

## PRESS RELEASE

### F.I.L.A. S.P.A.'s BOARD OF DIRECTORS APPROVES 2021 SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

**REVENUE OF EURO 653.5 MILLION, +7.5% ON 2020  
(+9.4% AT LIKE-FOR-LIKE EXCHANGE RATES)  
SIGNIFICANT SCHOOL & OFFICE GROWTH, +15.9%**

**ADJUSTED EBITDA OF EURO 109.1 MILLION, +14.4% ON 2020  
(+15.7% AT LIKE-FOR-LIKE EXCHANGE RATES)  
SIGNIFICANT MARGIN GROWTH TO 16.7% AT GROUP LEVEL  
~18% IN USA AND EUROPE**

**ADJUSTED GROUP NET PROFIT OF EURO 42.5 MILLION  
UP 84.3% ON THE PREVIOUS YEAR**

**NET BANK DEBT OVER LAST 12 MONTHS IMPROVES EURO 65.3 MILLION, EXCLUDING THE CURRENCY EFFECT**

**CASH OF EURO 95.3 MILLION GENERATED OVER THE TWO YEARS OF COVID,  
INCLUDING THE PAYMENT OF DIVIDENDS**

**SHAREHOLDERS' MEETING CALLED FOR APRIL 27, 2022**

**SHARE BUYBACK PROGRAMME LAUNCHED**

- *Adjusted revenue in 2021 of Euro 653.5 million, +7.5% on the previous year (Euro 608.2 million in 2020), +9.4% at like-for-like exchange rates. Significant School & Office growth (+15.9% on 2020) thanks to strong performances in Europe and North America and the recovery also in other geographical areas, particularly in India and Mexico in Q4;*
- *Adjusted EBITDA in 2021 (net of IFRS 16 effects) of Euro 109.1 million, +14.4% (+15.7% at like-for-like exchange rates) compared to the previous year (Euro 95.4 million), thanks to the growth in the highest margin areas, a better Fine Art sales mix, particularly in North America,*

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GIOTTO | tratto |  | PONGO | DAS | LYRA | MAIMERI | DALER | ROWNEY  
LUKAS |  ST CUTHBERTS MILL | CANSON | Strathmore | PRINCETON ARTIST BRUSH | ARCHES



*e-commerce growth and the containment of G&A costs - driving margin growth in 2021 to 16.7% at Group level, ~18% in USA and Europe;*

- *Adjusted Group Net Profit, excluding the IFRS 16 effects, of Euro 42.5 million, up 84.3% on Euro 23.1 million in the previous year, mainly thanks to the improved operating and financial management results;*
- *Net Bank Debt over the last 12 months decreased Euro 52.2 million (Euro 343.8 million at December 31, 2021, compared to Euro 396.0 million at December 31, 2020). Excluding a negative currency effect of approx. Euro 13.1 million, the Net Bank Debt decreased Euro 65.3 million;*
- *Free Cash Flow to Equity of Euro 72.3 million, in line with best expectations, thanks to the growth in EBIT and the significant Working Capital improvement;*
- *Net Financial Debt at December 31, 2021 of Euro 437.3 million (including IFRS 16 effect of Euro 87.3 million and negative Mark to Market Interest Hedging of Euro 9.9 million) reducing by Euro 56.2 million compared to Euro 493.5 million at December 31, 2020 (including IFRS 16 effect of Euro 84.9 million and negative Mark to Market Interest Hedging effect of Euro 18.8 million);*
- *The company hopes for a rapid diplomatic solution to the conflict between Russia and Ukraine and monitors on a daily basis the geopolitical situation and that in Russia to assess potential direct and indirect future impacts. The Group's exposure to these areas is currently marginal and accounts for approx. 0.2% of consolidated revenue.*

\* \* \*

**Pero, March 22, 2022** – The Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“F.I.L.A.” or the “company”), listed on the Euronext STAR regulated market of the Italian Stock Exchange, ISIN Code IT0004967292, today approved the 2021 consolidated results and the Separate financial statements at December 31, 2021 - drawn up as per IFRS - and the Directors’ Report.

F.I.L.A. – a Company which operates in the creativity tools market - producing design, colouring, writing and modelling objects - reports Normalised 2021 Core Business Revenue of Euro 653.5 million, up 7.5% (+9.4% net of the currency effect) on the previous year. Normalised 2021 EBITDA of Euro 109.1 million was up 14.4% on the previous year (+15.7% at like-for-like exchange rates). Normalised profit net of extraordinary items and minorities of Euro 42.5 million (+84.3%), compared to Euro 23.1 million in the previous year.

