMENTS AND GUARANTEES

Bank guarantees, endorsements and other personal guarantees

These are guarantees issued by banks and/or insurers, totalling Euro 8,502 thousand (Euro 24,438 thousand at 30 June 2020), mainly in favour of:

- Lega Calcio, for the transfer season, for Euro 3,924 thousand (Euro 17,762 thousand at 30 June 2020);
- The Municipality of Milan, for the use of the San Siro Stadium, for Euro 2,349 thousand (Euro 2,337 thousand at 30 June 2020);
- the Italian Revenue Agency (Agenzia delle Entrate) for Euro 2,097 thousand (unchanged with respect to 30 June 2020) for a VAT receivable relative to the 2018 VAT return 2017 tax period, requested as a reimbursement;
- Tea S.r.l. for Euro 100 thousand (unchanged with respect to 30 June 2020) related to the rent of a flat used by company management;
- Ministry for Economic Development, for Euro 32 thousand (not present at 30 June 2020), for prize contests related to the “MILAN120” and “Derby Together” initiatives.

POTENTIAL LIABILITIES

At the date of these financial statements, there were no potential liabilities arising from the financial statements. It should also be noted that on 10 May 2021, the Company paid the amount of Euro 5,528 thousand to Mr. Boban, in accordance with the provisionally enforceable judgement No. 2565/2020 issued on 29 December 2020, which was however appealed by the Parent Company before the Milan Court of Appeal.

NOTES ON THE MAIN INCOME STATEMENT ITEMS

(in thousands of Euros)

Introduction

Before analysing the individual items, we remind you that the comments on the general changes in costs and revenues are provided in the Report on Operations, as required by Article 2428 paragraph 1 civil code. We also remind you that the income statement items have been classified according to the financial statement structure established for professional football clubs, in compliance with the provisions of the F.I.G.C. Official Notice no. 58, published on 5 September 2006.

VALUE OF PRODUCTION

The total value of production in the 2020/2021 financial year amounted to Euro 244,835 thousand (Euro 174,926 thousand in the first half of the 2019/2020 financial year). The breakdown of this item is shown below.

Revenues from sales and services

These related to the sale of tickets and season tickets to attend first team matches. They include, in particular:

	FY 2020/2021	FY 2019/2020	Change
Home match revenues:			
· Championship matches	-	10,296	-10,296
· Tim Cup matches	-	3,038	-3,038
· International Cup matches	-	-	-
· other matches	-	-	-
Away matches revenues:	-	-	-
· Tim Cup matches	-	-	-
Season tickets	-	6,932	-6,932
Revenues from other competitions	-	3,551	-3,551
Total	-	23,817	-23,817

Following the restrictions imposed by the Italian government and the relevant bodies, the championship matches for the 2020/2021 season, the 2021 Italian Cup and the 2021 UEFA Europa League Cup competitions were held behind closed doors.

Therefore, home match revenues in the Championship, revenues from International Cups, revenues from season tickets and revenues from other competitions for the 2020/2021 season are zero.

Other revenues and income

This income consisted of:

	FY 2020/2021	FY 2019/2020	Change
Sponsorship income	27,868	25,336	2,532
Commercial income and royalties	6,597	6,670	-73
Income from broadcasting and media rights:			
· Broadcasting income	121,857	63,385	58,472
· Broadcasting income from participation in UEFA competitions	16,404	-	16,404
Sundry income:			
· Income from archive rights licensing	8,714	8,734	-20
· Publishing income	-	-	-
· Sundry income	261	131	130
Revenues from player loans	63	5,442	-5,379
gains from the sale of player registration rights	20,185	20,020	165
Other income from player management	8,133	2,674	5,459
Other sundry revenues	34,753	18,716	16,037
Total	244,835	151,109	93,726

Sponsorship income, of Euro 27,868 thousand (Euro 25,336 thousand in the 2019/2020 financial year) mainly relate to the following:

for Euro 14,200 thousand (Euro 14,000 thousand in the 2019/2020 financial year), to the fees paid by the Official Sponsor Emirates;

Euro 13,108 thousand (Euro 10,965 thousand in the 2019/2020 financial year) for amounts paid by the Technical Sponsor Puma International Sports Marketing B.V. for the purchase of the right to place their branding on the club's official kit;

Euro 560 thousand (Euro 371 thousand in FY 2019/2020) being payments from contracts with the corporate sponsors, official and technical suppliers, and commercial partners under which the club allows sponsors to use the titles of "Official Supplier", "Official Partner" and "Institutional Sponsor" for advertising and publicity.

Commercial Income and royalties, amounting to Euro 6,597 thousand (Euro 6,670 thousand in the 2019/2020 financial year), mainly relate to the revenues from merchandising and licensing and in particular to the agreement with Puma International Sports Marketing B.V..

Income from broadcasting and media rights, equal to Euro 121,857 thousand (Euro 63,385 thousand in the 2019/2020 financial year) arise from the centralised licence of broadcasting rights for the 2020/2021 season of various packages assigned to broadcasters, including in particular Sky Italian S.r.l., RAI, IMG Media and Perform Investment Ltd (Dazn). The increase is related both to the playing of some matches of the 2019/2020 Serie A Championship in July and August 2020 following the postponement in the conclusion of the competition due to Covid that led, therefore, to the playing of a greater number of matches compared to the same period of the previous year and to the different placement of the Club in the Serie A Championship.

Broadcasting income from participation in UEFA competitions, amounting to Euro 16,404 thousand (not present in the 2019/2020 financial year when the Team did not participate in UEFA compe-

titions), refer to the amount paid to the Company for the negotiation and exploitation of television and radio rights for participation in the UEFA Europa League - 2020/2021 edition.

Income from archive rights licensing, amounting to Euro 8,714 thousand (Euro 8,734 thousand in the 2019/2020 financial year), relating to the fees resulting from the granting of the users right for the images of the A.C. Milan home matches for specific football seasons (the “*Milan Library*”).

Revenues from player loans, amounting to Euro 63 thousand (Euro 5,442 thousand in the 2019/2020 financial year), relate to the following players loaned out by the club:

Player	Selling club	Amount
Alexander Borges	FC Bayern Munchen	50
Emir Murati	Pro Sesto 1913	13
Total		63

Gains from the sale of player registration rights, realised in the year 2020/2021, are listed below with details of the name of the player and the selling club:

Player	Selling club	Net carrying amount (*)	Sale amount	Gain
Jesús Joaquín Fernández Sáenz de la Torre	Sevilla Futbol Club	398	20,578	20,180
Alessandro Falzoni	Associazione Calcio Monza	-	4	4
Matteo Cosentino	Como 1907	-	1	1
Gains				20,185

(*) Net of the effect of the implementation of the “amortised cost” method as provided for by Article 2426, paragraph 1, no. 8 of the Italian Civil Code.