\* \* \*

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*"The 2021 results confirm growth and results significantly ahead of our expectations, both in terms of EBITDA and cash generation, considering that the forecasts included a considerable contribution from India and Mexico from June 2021 which did not materialise" states Massimo Candela, CEO of F.I.L.A. "In the two years shaped by COVID, we generated cash of approx. Euro 95.3 million and returned our leverage to an optimal level, demonstrating, in particular, our ability to improve working capital management and the efficiency of our integrated logistics, which we expect to provide a key competitive advantage over the coming quarters. The current economic situation is complex due to the widely publicised geo-political tensions, although I wish to underline that India and Mexico have resumed at full capacity and this allows us to look also to 2022 with optimism".*

\* \* \*

### **Adjusted operating performance net of IFRS 16 effects - F.I.L.A. Group**

**Revenue** of Euro 653.5 million increased by Euro 45.3 million on 2020 (+7.5%). Net of exchange losses of Euro 11.9 million (mainly concerning the US Dollar and to a lesser extent a number of South American currencies and the Indian Rupee), organic growth was Euro 57.2 million (+9.4%).

At geographical area level, organic growth was reported in Europe of Euro 23.7 million (+11.1% on the previous year), in Asia for Euro 17.8 million (+34.5% on the previous year), in Central-South America for Euro 17.2 million (+56.8% on the previous year), in the Rest of the World for Euro 0.5 million (+16.3% on the previous year) and partially offset by the organic decrease in North America, which declined Euro 2.0 million (-0.7% on the previous year).

**Income** of Euro 6.8 million decreased by Euro 0.3 million compared to the preceding period, mainly due to lower exchange gains on commercial transactions.

**Operating Costs** in 2021 of approx. Euro 551.2 million increased Euro 31.2 million on 2020. This increase, offset by the positive exchange rate effect mirroring that of revenue, is mainly due to variable purchase and commercial costs, following the higher revenue, while certain fixed overheads such as travel and entertainment expenses, advertising, marketing promotion and trade fairs were again contained.

**Gross Operating Profit (EBITDA)** of Euro 109.1 million increased by Euro 13.7 million on 2020 (+14.4%). At like-for-like exchange rates, the increase was 15.7% on the previous year.

The adjustment of the 2021 Gross Operating Profit (EBITDA) relates to non-recurring operating costs of Euro 4.1 million regarding reorganisation-restructuring charges and other Group consultancy costs for Euro 2.2 million, the expense incurred to handle the COVID-19 pandemic for Euro 1.1 million and the outlay for the medium/long-term incentive plan for Euro 0.8 million.

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**Operating profit (EBIT)** amounted to Euro 78.9 million, growth of 27.9% compared to Euro 61.7 million in 2020, and includes amortisation, depreciation and impairments of Euro 30.2 million, decreasing Euro 3.5 million on the previous year, mainly due to the containment of investments over the last two years due to the uncertainty caused by the COVID-19 pandemic and lower impairments on receivables, due to the reduced amount of disputes with customers, in addition to the greater certainty on customer collections compared to the previous year.

**Net Financial Expense** of Euro 18.6 million improved by Euro 10.7 million, mainly due to greater exchange gains on financial transactions and generally reduced net financial charges, both due to better and more streamlined working capital management and the lower overall debt level.

Adjusted Group **Taxes** overall totalled Euro 16.2 million, increasing on the previous year due to the improved pre-tax profit.

Excluding the minorities interest result, **the F.I.L.A. Group Net Profit** in 2021 was Euro 42.5 million, compared to Euro 23.1 million in the previous year.

### **Statement of Financial Position review - F.I.L.A. Group**

The F.I.L.A. Group's **Net Invested Capital** of Euro 835.4 million at December 31, 2021 was composed of Net Fixed Assets of Euro 623.0 million (up by Euro 10.2 million on December 31, 2020), Net Working Capital of Euro 277.0 million (up by Euro 2.0 million on December 31, 2020) and Other Non-current Assets/Liabilities of Euro 19.1 million (decreasing by Euro 1.1 million on December 31, 2020), net of Provisions of Euro 83.7 million (Euro 83.3 million at December 31, 2020).

**Intangible Assets** increased on December 31, 2020 by Euro 9.8 million, mainly due to net investments of Euro 2.5 million, principally by the parent F.I.L.A. S.p.A (Euro 2.4 million) for the introduction of the SAP system and positive currency differences of Euro 21.9 million, partially offset by the amortisation in the year of Euro 14.4 million.

**Property, Plant and Equipment** decreased on December 31, 2020 by Euro 1.8 million, due to the reduction of Euro 1.7 million in Property, Plant and Machinery and the decrease in Right-of-Use assets (application of IFRS 16) of Euro 0.2 million.