Other income from player management, of Euro 8,133 thousand (Euro 2,674 thousand in the 2019/2020 financial year) relates to:

- Euro 5,000 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Brescia Calcio for the player Sandro Tonali;
- Euro 1,000 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Atalanta B.C. for the achievement of the contractually envisaged targets by the players Mattia Caldara and Matteo Pessina;
- Euro 974 thousand (not present in the 2019/2020 financial year) to the consideration paid by the Company for the *sell on fee* for the player Nikola Kalinic to Club Atletico de Madrid;
- Euro 490 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Sevilla Futbol Club for the player Jesús Joaquín Fernández Sáenz de la Torre “Susó” reaching the contractual target;
- Euro 378 thousand (Euro 274 thousand in the 2019/2020 financial year) for the solidarity contribution paid by various clubs for the transfer of certain players who played for Milan aged between 12 and 23;
- Euro 244 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Herta BSC for the achievement of the contractually envisaged target by the player Krzysztof Piatek;
- Euro 47 thousand (not present in the 2019/2020 financial year) to the variable consideration paid by Celtic F.C. for the achievement of the contractually envisaged target by the player Diego Sebastian Laxalt Suarez.

Other sundry revenues, amounting to Euro 34,753 thousand (Euro 18,716 thousand in the 2019/2020 financial year) referred to Euro 14,626 thousand (Euro 7,604 thousand in the 2019/2020 financial year) for the utilisation, for various reasons, of the provision for future risks allocated in the financial statements closed in previous years, as well as Euro 11,450 thousand (Euro 1,450 thousand in the 2019/2020 financial year) as other extraordinary income related to the sale of the pre-emption right on the property “Casa Milan” and Euro 2,995 thousand (Euro 3,684 thousand in the 2019/2020 financial year) for contingent assets and other residual revenues and income. This item also includes Euro 3,426 thousand (Euro 3,570 thousand in the 2019/2020 financial year) as income arising from the re-charge of costs to Milan Entertainment S.r.l., in particular for the use of indoor spaces at Casa Milan and at the San Siro Stadium in Milan, to Milan Real Estate S.p.A., of players and third parties, as well as Euro 1,407 thousand (unchanged compared to the 2019/2020 financial year) as consideration deriving from the invoicing to the associated company M-I Stadio S.r.l. for the use of some indoor and outdoor areas at the San Siro stadium in Milan, Euro 461 thousand (Euro 808 thousand in the 2019/2020 financial year) for insurance reimbursements following injuries sustained by Milan’s first team players and Euro 241 thousand (Euro 190 thousand in the 2019/2020 financial year) as income for miscellaneous recharges.

COSTS OF PRODUCTION

Costs of production in the 2020/2021 financial year amounted to Euro 342,538 thousand (Euro 374,298 thousand in the 2019/2020 financial year).

Costs for consumables and goods

Costs for the purchase of consumables and goods, of Euro 3,307 thousand (Euro 2,821 thousand in the 2019/2020 financial year) essentially relate to the costs of purchasing sports kit for training, the official strips supplied by the Technical Sponsor, and medical supplies.

Cost for services

Were broken down as follows:

	FY 2020/2021	FY 2019/2020	Change
Costs for registered players	4,929	2,894	2,035
Costs for sporting activities	1,566	1,429	137
Specific technical costs	11,604	14,532	-2,928
Lodging, accommodation, and match transport costs	2,453	2,263	190
Player insurance	2,403	2,722	-319
Other consultancies and collaborations	3,553	4,248	-695
Advertising expenses	988	833	155
Miscellaneous services from subsidiaries	19,883	19,050	833
Administrative and general expenses	13,925	13,744	181
Total	61,304	61,715	-411

Costs for registered players, amounting to Euro 4,929 thousand (Euro 2,894 thousand in the 2019/2020 financial year), relate to the expenses incurred for health and schooling assistance and for training and camp sessions of the first team and the youth sector.

Costs of sporting activities of Euro 1,566 thousand (Euro 1,429 thousand in the 2019/2020 financial year) are fees payable to medical and healthcare professionals, and other related costs.

Specific technical costs, amounting to Euro 11,604 thousand (Euro 14,532 thousand in the 2019/2020 financial year), are mainly composed of consultancy and technical-sports collaborations for Euro 5,517 thousand (Euro 6,393 thousand in the 2019/2020 financial year), sports agent and auxiliary costs for the Transfer Campaign for Euro 4,458 thousand (Euro 6,942 thousand in the 2019/2020 financial year), the reduction of which is mainly related to the effects of the 2020/2021 Transfer Campaign, and by costs for monitoring players for Euro 1,251 thousand (Euro 505 thousand in the 2019/2020 financial year).

Lodging, accommodation, and match transport costs, amounting to Euro 2,453 thousand (Euro 2,263 thousand in the 2019/2020 financial year), consist of expenses incurred for the away matches of the first team and the minor teams.

Player insurance of Euro 2,403 thousand (Euro 2,722 thousand in the 2019/2020 financial year), relates to the premiums paid to insure the players of the first team and youth sector, and have increased as a result of further insurance items being included in the cover.

Other consultancies and collaborations of Euro 3,553 thousand (Euro 4,248 thousand in the 2019/2020 financial year) includes the amounts payable for management and strategic consulting, legal and notarial fees, and administration, organisation and tax, communication, technical and other costs.

Advertising expenses, which amounted to Euro 988 thousand (Euro 833 thousand in the 2019/2020 financial year), mainly included posters and other advertising expenses.

Miscellaneous services from subsidiaries amount to Euro 19,883 thousand (Euro 19,050 thousand in the 2019/2020 financial year) and refer to:

Euro 14,083 thousand (Euro 14,050 thousand in the 2019/2020 financial year), for the service agreement between A.C. Milan S.p.A. and Milan Entertainment S.r.l., under which the latter provides the Parent A.C. Milan S.p.A. with commercial, marketing, sales, personnel management, stadium management, administration, IT, logistics and general services;

Euro 5,800 thousand (Euro 5,000 thousand in the 2019/2020 financial year) to the agreement renewed on 1 July 2020, under which the subsidiary Milan Real Estate S.p.A. provides A.C. Milan S.p.A. with a series of management services for the Milanello training centre.