Net investments in Property, Plant and Equipment in the period amounted to Euro 9.6 million and were principally undertaken by DOMS Industries Pvt Ltd (India) and Dixon Ticonderoga Company (U.S.A.), for the extension and development of the local production and logistics site. We in addition

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report an increase from the recognition of positive currency differences of Euro 3.9 million. The overall movement was offset mainly by depreciation of Euro 15.2 million.

**Biological Assets** increased Euro 0.3 million compared to December 31, 2020. This item only includes the fair value of the plantation of the Chinese subsidiary Xinjiang F.I.L.A. - Dixon Plantation Company Ltd.

**Financial Assets** increased by Euro 1.9 million on December 31, 2020, mainly concerning the subsidiary Daler Rowney Ltd (United Kingdom) for Euro 1.5 million, in relation to the financial assets underlying a portion of the indemnity plans to be paid to personnel.

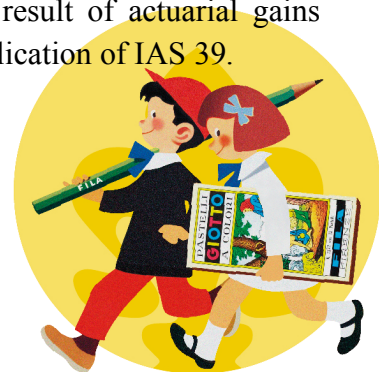
The increase in **Net Working Capital** of Euro 2.0 million relates to the following:

- **Inventories** – increasing Euro 16.6 million, mainly due to the recognition of positive currency differences of approx. Euro 13.3 million and the net increase in stock at the F.I.L.A. Group for approx. Euro 4.5 million, particularly in France and the United Kingdom, to promptly handle orders;
- **Trade and Other Receivables** – increasing Euro 5.5 million, mainly due to the recognition of positive currency differences for approx. Euro 4.3 million and higher Trade Receivables for Euro 1.8 million, due to the increase in revenue, mainly in North America;
- **Trade and Other Trade Payables** – increasing Euro 14.9 million, mainly due to the increase in Trade Payables for approx. Euro 10.7 million, recognised by Dixon Ticonderoga Company (U.S.A.), DOMS Industries PVT Ltd (India), Canson SAS (France) and F.I.L.A. S.p.A. (Italy) against higher purchases in support of sales volumes; the movement was amplified by the negative currency effects of Euro 4.5 million;
- **Other Current Assets and Liabilities** - decreasing Euro 5.1 million, mainly due to the increase in current tax liabilities (Euro 4.2 million), increasing on the previous year due to the higher pre-tax profit.

The increase in **Provisions** on December 31, 2020 of Euro 0.5 million principally concerns the:

- Increase in **Deferred Tax Liabilities** of Euro 4.4 million, mainly due to the recognition of negative currency differences of Euro 3.8 million and the tax effect concerning Right-of-Use in application of IFRS 16;
- Increase in **Provision for Risks and Charges** for Euro 0.5 million, mainly to cover any probable insurance liabilities;
- Reduction in **Employee benefits** for Euro 4.4 million, mainly as a result of actuarial gains recorded by the subsidiary Daler Rowney Ltd (United Kingdom) in application of IAS 39.

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F.I.L.A. Group **Equity** of Euro 398.1 million increased Euro 66.9 million over December 31, 2020. Net of the profit of Euro 39.4 million (of which Euro 1.4 million concerning non-controlling interests), the residual movement mainly concerned the increase in the translation reserve of Euro 19.8 million and of the “Actuarial Gains/Losses” reserve of Euro 5.4 million, in addition to the increase in the fair value hedge of the derivatives (IRS) for Euro 10.1 million. These increases were partially offset by the distribution of dividends to shareholders for Euro 6.6 million and the acquisition of treasury shares by the parent for Euro 0.5 million.

The **Net Financial Debt** of the F.I.L.A. Group at December 31, 2021 was Euro 437.3 million, improving on December 31, 2020 (Euro 493.5 million). This decrease, totalling Euro 56.2 million, mainly concerns the following factors:

- The net cash flow generated in the year from Operating Activities of Euro 100.6 million (Euro 66.4 million in 2020) concerns:
  - inflows of Euro 97.4 million (Euro 73.6 million in 2020) from operating profit, calculated as the difference of operating costs and revenue plus other operating items, excluding financial items;
  - generation of Euro 3.2 million (outflows of Euro 7.2 million in 2020) attributable to working capital movements, primarily related to the increases in Trade Payables and Other Liabilities, partially offset by the increase in Trade Receivables and Other Assets and the increase in Inventories.
- Investing Activities absorbed liquidity of Euro 11.8 million (Euro 9.6 million in 2020), mainly due to the use of cash for Euro 12.0 million (Euro 10.2 million in 2020) for net tangible and intangible asset investment, particularly regarding DOMS Industries Pvt Ltd (India), Dixon Ticonderoga Company (U.S.A.) and F.I.L.A. S.p.A.
- Financing activities absorbed net cash flows of Euro 25.7 million (Euro 21.7 million absorbed in 2020) due to interest paid on loans and credit lines granted to Group companies of Euro 18.7 million, mainly F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), to the dividends paid totalling Euro 6.6 million (to the shareholders of F.I.L.A. S.p.A. for Euro 6.1 million and to the minority shareholder of the subsidiaries for Euro 0.5 million) and the purchase of treasury shares for Euro 0.5 million. These cash absorptions were partially offset by the capital increase subscribed by the minority shareholders of Fila Stationary O.O.O. (Russia) for Euro 0.05 million.

Excluding the currency effect from the translation of the Net Financial Debt in currencies other than the Euro (negative Euro 13.1 million), the adjustment to Mark-to-Market hedges of a positive Euro 8.9

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million and the decrease in the Net Financial Debt in application of IFRS 16 of Euro 2.4 million and the decrease in the Amortised Cost for Euro 2.5 million, the Group Net Financial Debt therefore improved by Euro 56.2 million (improving Euro 4.7 million at December 31, 2020).

### Significant events in the year

- **On January 9, 2021**, the Indian associated company Fixy Adhesives Private Limited was incorporated;
- **On January 12, 2021**, the Indian associated company Inxon Pens & Stationary Private Limited was incorporated;
- **On March 16, 2021**, the liquidation of the non-operative subsidiary in the United Kingdom, CastleHill Crafts Ltd, concluded.
- The parent company, in the period **between March 23 and March 25, 2021**, purchased treasury shares as per the Shareholders' Meeting authorisation of April 22, 2020 and the subsequent Board of Directors' motion of March 16, 2021. On December 31, 2021, the Group held 51,500 ordinary treasury shares (0.10% of the Share capital), for a total value of Euro 0.5 million (equal to the "Negative reserve for treasury shares in portfolio" deducted from consolidated shareholders' equity);
- **On December 7, 2021**, the liquidation of the non-operative subsidiary in the United Kingdom Creativity International Ltd concluded;
- **COVID-19 impacts:** since January 2020, on the Chinese market - and gradually from March 2020 across the rest of the world - the operating environment has been dominated by the spread of Covid-19 ("Coronavirus") and the resulting restrictive containment measures implemented by the public authorities of the countries affected. 2021 was impacted by the instability stemming from the outbreak of the Coronavirus and its variants, with direct and indirect repercussions on the general economy and with still significant restrictions on consumption and logistics and the propensity to invest, alongside major inflationary impacts on raw material and transport costs. The vaccination campaigns and the consequent increase in the vaccinated population and the adoption of stricter virus control measures have supported a recovery of School & Office product sales, although with criticalities still evident in a number of geographical areas such as India and Mexico, although recovering in the final part of the year, due to the lower rate of vaccinations and the greater difficulty in applying control measures to contain the virus. The F.I.L.A. Group has always monitored the developing situation in order to minimise its social and occupational health and safety impacts, in addition to the operating, equity and financial situation, by drawing up and rolling out flexible and timely action plans, working tirelessly to ensure the health and safety of its employees, customers and suppliers. The Group has maintained a strict customer selection and debt settlement policy, which has succeeded in minimising financial difficulties and, in terms of suppliers, a focus continues to

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be placed on identifying alternative sources of procurement in the case of any critical logistical or financial situations. No significant criticalities have emerged to date however, despite generally rising prices combined, in some cases, with supply shortages. No significant renegotiation of existing contracts with customers and suppliers is reported. The focus on the management on cash flows, together with better financial conditions, has resulted in an excellent level of cash generation in the year by all of the main Group companies.

At December 31, 2021, the F.I.L.A. Group had complied with its covenants.

It may be stated that COVID-19 to date has not therefore halted or changed any of the Group's development plans and strategy, only acting to slow them.

As regards the lockdown following the Coronavirus pandemic, at the date of this report, the Group's plant are fully up and running and at full capacity, in accordance with the regulations for each country.

### Subsequent events

- **On January 12, 2022**, the liquidation of the Italian subsidiary Canson Italy S.r.l. began;
- **On January 14, 2022**, the German subsidiaries Lukas-Nerchau GmbH and Nerchauer-Malfarben GmbH were merged into Daler Rowney GmbH;
- **On February 8, 2022**, the UK subsidiary Daler Rowney Ltd fully acquired the UK company Creative Art Products Limited, specialised in the schools segment, for a total value of GBP 1 million;
- **Impacts from the conflict in Ukraine:** as widely publicised, on February 24, 2022 Russia launched a military operation in the east of Ukraine, resulting in the current conflict, which is significantly broadening in scope.