Administrative and general expenses, amounting to Euro 13,925 thousand (Euro 13,744 thousand in the 2019/2020 financial year) mainly include costs arising from the management of the San Siro Stadium in Milan related to technical and maintenance, commercial, administrative and other services charged by the company M-I Stadio S.r.l., under a specific contract, for Euro 4,550 thousand (unchanged with respect to the 2019/2020 financial year), as well as fees to Directors for Euro 3,450 thousand (Euro 3,622 thousand in the 2019/2020 financial year), to Statutory Auditors for Euro 36 thousand (Euro 31 thousand in the 2019/2020 financial year) and to the Supervisory Board for Euro 23 thousand (unchanged with respect to the 2019/2020 financial year). This item also includes the costs for the production and broadcasting distribution of the images of the Serie A Championship - 2020/2021 edition for Euro 1,857 thousand (Euro 1,305 thousand in the 2019/2020 financial year), the costs for information systems for Euro 1,078 thousand (Euro 1,355 thousand in the 2019/2020 financial year), miscellaneous utilities for Euro 644 thousand (Euro 664 thousand in the 2019/2020 financial year), maintenance of playing fields, venues and miscellaneous for Euro 546 thousand (Euro 464 thousand in the 2019/2020 financial year), insurance for miscellaneous risks for Euro 521 thousand (Euro 527 thousand in the 2019/2020 financial year), travel expenses, expense accounts and other employee costs of Euro 486 thousand (Euro 574 thousand in the 2019/2020 financial year), cleaning costs of Euro 217 thousand (Euro 185 thousand in the 2019/2020 financial year) and bank fees and commissions of

Euro 33 thousand (Euro 71 thousand in the 2019/2020 financial year).

Leases and rentals

This item totalled Euro 9,743 thousand (Euro 9,983 thousand in the 2019/2020 financial year) and mainly consisted of:

- costs of Euro 4,000 thousand (Euro 4,737 thousand in the 2019/2020 financial year) resulting from the use of the San Siro Stadium in Milan under the agreement reached with the Municipality of Milan involving the joint management of the stadium together with F.C. Internazionale Milano S.p.A. from 1 July 2000 up to 30 June 2030, of which Euro 1,371 thousand (Euro 2,183 thousand in the 2019/2020 financial year) will be subsequently deducted from the rental payments upon completion of the modernisation work carried out each year on the San Siro Stadium in Milan;
- lease expenses of Euro 2,796 thousand (Euro 2,451 thousand in the 2019/2020 financial year), including transaction costs, for the new “Casa Milan” premises;
- the costs of property rentals and service charges of Euro 1,168 thousand (Euro 1,091 thousand in the 2019/2020 financial year) relating to an agreement with the subsidiary Milan Real Estate S.p.A., concerning the provision by that company, to A.C. Milan S.p.A. of real estate services consisting of the provision of various types of property;
- the hiring of corporate transport and other equipment, of Euro 1,779 thousand (Euro 1,703 thousand in the 2019/2020 financial year).

Personnel costs

Personnel costs were broken down as follows:

	2020/2021			2019/2020		
	Registered players	Other employees	Total	Registered players	Other employees	Total
Wages and salaries	136,357	18,448	154,805	140,006	7,095	147,101
Social security charges	3,831	1,996	5,827	4,050	1,735	5,785
End of career entitlements/Employee leaving entitlements	839	528	1367	920	478	1,398
Other costs	107	133	240	108	131	239
Total	141,134	21,105	162,239	145,084	9,439	154,525

The item employee leaving entitlements consists of Euro 264 thousand for the allocation of employee leaving entitlements, including substitute tax, and Euro 559 thousand for the employee leaving entitlements that, in accordance with the pensions reform, have been allocated to the supplementary pensions schemes of transferred to the Treasury fund established at the Italian National Social Security Institute (INPS), and Euro 544 thousand to the I.F.C. provision.

The cost for registered personnel is broken down as follows:

	2020/2021	2019/2020	Change
Players contractual remuneration	107,924	115,721	-7,797
Variable remuneration linked to sports results	11,619	6,691	4,928
Team managers contractual remuneration	8,009	10,574	-2,565
Variable remuneration linked to sports results	2,921	-	2,921
Contractual remuneration for instructors, technicians and others	4,716	5,719	-1,003
Variable remuneration linked to sports results	-	-	-
Contractual payments to medical staff	1,168	1,301	-133
Variable remuneration linked to sports results	-	-	-
Total	136,357	140,006	-3,649

Details of the average numbers of personnel employed by the company in the 2020/2021 financial year are provided below:

	2020/2021	2019/2020	Change
Players	59	55.4	3.6
Team managers/other technicians	167.5	171.6	-4.1
Directors	12.8	11.5	1.3
Journalists	7	6.3	0.7
Office workers and middle managers	76.8	72.6	4.2
Workers	1	1	-
Total	324.1	318.3	5.7

Amortisation, depreciation and write-downs

Amortisation of intangible fixed assets, amounting to Euro 73,481 thousand (Euro 102,705 thousand in the 2019/2020 financial year) consisted of the following:

- Euro 65,624 thousand (Euro 94,601 thousand in the 2019/2020 financial year) being the amortisation of player registration rights, calculated in proportion to the duration of their contracts, the decrease of which is linked to the transfer season in 2020/2021;
- Euro 7,857 thousand (Euro 8,105 thousand in the 2019/2020 financial year) for the amortisation of the other intangible fixed assets detailed below:

	FY 2020/2021	FY 2019/2020	Change
Software	101	101	0
Trademarks	100	107	-6
Television images historical archive (<i>Milan Library</i>)	5,769	5,769	0
Vismara Training Centre long-term lease and related improvements	986	790	197
Improvement San Siro Stadium in Milan	676	617	59
Leasehold improvements	224	721	-497
Total	7,857	8,105	-247

Depreciation of tangible fixed assets amounted to Euro 477 thousand (Euro 412 thousand in the 2019/2020 financial year) and consisted of:

- Euro 52 thousand (Euro 47 thousand in the 2019/2020 financial year) for plant and machinery;
- Euro 183 thousand (Euro 133 thousand in the 2019/2020 financial year) for equipment;
- Euro 242 thousand (Euro 232 thousand in the first half of the 2019/2020 financial year) per other tangible assets.

The item Other write-downs of fixed assets, equal to Euro 1,864 thousand (Euro 19,851 thousand in the 2019/2020 financial year), relates to the write-down of the Player registration rights of some players, due to the effect of losses of some players in August 2021.

The item Write-down of receivables included in working capital and in cash and cash equivalents, amounting to Euro 15 thousand (Euro 355 thousand in the 2019/2020 financial year), refers to the allocation made to the provision for doubtful trade receivables.

Provisions for risks

The item amounts to Euro 7,952 thousand (Euro 9,858 thousand in the 2019/2020 financial year) and includes, among others, the provision for future expenses related to sports and non-sporting personnel and the integration of the UEFA provision.

Sundry management expenses

Sundry management expenses consisted of:

	FY 2020/2021	FY 2019/2020	Change
Various match organisation expenses	149	53	95
Match registration costs	3	3	0
Percentage paid to visiting teams	-	241	-241
Costs for acquisition of player services on loan	11,821	3,438	8,383
Costs for players sell on fees	2,028	0	2,028
Losses from the sale of multi-year player registration rights	2,224	4,717	-2,493
Other expenses from player management:			
· Solidarity mechanism	-	-	-
· Training indemnity and development costs	112	5	107
Other management expenses:			0
· Contributions to Lega Nazionale Professionisti/other bodies	1,306	1,648	-342
· Match penalties and fines	82	22	60
· Losses on receivables	191	-	191
· Other duties and taxes	330	261	69
· Others	3,911	1,685	2,227
Total	22,157	12,073	10,084

Costs for acquisition of player services on loan, amounting to Euro 11,821 thousand (Euro 4,717 thousand in the 2019/2020 financial year), refer to the following players purchased by the club:

Player	Selling club	Amount
Abdelkader Diaz	Real Madrid	200
Nikolaos Michelis	Ateras Tripolis	25
Josè Diogo Dalot Teixeira	Manchester United	486
Sandro Tonali	Brescia Calcio	10,000
Gianluca Rossi	Piacenza Calcio 1919	13
Oluwafikayomi Oluwadamilola Tomori	Chelsea F.C.	597
Soualiho Meité	Torino F.C.	500
Total		11,821

Losses from the sale of multi-year player registration rights, equal to Euro 2,224 thousand (Euro 4,717 thousand in the 2019/2020 financial year), realised during the 2020/2021 financial year, concern the following players.

Player	Selling club	Net book value	Sale amount	Capital loss
Mateo Pablo Musacchio	S.S. Lazio	2,215	-	-2,215
Ismet Sinani	Union San Giorgio Sedico	9	-	-9
Total		2,224	-	-2,224

Other management expenses, amounting to Euro 5,821 thousand (Euro 3,615 thousand in the 2019/2020 financial year), mainly related to contingent liabilities for Euro 2,019 thousand (Euro 504 thousand in the 2019/2020 financial year), Euro 1,306 thousand for Lega Nazionale Professionisti Serie A contributions (Euro 1,648 thousand in the 2019/2020 financial year), Euro 1,207 thousand (Euro 310 thousand in the 2019/2020 financial year) for charitable donations, and Euro 588 thousand (Euro 585 thousand in the first half of the 2019/2020 financial year) for costs arising from recharges to Milan Entertainment S.r.l., Milan Real Estate S.p.A. and players and third parties.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses show expenses of Euro 1,500 thousand (expenses of Euro 3,004 thousand in the 2019/2020 financial year) and were broken down as follows.

	FY 2020/2021	FY 2019/2020	Change
Income from equity investments from subsidiaries	3,100	4,800	-1,700
Total income from equity investments	3,100	4,800	-1,700
Bank interest income	2	4	-2
Interest income from subsidiaries	74	71	3
Interest on other receivables	1,040	606	434
Total financial income	1,117	682	435
Bank interest expenses	-	-331	331
Interest expense on other debt	-2,074	-2,085	11
Interest expense from subsidiaries	-1,499	-1,561	62
Interest expense on other debt	-87	-51	-37
Other interest and financial charges	-2,052	-4,488	2,436
Total financial expenses	-5,713	-8,515	2,803
Exchange rate gains	2	34	-32
Exchange rate losses	-6	-5	-1
Total exchange rate gains (losses)	-4	29	-33
Total	-1,500	-3,004	1,504

Income from equity investments, equal to Euro 3,100 thousand, relates respectively for Euro 2,700 thousand and Euro 400 thousand for the dividends of the subsidiaries Milan Entertainment S.r.l. and Milan Real Estate SpA, as per the resolution of the Shareholders' meeting of 28 October 2020, relating to the approval of the financial statements for the year ended 30 June 2020.

The item Interest on other receivables includes the positive effect of Euro 282 thousand (Euro 598 thousand in the 2019/2020 financial year), from the adoption of the amortised cost criterion on receivables from the player transfer campaign.

The item Other interest and financial charges includes Euro 927 thousand (Euro 2,099 thousand in the 2019/2020 financial year) being the commission payable on guarantees issued by banks and/or insurers, mainly used as partial coverage for the player transfer season, and Euro 210 thousand (Euro 1,959 thousand in the 2019/2020 financial year), being the effects of applying the amortised cost principle to the bonds and liabilities arising from the player transfers.

VALUE ADJUSTMENTS OF FINANCIAL ASSETS

Write-downs

The amount of Euro 643 thousand refers to the write-down to align the book value of the investment in the associate M-I Stadio S.r.l. to the corresponding portion of the company's shareholders' equity resulting from the financial statements at 30 June 2021.

INCOME TAXES FOR THE PERIOD

Current taxes

	FY 2020/2021	FY 2019/2020	Change
IRAP (regional business tax)	-2,448	-175	-2,273
Tax income from tax consolidation	4,501	1,427	3,074
Direct taxes from previous financial years	-149	63	-212
Total	1,903	1,315	588

The item Transferred tax income from tax consolidation shows the income for 2020/2021 linked to the tax benefits resulting from disciplining relations exclusively as part of the Milan Group's sub-consolidation, in implementation of the agreement for the exercises of the option of the national tax consolidation signed with the subsidiaries Milan Entertainment S.r.l. and Milan Real Estate S.p.A. and Casa Milan S.r.l..

Deferred tax assets and liabilities

The item Deferred tax assets and liabilities shows net assets of Euro 149 thousand (liabilities of Euro 63 thousand in the 2019/2020 financial year).

PROFIT (LOSS) FOR THE PERIOD

The period 2020/2021 resulted in a loss of Euro 97,942,559 (loss of Euro 201,060,678.50 in the 2019/2020 financial year).

Remuneration of the Directors, Statutory Auditors and the Supervisory and Control Body

Details are provided below of the remuneration for the 2020/2021 financial year due to the Directors, Statutory Auditors and the Supervisory and Control Body for the positions held in the Company and in its subsidiaries.

	A.C. Milan S.p.A.	Milan Entertainment S.r.l.	Milan Real Estate S.p.A.
Board of Directors	3,450	-	-
Board of Statutory Auditors	36	18	18
Supervisory and control body	23	15	15
Total	3,509	33	33

Proposals of the Board of Directors to the Shareholders' Meeting

Dear Shareholders

The financial statements at 30 June 2021 of your company closed with a loss of Euro 97,942,559.42, a share capital of Euro 113,443,200.00, fully subscribed and paid up, a share premium reserve of Euro 31,020,000.00, fully subscribed and paid up, a legal reserve of 123,889.55, payments on account of future capital increases and/or to cover losses of Euro 86,950,444.38 and retained losses of Euro 34,249,947.91.