F.I.L.A. Group management consider that the economic and financial impacts from the conflict between Russia and Ukraine on its Russian commercial subsidiary FILA Stationary O.O.O will not be significant at Group level, as the turnover of the subsidiary accounts for approx. 0.2% of Group revenue and the Russian company has demonstrated financial independence in running its operations, confirming its estimates for 2022.

At the same time, the parent F.I.L.A. S.p.A. at December 31, 2021 has not indicated impairment test difficulties with investees and the recoverability of the financial and commercial positions with FILA Stationary O.O.O.

At Group level, the effects and the criticalities generated by the general inflation of raw and ancillary materials for production are being monitored, assessing the possibility of identifying alternative procurement sources where needed or undertaking adequate compensatory measures. Moreover, the vertical integration of the Group should enable these pressures to be mitigated.

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On the basis of the information available, the potential effects deriving from the conflict in Ukraine, in line with the application of the international accounting standards (IAS 10), have been considered a "Non Adjusting" event. With reference to the valuations made for the purposes of the financial statements (recoverability of intangible assets, recoverability of deferred tax assets, fair value of financial instruments, liabilities for employee defined benefits etc.), the Directors consider that, given the information currently available, these factors of uncertainty are already included in the main sensitivity analyses provided with reference to the main financial statement captions subject to estimates. With particular reference to the uncertainties related to the developing conflict, it may not be excluded however that, should the crisis extend at an international level, the general economic consequences and specific consequences for the Group could be more severe than that envisaged at present, requiring a new estimate to be made, with a negative impact on the financial statement captions subject to estimate and in terms of the scenarios considered for the sensitivity analysis at December 31, 2021.

### **Outlook**

2022 shall be impacted by the instabilities stemming from the last two years of the Coronavirus outbreak, in particular with regards to raw material, transport and energy cost inflation, with these difficulties amplified also by recent geo-political tensions in the ex-Soviet Republic areas.

The F.I.L.A. Group has consequently adopted from 2022 a global product price increase policy, highlighting - as in the past and thanks also to vertical supply chain integration - its ability to manage inflation well. Economic growth is forecast for all geographic areas, particularly for Schools products, thanks to forecast post-pandemic sales recoveries in India and Mexico and for the Fine Art, Hobby & Digital products, thanks to the strong expected sales performance in North America. This is reflected in the return of production to standard pre-pandemic levels.

A good level of cash generation is expected also in 2022, with a consequent reduction in the debt, despite the need to maintain adequate stock levels to overcome the COVID-19 related difficulties on the global chain.

\* \* \*

The IFRS consolidated and separate financial statements from the approved document are annexed.

\* \* \*

### **Shareholders' Meeting Call**

The Board of Directors of F.I.L.A. has called the company Shareholders' Meeting, in single call, for April 27, granting the Chairperson and Chief Executive Officer, separately, the powers to execute the relative procedures.

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The Company has decided to utilise the option under Article 106, paragraph 4, of Decree-Law No. 18 of March 17, 2020 on "*Measures to strengthen the National Health Service and economic support for families, workers and businesses related to the COVID-19 epidemiological emergency*", converted into law with amendments by Law No. 27 of April 24, 2020, whose application was most recently extended by Decree-Law No. 228 of December 30, 2021 converted into law with amendments by Law No. 15 of February 25, 2022. Specifically, as indicated in the call notice that will be published in accordance with the law, participation in the Shareholders' Meeting by those entitled to attend may take place exclusively by proxy (or sub-delegation) to the Company's Designated Agent.

The Shareholders' Meeting of the Company shall be called to resolve, in ordinary session, on (i) the approval of the Separate Financial Statements at December 31, 2021 and the allocation of profits; (ii) the first section of the Remuneration Policy and Report drawn up as per Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (the "CFA") (i.e. the 2022 remuneration policy); (iii) by consultative vote, the second section of the Remuneration Policy and Report drawn up as per Article 123-ter of the CFA (i.e. the remuneration disbursed in 2021); (iv) the renewal of authorisation to purchase and dispose of treasury shares, following revocation of the previous authorisation granted by the Shareholders' Meeting of April 27, 2021 for the unused part; and (v) on the approval of the new incentive plan for the 2022-2026 period concerning F.I.L.A. ordinary shares called the "*2022-2026 Stock Grant Plan*".

The Shareholders' Meeting call notice and the relative extract shall be published by the Company in the manner and within the time limits required by the laws and regulations in force.

### **Allocation of the profit for the year and dividend distribution proposal**

The Board of Directors of F.I.L.A. S.p.A. has proposed to the Shareholders' Meeting to be called for April 27, 2022 to

1. allocate the profit to the "Legal Reserve" for Euro 659,002.08, as established by Article 2430 of the Civil Code
2. to allocate Euro 4.599.859,52 to "Retained Earnings"; and
3. to distribute to shareholders the residual "Profit for the year" of Euro 11,743,408.31 as dividend and, therefore, to distribute a dividend of Euro 0.23 for each of the 51,058,297 F.I.L.A. (ordinary and special) shares currently issued, while it should be noted that in the case where the total number of F.I.L.A. (ordinary and special) shares currently in circulation should increase or decrease, the total amount of dividend will remain unchanged and the unit amount will be automatically adjusted to the new number of F.I.L.A. (ordinary and special) shares in circulation; the dividend will be paid out with coupon, record and payment dates of May 23, 24 and 25, 2022 respectively.

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## **Consolidated non-financial statement**

The Board of Directors today approved the consolidated non-financial statement (the “NFS”) prepared in accordance with Legislative Decree No. 254 of December 30, 2016. The NFS outlines F.I.L.A. Group operations, its performances, results and the impact in terms of environmental, social, personnel, human rights and anti-active and passive corruption aspects.

## **Remuneration Policy and Report**

The Board of Directors reviewed and approved, subject to the favourable opinion of the Remuneration Committee, the 2022 remuneration policy and 2021 report (the “**Remuneration Report**”), prepared as per Article 123-ter of the CFA and Article 84-quater of the Regulation approved by CONSOB Resolution No. 11971 of May 14, 1999. (the “**CONSOB Issuers’ Regulation**”).

Section I of the Remuneration Report (i.e. containing the remuneration policy of the company for 2022) shall be submitted for the consultative vote of the Shareholders’ Meeting, to be called for April 27, 2022, as per Article 123-ter, paragraphs 3-bis and 3-ter of the CFA.

Section II of the Remuneration Report (i.e. the report on remuneration paid in 2021) will, however, be submitted to the non-binding vote of the Shareholders’ Meeting, to be called for April 27, 2022, pursuant to Article 123-ter, paragraph 6, of the CFA.

## **Corporate Governance and Ownership Structure Report**

The Board of Directors approved the 2021 Corporate Governance and Ownership Report drawn up pursuant to Article 123-bis of the CFA.

## **Authorisation of the purchase and utilisation of treasury shares**

The Board of Directors of the Company today approved the submission for the approval of the Shareholders’ Meeting of the renewal of the authorisation, in accordance with Articles 2357 and 2357-ter of the Civil Code and 132 of the CFA, of the plan to purchase and dispose of treasury shares, following revocation (for the unused part) of the previous authorisation granted by the Shareholders’ Meeting of April 27, 2021, which, for the part concerning the portion of treasury shares, shall expire in the coming months.

In this regard, the Shareholders’ Meeting of April 27, 2021 authorised the Company (i) to purchase, on one or more occasions, a maximum number, on a rotating basis, of 500,000 ordinary F.I.L.A. shares, or a differing number which represents 0.9796% of the share capital for a period of 18 months from the motion date (i.e. until October 27, 2022), in addition to (ii) the undertaking of the disposal, without time limits, of treasury shares acquired and of any held in portfolio by the Company. In partial

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execution of the above authorisation, during 2021 and until today's date, the Company purchased 51,500 ordinary treasury shares (representing 0.1009% of the share capital) on the Euronext Milan regulated market, during the period between March 23 and 25, 2021, at an average price of Euro 9.47 per share, for a total value of Euro 487,646.90 (as disclosed to the market in the press release of March 25, 2021). As of today's date, the Company holds 51,500 ordinary treasury shares in portfolio (representing 0.1009% of the share capital).

The authorisation to purchase and dispose of treasury shares is requested, in general, to tap into any market opportunities which may arise in the future, and in particular to permit the Company to undertake the following transactions: (i) to intervene, in compliance with the applicable provisions, laws and regulations, also through intermediaries, in support of the F.I.L.A. share's liquidity; (ii) to set up a reserve of securities to be utilised, in line with the company's strategic objectives, to further corporate transactions requiring the exchange or transfer, in any form, of shareholdings; (iii) to allocate treasury shares in service of bond loans or other debt instruments convertible into company shares; (iv) to allocate the treasury shares in service of any incentive plans, for consideration or in the form of a scrip issue, for directors and/or employees and/or collaborators of the company or of the Fila Group; (v) to support other corporate transactions (including any reductions of the share capital through the cancellation of treasury shares, subject to the applicable legal requirements); and (vi) to offer shareholders an additional instruments to monetise their investment.