We therefore propose covering the loss for the year of Euro 97,942,559.42 through the use of payments on account of future capital increases and/or to cover losses by the majority shareholder, for the same amount.

We trust in your agreement with the configuration and criteria used in preparing the financial statements at 30 June 2021, which we request you to approve.

Milan, 27 September 2021

for the **Board of Directors**
The Chief Executive Officer
Ivan Gazidis

ATTACHMENTS



ATTACHMENTS

These attachments contain additional information to that reported in the Notes, of which they are an integral part.

This information is contained in the following attachments:

- statement of changes in intangible fixed assets;
- statement of changes in player registration rights;
- statement of changes in tangible fixed assets;
- statement of changes in equity investments;
- statement of changes in shareholders' equity;
- breakdown statement of Shareholders' equity reserves;

List of equity investments and key figures from the latest financial statements of subsidiaries and associates as per Article 2427(5) of the civil code.

Attachment 1

Statement of changes in intangible assets

(IN THOUSANDS OF EUROS)

Historical cost	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATI ON)	(WRITE-DOWNS)	WRITE-BACKS	(WRITE-DOWNS) /WRITE-BACKS	30.06.2021
START-UP AND EXPANSION COSTS	—	—	—	—	—	—	—	—	—
INDUSTRIAL PATENT RIGHTS AND USE OF INTELLECTUAL PROPER	—	—	—	—	—	—	—	—	—
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	44.467	83	—	—	—	—	—	—	44.550
ASSETS IN PROGRESS AND ADVANCES	101	2.609	(2.707)	—	—	—	—	—	3
PLAYER REGISTRATION RIGHTS	426.043	69.177	(144.499)	—	—	—	—	—	350.721
OTHER INTANGIBLE FIXED ASSETS	35.376	2.390	(10.301)	—	—	—	—	—	27.465
Total	505.987	74.259	(157.507)	—	—	—	—	—	422.739

Accumulated amortisation and Provision for Doubtful Accounts	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATI ON)	(WRITE-DOWNS)	WRITE-BACKS	(WRITE-DOWNS) /WRITE-BACKS	30.06.2021
START-UP AND EXPANSION COSTS	—	—	—	—	—	—	—	—	—
INDUSTRIAL PATENT RIGHTS AND USE OF INTELLECTUAL PROPER	—	—	—	—	—	—	—	—	—
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	(28.123)	—	—	—	(5.971)	—	—	—	(34.094)
PLAYER REGISTRATION RIGHTS	(239.340)	—	116.061	—	(65.624)	(1.864)	—	(1.864)	(190.767)
OTHER INTANGIBLE FIXED ASSETS	(20.459)	—	—	4.348	(1.886)	—	—	—	(17.997)
Total	(287.922)	—	116.061	4.348	(73.481)	(1.864)	—	(1.864)	(242.858)

Net value	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATI ON)	(WRITE-DOWNS)	WRITE-BACKS	(WRITE-DOWNS) /WRITE-BACKS	30.06.2021
START-UP AND EXPANSION COSTS	—	—	—	—	—	—	—	—	—
INDUSTRIAL PATENT RIGHTS AND USE OF INTELLECTUAL PROPER	—	—	—	—	—	—	—	—	—
CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	16.344	83	—	—	(5.971)	—	—	—	10.456
GOODWILL AND CONSOLIDATION DIFFERENCE	—	—	—	—	—	—	—	—	—
ASSETS IN PROGRESS AND ADVANCES	101	2.609	(2.707)	—	—	—	—	—	3
PLAYER REGISTRATION RIGHTS	186.703	69.177	(28.438)	—	(65.624)	(1.864)	—	(1.864)	159.954
OTHER INTANGIBLE FIXED ASSETS	14.917	2.390	(10.301)	4.348	(1.886)	—	—	—	9.469
Total	218.065	74.259	(41.446)	4.348	(73.481)	(1.864)	—	(1.864)	179.882

Attachment 3

Statement of changes in intangible assets

(IN THOUSANDS OF EUROS)

Historical cost	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATION)	(WRITE-DOWNS) / WRITE-BACKS	30.06.2021
LAND AND BUILDINGS	34	—	—	—	—	—	34
PLANT AND MACHINERY	392	253	—	—	—	—	645
INDUSTRIAL AND COMMERCIAL EQUIPMENT	2.537	955	(122)	—	—	—	3.370
OTHER TANGIBLE ASSETS	2.777	170	—	—	—	—	2.947
TANGIBLE ASSETS IN PROGRESS	—	48	—	—	—	—	48
Total	5.740	1.426	(122)	—	—	—	7.044

Accumulated Depreciation and Provision for Doubtful Accounts	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATION)	(WRITE-DOWNS) / WRITE-BACKS	30.06.2021
LAND AND BUILDINGS	(34)	—	—	—	—	—	(34)
PLANT AND MACHINERY	(282)	—	—	—	(52)	—	(334)
INDUSTRIAL AND COMMERCIAL EQUIPMENT	(2.135)	—	122	—	(183)	—	(2.196)
OTHER TANGIBLE ASSETS	(2.137)	—	—	—	(240)	—	(2.378)
Total	(4.588)	—	122	—	(476)	—	(4.942)

Net value	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(AMORTISATION)	(WRITE-DOWNS) / WRITE-BACKS	30.06.2021
LAND AND BUILDINGS	—	—	—	—	—	—	—
PLANT AND MACHINERY	110	253	—	—	(52)	—	311
INDUSTRIAL AND COMMERCIAL EQUIPMENT	402	955	—	—	(183)	—	1.173
OTHER TANGIBLE ASSETS	640	170	—	—	(241)	—	568
TANGIBLE ASSETS IN PROGRESS	—	48	—	—	—	—	48
Total	1.152	1.426	—	—	(476)	—	2.100

Attachment 4

Statement of changes in intangible assets

(IN THOUSANDS OF EUROS)

Historical cost	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(WRITE-DOWNS)	WRITE-BACKS	(WRITE-DOWNS) / WRITE-BACKS	30.06.2021
SUBSIDIARIES:								
MILAN ENTERTAINMENT S.R.L.	183.756	—	—	—	—	—	—	183.756
- MILAN REAL ESTATE S.P.A.	12.825	—	—	—	—	—	—	12.825
- AC MILAN (BEIJING) SPORTS DEVELOPMENT CO. LTD.	—	—	—	—	—	—	—	—
- AC MILAN (SHANGHAI) SPORTS DEVELOPMENT CO. LTD.	—	200	—	—	—	—	—	200
- FONDAZIONE MILAN - ONLUS	104	—	—	—	—	—	—	104
- CASA MILAN S.R.L.	—	0	—	—	—	—	—	0
ASSOCIATES:								
- M-I STADIO S.R.L.	1.085	—	—	885	(643)	—	(643)	1.327
OTHER COMPANIES								
- EUROPEAN SUPER LEAGUE COMPANY	—	2.000	—	—	—	—	—	2.000
Total	197.770	2.200	—	885	(643)	—	(643)	200.212

Write-down provision	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(WRITE-DOWNS)	WRITE-BACKS	(WRITE-DOWNS) / WRITE-BACKS	30.06.2021
SUBSIDIARIES:								
MILAN ENTERTAINMENT S.R.L.	—	—	—	—	—	—	—	—
- MILAN REAL ESTATE S.P.A.	—	—	—	—	—	—	—	—
- AC MILAN (BEIJING) SPORTS DEVELOPMENT CO. LTD.	—	—	—	—	—	—	—	—
- AC MILAN (SHANGHAI) SPORTS DEVELOPMENT CO. LTD.	—	—	—	—	—	—	—	—
- FONDAZIONE MILAN - ONLUS	—	—	—	—	—	—	—	—
- CASA MILAN S.R.L.	—	—	—	—	—	—	—	—
ASSOCIATES:								
- M-I STADIO S.R.L.	—	—	—	—	—	—	—	—
OTHER COMPANIES								
- EUROPEAN SUPER LEAGUE COMPANY	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—

Net value	01.07.2020	INVESTMENTS	(DISINVESTMENTS)	OTHER CHANGES	(WRITE-DOWNS)	WRITE-BACKS	(WRITE-DOWNS) / WRITE-BACKS	30.06.2021
SUBSIDIARIES:								
MILAN ENTERTAINMENT S.R.L.	183.756	—	—	—	—	—	—	183.756
- MILAN REAL ESTATE S.P.A.	12.825	—	—	—	—	—	—	12.825
- AC MILAN (BEIJING) SPORTS DEVELOPMENT CO. LTD.	—	—	—	—	—	—	—	—
- AC MILAN (SHANGHAI) SPORTS DEVELOPMENT CO. LTD.	—	200	—	—	—	—	—	200
- FONDAZIONE MILAN - ONLUS	104	—	—	—	—	—	—	104
- CASA MILAN S.R.L.	—	0	—	—	—	—	—	0
ASSOCIATES:								
- M-I STADIO S.R.L.	1.085	—	—	885	(643)	—	(643)	1.327
OTHER COMPANIES								
- EUROPEAN SUPER LEAGUE COMPANY	—	2.000	—	—	—	—	—	2.000
Total	197.770	2.200	—	885	(643)	—	(643)	200.212

Attachment 5

Statement of changes in shareholders' equity

(IN THOUSANDS OF EUROS)

Changes in shareholders' equity	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	STATUTORY RESERVES	OTHER RESERVES	RETAINED EARNINGS (LOSSES)	PROFIT (LOSS) FOR THE PERIOD	Total Shareholders' Equity
Balance at 30.06.2019	113.443	31.020	124	0	169.380	(34.250)	(155.869)	123.848
RESOLUTION OF 28.10.2019:								
- COVERING OF LOSSES					(155.869)		155.869	0
- CAPITAL INCREASE								0
CAPITAL CONTRIBUTIONS AND/OR CONTRIBUTIONS TO COVER LOSSES					145.000			145.000
OTHER								0
RESULT FOR THE PERIOD							(201.061)	(201.061)
Balance at 30.06.2020	113.443	31.020	124	0	158.511	(34.250)	(201.061)	67.787
RESOLUTION OF 28.10.2020:								
- COVERING OF LOSSES					(201.061)		201.061	0
- CAPITAL INCREASE								0
CAPITAL CONTRIBUTIONS AND/OR CONTRIBUTIONS TO COVER LOSSES					129.500			129.500
OTHER								0
RESULT FOR THE PERIOD							(97.943)	(97.943)
Balance at 31.12.2020	113.443	31.020	124	0	86.950	(34.250)	(97.943)	99.344

Attachment 6

Breakdown of shareholders' equity reserves

(IN THOUSANDS OF EUROS)

NATURE/DESCRIPTION	AMOUNT	POSSIBLE USE	AVAILABLE AMOUNT	SUMMARY OF USES IN THE THREE PREVIOUS YEARS	
				TO COVER LOSSES	FOR OTHER REASONS
Share capital	113.443				
Capital reserves:					
CAPITAL CONTRIBUTIONS	61.950	A, B, C	61.950	319.028	
SHARE PREMIUM RESERVE	31.020	A, B	31.020		
Earnings reserve:					
LEGAL RESERVE	124	B	124		
STATUTORY RESERVES	0	A, B, C	0		
PROFITS CARRIED FORWARD	(34.250)	A, B, C	0		
Total	58.844		93.094		
NON-DISTRIBUTABLE AMOUNT			93.094		
REMAINING DISTRIBUTABLE AMOUNT			0		

KEY

A: FOR CAPITAL INCREASES

B: TO COVER LOSSES

C: FOR DISTRIBUTION TO SHAREHOLDERS

Attachment 7

List of equity investments in subsidiaries and associates (pursuant to Article 2427 no. 5 civil code)**List of equity investments in subsidiaries and associates (pursuant to Article 2427 no. 5 civil code)**

(IN THOUSANDS OF EUROS)