The authorisation to purchase, on one or more occasions, treasury shares, is requested with regards to a maximum number, on a rotating basis, of 500,000 ordinary F.I.L.A. shares, representing 0.9793% of the share capital of the Company, and for a maximum duration as permitted by Article 2357, paragraph 2 of the Civil Code, i.e. for a period of 18 months from any approval of the proposal.

The Shareholders' Meeting is also requested to authorise, without time limit, the disposal, transfer and/or utilisation of the treasury shares which may be acquired.

The proposal submitted to the Shareholders' Meeting establishes that purchases may be made according to any means permitted by the applicable regulations, to be identified on a case by case basis by the Board of Directors. With regards to the disposal transactions, it is proposed to permit the adoption of any means considered appropriate to serve the purposes pursued, including sale outside of the regulated market. Authorisation is also requested to carry out subsequent purchase and utilisation transactions for trading activities. The proposal to the Shareholders' Meeting in addition establishes that the unitary consideration for the purchase of the ordinary shares is established on a case by case basis for each transaction subject to the consideration that such may not be 10% greater or lower than the recorded price of the F.I.L.A. share for the trading session preceding each purchased transaction. This criteria does not permit calculation, at today's date, of the potential maximum payment under the treasury share buyback programme.

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With regards to the consideration for the disposal of the treasury shares acquired, the proposal to the Shareholders' Meeting is to calculate only the minimum consideration, which may not be more than 10% below the price of the share recorded in the trading session before each utilisation transaction, subject to the fact that this limit may not be applied in certain cases.

For further information in this regard, reference should be made to the report prepared by the Board of Directors, which will be made available to the public in the manner and within the time limits required by the laws and regulations in force.

### **Approval of the new "2022-2026 Stock Grant Plan"**

The Board of Directors of the Company today approved the submittal for the approval of the Shareholders' Meeting, in accordance with Article 114-*bis* of the CFA, of the incentive plan called the "2022-2026 Stock Grant Plan" (the "**Plan**") for employees and/or executive directors of the Company and/or of other Group companies (the "**Group**").

The Plan comprises 3 annual vestings of shares ("rolling" plan), each of which corresponds to a three-year performance period (2022-2024 for the first cycle, 2023-2025 for the second cycle and 2024-2026 for the third cycle). In particular, at the beginning of each three-year vesting period (i.e. January 1, 2022, 2023 and 2024), the Plan beneficiaries will be freely granted the right to receive free of charge a certain number of ordinary F.I.L.A. ordinary shares subject to the verification, by the Board of Directors on conclusion of each three-year vesting period (i.e. December 31, 2024, December 31, 2025 and December 31, 2026), of the following conditions: (i) the continuance, on the Share vesting date, of the position of employment or management of the beneficiary with a Group company and the continued qualification, by the beneficiary, as a company executive director or as a senior executive or senior manager of the Group; and (ii) the achievement of the minimum qualitative and quantitative performance objectives.

Once the above conditions have been verified, the Board of Directors will calculate the number of ordinary shares to be vested free of charge to each beneficiary of the Plan, in one single occasion, on the basis of the level of achievement of the following performance objectives: (i) the Group's average ROI <sup>(1)</sup> for each three-year vesting period (quantitative objective - relative weight 70%), and (ii) achievement of at least 80% of the objectives set out for each three-year vesting period in the Group's sustainability plan (qualitative objective - relative weight 30%).

<sup>(1)</sup> The ROI (Return on Investment) indicates the ratio between consolidated EBITDA and net invested capital as per the Group business plan. This objective concerns the following scopes: (i) consolidation of North America (which comprises a portion of the Group consolidation) for a number of beneficiaries located in this geographical area and (ii) consolidation of the Group for all other Plan beneficiaries.

#### **F.I.L.A. Fabbrica Italiana Lapis ed Affini**





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The ordinary F.I.L.A. shares to be vested to each beneficiary of the Plan, in the number established as above, shall be made available to the former according to the terms and means established in the Plan regulation and, in particular, not beyond 60 calendar days from approval of the consolidated financial statements of the company for the final year of each three-year vesting period. The shares to be vested shall have full rights and, therefore, the attached rights devolve to each beneficiary of the Plan from the point at which they become holders of the F.I.L.A. ordinary shares. For the vesting of the shares under the Plan, the company shall exclusively utilise treasury shares in portfolio acquired in accordance with Articles 2357 and subsequent of the Civil Code. Therefore, the Plan shall not have dilutive effects on the share capital of F.I.L.A.

The Board of Directors has determined the maximum total number of F.I.L.A. ordinary shares to service the three cycles of the Plan as 1,000,000. The right to receive shares is granted to each beneficiary on a personal basis and may not be transferred between living persons, nor be subject to restrictions or constitute other acts of disposal in any form.