NAME OF THE COMPANY SHARE CAPITAL	HEADQUARTERS	SHARE HELD ON 30.06.2021	RESULT FOR THE PERIOD	SHAREHOLDERS' EQUITY AT 30.06.20		BOOK VALUE ON 30.06.2021
				AMOUNT TOTAL	AMOUNT PRO-RATA	
Subsidiaries						
MILAN ENTERTAINMENT S.R.L. SHARE CAPITAL: € 20,000,000	MILAN VIA ALDO ROSSI NO. 8	100%	9.821	197.679	197.679	183.756
MILAN REAL ESTATE S.P.A. SHARE CAPITAL: € 5,000,000	CARNAGO (VA) VIA MILANELLO NO. 25	100%	294	14.077	14.077	12.825
AC MILAN (BEIJING) SPORTS DEVELOPMENT CO. LTD. SHARE CAPITAL: € 350,000	BEIJING (PRC) UNIT 5, 34TH FLOOR, BLD. 5 MIDDLE ROAD OF EAST 3RD RING - CN - CHAOYANG DISTRICT	100%	508	626	626	—
AC MILAN (SHANGHAI) SPORTS DEVELOPMENT CO. LTD. SHARE CAPITAL: €200,000	SHANGHAI (PRC) ROOM 03, FLOOR 7, NO. 989, CHANGLE ROAD, XUHUI DISTRICT, SHANGHAI	100%	(29)	174	174	200
CASA MILAN S.R.L. SHARE CAPITAL: €10,000	MILAN VIA ALDO ROSSI NO. 8	1%	354	1.354	14	0
- FONDAZIONE MILAN - ONLUS ENDOWMENT FUND: € 104,000	MILAN VIA ALDO ROSSI NO. 8	100%	0	104	104	104
Associates						
M-I STADIO S.R.L. SHARE CAPITAL: € 1,000,000	MILAN VIA PICCOLOMINI NO. 25	50%	(3.945)	2.654	1.327	1.327
Other companies						
EUROPEAN SUPER LEAGUE COMPANY (*)	MADRID C/JOSÉ ORTEGA Y GASSET, NÚMERO 29, QUINTA PLANTA, MADRID 28006	9%			0	2.000

(*) It should be noted that the Company was incorporated on 17 April 2021 and as of the date of these financial statements, information relating to its Balance Sheet (in particular Shareholders' Equity and Share Capital) and Income Statement was not available.

BOARD OF STATUTORY AUDITOR'S REPORT



A.C. MILAN S.P.A.

Registered office: via Aldo Rossi, 8 – 20149 Milan

Share capital approved, subscribed and paid up: €113,443,200

*Tax code and registration number in the Milan-Monza-Brianza-Lodi Register of Companies
01073200154*

ENGLISH TRANSLATION FROM ITALIAN ORIGINAL

BOARD OF STATUTORY AUDITORS REPORT TO THE SHAREHOLDERS' MEETING FOR THE APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 PREPARED PURSUANT TO ART. 2429 PARAGRAPH 2 OF THE ITALIAN CIVIL CODE.

To the Shareholders' Meeting of
A.C. MILAN S.P.A.

During the year ended 30 June 2021, our activities were guided by the provisions of the law and the Rules of Conduct for the Board of Statutory Auditors of Unlisted Companies issued by the National Council of Chartered Accountants, published in December 2020 and effective from 1 January 2021.

This report informs you of these activities and the results.

The financial statements as at 30/06/2021 of the company AC Milan S.p.A. (hereinafter the "Company") drawn up in compliance with Italian regulations governing the preparation of financial statements, have been submitted for your examination and show an operating loss of Euro 97,942,559. The financial statements were made available to us within the legal deadline.

According to the EY S.p.A independent auditors report, dated 7 October 2021, the financial statements as of 30 June 2021 give a true and fair view of the financial position, results of operations and cash flows of your Company and have been prepared in accordance with Italian law.

The Board of Statutory Auditors, not being entrusted with the legal audit, carried out the supervisory activities on the financial statements provided for by Rule 3.8. of the *"Rules of conduct for the Board of Statutory Auditors of non-listed companies"* consisting of an overall summary control aimed at verifying that the financial statements have been correctly drawn up. Verification of compliance with accounting data is the responsibility of the independent auditors, who are responsible for the professional opinion on the financial statements and consolidated financial statements, pursuant to Art. 14 of Legislative Decree No. 39 of 27 January 2010.

1) SUPERVISORY ACTIVITIES PURSUANT TO ARTICLES 2403 ET SEQ. OF THE ITALIAN CIVIL CODE.

We have supervised compliance with the law and the By-laws of association, respect for the principles of proper administration and, in particular, the adequacy of the organisational structure, the administrative and accounting system and their actual functioning.

We have attended the Shareholders' Meetings and Board meetings and, on the basis of the information available, we have no particular findings to report.

We have obtained from the Board of Directors information on the general performance of operations and outlook, as well as on the most significant transactions, due to their size or characteristics, including relations with sector institutional bodies, carried out by the Company and its subsidiaries and, based on the information obtained, we have no particular observations to report.

During the period April-May 2021, the Board of Statutory Auditors was informed about the main events relating to the Super League project and the subsequent agreement reached with U.E.F.A.

It should be noted that on 9 November 2020, the subsidiary Casa Milan S.r.l., 99% owned by Milan Entertainment S.r.l. and 1% by A.C. Milan S.p.A., was incorporated.

Following the transfer for consideration by AC Milan SpA of the pre-emption right on the Casa Milan property, on 23 February 2021, Casa Milan S.r.l. exercised the aforementioned pre-emption right towards Vittoria Assicurazioni. The acquisition was completed through a bank loan obtained from UniCredit S.p.A.

It should be noted that this company does not have a Board of Statutory Auditors, pursuant to the law. The independent auditors of EY S.p.A. issued their report on 7 October 2021, unqualified, with a reminder of the going concern information.

During the period, the Board of Statutory Auditors obtained information on the process of liquidation of AC Milan (Beijing) Sports Development Co Ltd and incorporation of AC Milan (Shangai) Sports Development Co.

The typical activities carried out by the Company did not change during the year under review and are consistent with the corporate purpose. It should also be noted that the Company obtained the National License for the purpose of admission to the 2021/2022 championship on 8 July 2021 and the U.E.F.A. License for the 2021/2022 season on 7 May 2021.

We have met with the Supervisory Board and no critical issues have arisen with regard to the proper implementation of the organisational model that need to be highlighted in this report.

We have acquired knowledge of and supervised the adequacy of the organisational, administrative and accounting structure and its actual functioning, including by gathering information from the heads of functions and, in this regard, we have no particular observations to report.

We have acquired knowledge of and supervised, to the extent of our competence, the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter in correctly representing management events, by obtaining information from the heads of functions and examining company documents, and in this regard, we have no particular observations to report.

Please refer to the description in the Report on Operations of the effects of the Covid19 pandemic on the Company. During the periodic meetings, we obtained information on the measures and safeguards put in place by the Company, in compliance with the directives of the Government and the FIGC.

No complaints have been received from shareholders pursuant to Art. 2408 of the Italian Civil Code.

No complaints have been made pursuant to Art. 2409 paragraph 7 of the Italian Civil Code.

On 28 October 2020, the Board of Statutory Auditors issued its opinions on the remuneration of directors holding special offices.

On 9 March 2021, Mr D'Avanzo resigned from his position as director.

During the course of the supervisory activity, as described above, no other significant facts emerged that would require mention in this report.

2) OBSERVATIONS ON THE FINANCIAL STATEMENTS

The net loss ascertained by the Board of Directors for the financial year ended 30 June 2021 is Euro 97,942,559.

According to the independent auditors report, dated 7 October 2021, "the financial statements as of 30 June 2021 give a true and fair view of the financial position, results of operations and cash flows of the Company for the year then ended and have been prepared in accordance with Italian law". This report includes a reference to going concern, to which reference is made.

It should be noted that the directors considered the going concern requirement to be met

also on the basis of the letter of commitment, sent by the majority shareholder on 24 September 2021, to financially assist the Company for a period of not less than 12 months from the date of approval of the financial statements at 30 June 2021. The notes to the financial statements show the payments made by the majority shareholder during the year totalling Euro 129.5 million.

Since no analytical audit of the content of the financial statements has been delegated, attention has been paid to the approach taken to the draft financial statements, their general compliance with the law as regards their form and structure, and in this respect there are no observations that need to be highlighted in this report.

In view of the particular activity carried out by the Company, the provisions issued by the Federazione Italiana Giuoco Calcio (Italian Football Federation) and by the Commissione di Vigilanza per le Società di Calcio Professionistiche (Supervisory Commission for Professional Football Clubs) were also taken into account.

To the best of our knowledge, the directors, in preparing the financial statements, have not departed from the law pursuant to Art. 2423, paragraph 5, of the Italian Civil Code.

The financial statements have been checked for consistency with the facts and information gathered from the meetings held, and no further observations are noted in this respect.

Information on commitments, risks and contingent liabilities not disclosed in the balance sheet is adequately disclosed in the notes to the financial statements.

Compliance with the legal provisions relating to the preparation of the report on operations has been verified and there are no observations to be made in this report. According to the independent auditor's report, "the report on operations is consistent with the financial statements of A.C. Milan S.p.A. as at 30 June 2021 and has been prepared in accordance with the law".

We did not detect any atypical and/or unusual transactions with Group companies, third parties or related parties. The information provided to us by the Board of Directors, including with specific regard to infragroup transactions and transactions with related parties, is considered adequate. In particular, the latter transactions are to be considered connected with and inherent to the achievement of the corporate purpose and are deemed to be congruent and in the interest of the Company. Transactions with parent, subsidiary and associated companies during the period under review are shown in the notes to the financial statements and in the report on operations.

3) OBSERVATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has prepared the consolidated financial statements on the basis of national accounting standards, in accordance with the law and in compliance with the current provisions introduced by the U.E.F.A. licensing manual, which show a group loss of Euro 96.4 million and group shareholders' equity of Euro 67.3 million.

The independent auditors EY S.p.A. issued the report on the consolidated financial statements as at 30 June 2021, which was submitted on 7 October 2021. According to the independent auditors report, "the consolidated financial statements as of 30 June 2021 give a true and fair view of the financial position, results of operations and cash flows of the Group for the year then ended and have been prepared in accordance with Italian law".

This report includes a reference to going concern, to which reference is made. It should be noted that the directors considered the going concern requirement to be met also on the basis of the letter of commitment, sent by the majority shareholder on 24 September 2021, to financially assist the Milan Group for a period of not less than 12 months from the date of approval of the financial statements at 30 June 2021.

Compliance with the legal provisions relating to the form and structure of the consolidated

financial statements has been verified. There are no observations to be made in this report in this regard. The structure is considered to be technically correct and in overall compliance with the specific regulations.

Compliance with the legal provisions relating to the preparation of the report on operations has been verified. Also in this case, there are no observations to be made in this report. According to the independent auditor's report, "the report on operations is consistent with the consolidated financial statements of the Group as at 30 June 2021 and has been prepared in accordance with the law".

The consolidated financial statements and their accompanying documents should be taken into account by the Shareholders' Meeting for information purposes only, as they are not subject to approval.

4) OBSERVATIONS AND PROPOSALS REGARDING THE APPROVAL OF THE FINANCIAL STATEMENTS

In view of our findings and the opinion expressed in the audit report issued by the independent auditors, we invite shareholders to approve the financial statements for the year ended 30 June 2021, as prepared by the directors.

The Board of Auditors agrees with the proposal for the allocation of the loss for the year formulated by the directors in the notes.

Milan, 7 October 2021

The Board of Statutory Auditors

Chairman - Mr Franco Carlo PAPA – Signed in original

Standing auditor – Mr Cesare CICCOLINI- Signed in original

Standing auditor - Mr Alberto DELLO STROLOGO – Signed in original

ADUTING FIRM'S REPORT





A.C. Milan S.p.A.

Financial statements as at June 30, 2021

Independent auditor's report in pursuant to article 14
of Legislative Decree n. 39, dated 27 January 2010



EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
A.C. Milan S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of A.C. Milan S.p.A. (the Company), which comprise the balance sheet as at 30 June 2021, the income statement and statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

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

Emphasis of matter

We draw the attention to the Note "Going Concern" (the "Note") of the explanatory notes, which indicates that the Company incurred in a loss for the period equal to Euro 97,9 million, the equity amounts to Euro 99,3 million and its financial indebtedness amounts to Euro 221,2 million. In this context the Directors underline that during the 2020/2021 financial year the majority shareholder made capital contributions for a total of Euro 129,5 million. The Directors underline the financial support, for a period of not less than 12 months from the date of approval of the financial statements, guaranteed by the majority shareholder.

Based on the assumptions outlined above, the Directors have prepared these financial statements under the going concern assumption. Our opinion is not modified in respect to this matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of A.C. Milan S.p.A. are responsible for the preparation of the Report on Operations of A.C. Milan S.p.A. as at 30 June 2021, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of A.C. Milan S.p.A. as at 30 June 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of A.C. Milan S.p.A. as at 30 June 2021 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, October 7, 2021

EY S.p.A.
Signed by: Luca Pellizzoni, Auditor

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

Resolutions of the Shareholder's Meeting

The Ordinary Shareholder's Meeting held in call conference on 26 October 2021 at 16:35 resolved:

1. to approve the Boards of Directors' Report on Operations, the Financial Statements at 30 June 2021 composed by Balance Sheet, Profit and Loss, Cash Flow and Explanatory Notes related to the company A.C. Milan S.p.A., that shows a loss for the period of Euro 97,942,559.42;
2. to balance the loss of the period of Euro 97,942,559.42 by using an amount of Euro 86,950,444.38 as capital contributions and/or loss coverage done during the period from July to December 2020 and during February and March 2021, and to carry forward an amount of Euro 10,992,115.04 as retained loss;
3. to take note of the company's Consolidated Financial Statements at 30 June 2021, as well as the Boards of Directors' Report on Operations, the Board of Statutory Auditors' report and the Auditing Firm's Report.

AC MILAN