The Plan also stipulates, for all beneficiaries, an obligation to maintain all the ordinary F.I.L.A. shares that may vest for a period of 24 months from the effective vesting date ("minimum holding"), except for the possibility to sell shares in order to comply with tax obligations through the "sell to cover" method. The Plan establishes, in addition, specific claw-back clauses.

The Plan is adopted to (i) link remuneration with the medium/long-term enterprise performance, in order to further align managerial prospects with the interests of the shareholders, ensuring conduct based on the sustainability of the performance and the achievement of the industrial and business objectives defined; (ii) to reward the achievement of the Group's business plan targets for each three-year vesting period; and (iii) increase the Company and the Group's capacity to attract and retain key and strategic personnel for the implementation of the company development plan.

The Board of Directors today also identified as beneficiaries of the first cycle (2022-2024) of the Plan - subject to, and from the date of approval of the plan by the Shareholders' Meeting - the following persons: (a) Massimo Candela, Chief Executive Officer of the company; (b) Luca Pelosin, Executive Director of the company; (c) 6 senior executives, i.e. Group executives with the power and responsibility, directly or indirectly, for planning, directing and controlling company and/or Group activities; (d) 38 senior managers, i.e. Group employees holding positions identified as important for the growth and sustainability of the Group's business over the long-term,

The terms and conditions of the Plan are described in the disclosure document prepared as per Article 84-bis and in compliance with Annex 3A of the Issuers' Regulation, which will be made available to the public at the registered office and on the company website ([www.filagroup.it](http://www.filagroup.it)), in the "Governance" section, and the additional means and timings established by the applicable regulation.

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## **Share buyback programme launched**

Notice is hereby given, pursuant to Article 144-*bis*, paragraph 3, of the CONSOB Issuers' Regulations, that the Board of Directors of the Company today resolved to launch a share buyback program based on the authorisation approved by the Ordinary Shareholders' Meeting of April 27, 2021 as potentially replaced and extended by a resolution of the Ordinary Shareholders' Meeting to be called for April 27, 2022. The Company may purchase a maximum of 240,000 F.I.L.A. ordinary shares without par value, representing 0.4701% of the share capital. The Company will proceed with the purchase of treasury shares, in one or more tranches, indicatively from today's date until June 30, 2022. Treasury share purchases will be designed, among other matters, to build up a stock of securities that can be used to execute the [Company's share-based incentive plan known as the "2019-2021 Performance Share Plan" and the "2022-2026 Stock Grant Plan" or other share-based compensation plans that may be approved by the Company in the future]. Treasury share purchases will be carried out exclusively on the Euronext Milan regulated market organised and managed by Borsa Italiana S.p.A. ("Euronext Milan"), pursuant to the CONSOB Issuers' Regulation and the applicable legal and regulatory provisions. In order to implement the share buyback programme, the Company intends to confer a mandate to Intesa Sanpaolo S.p.A. - IMI Corporate & Investment Banking Division to act as independent financial intermediary. The unit price of the purchases will be determined as applicable for each transaction, without prejudice to the fact that this price may not be 10% lower or higher than the reference price, recorded on the Euronext Milan, of F.I.L.A. stock in the trading session preceding each individual purchase transaction. As of today's date, the Company does not hold, directly or indirectly, any treasury shares. The Company will disclose to the market, pursuant to applicable provisions, the details of the purchase transactions carried out, in accordance with the terms and conditions of current and applicable laws and regulations.

## **Filing of documentation**

The statutory financial statements at December 31, 2021 and the consolidated financial statements at December 31, 2021, in addition to the documentation approved by the Board of Directors and concerning the Shareholders' Meeting to be called for April 27, 2022 in single call, shall be made available to the public according to the legal and regulatory deadlines at the registered office in Pero (Mi), via XXV Aprile No.5, on the company website [www.filagroup.it](http://www.filagroup.it) and on the authorised storage mechanism "EMARKET STORAGE" ([www.emarketstorage.com](http://www.emarketstorage.com)).

\* \* \*

The Executive Officer for Financial Reporting Stefano De Rosa declares, in accordance with Article 154-*bis*, paragraph 2, of the CFA, that the accounting information contained in this press release corresponds to the underlying accounting documents, records and accounting entries.

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\* \* \*

**F.I.L.A. (Fabbrica Italiana Lapis ed Affini)**, founded in Florence in 1920 and managed since 1956 by the Candela family, is a highly consolidated, dynamic and innovative Italian industrial enterprise and continues to grow market share. F.I.L.A. has been listed on EXM – Euronext STAR segment of the Italian Stock Exchange since November 2015. The company, with revenue of Euro 653.5 million in 2021, has grown significantly over the last twenty years and has achieved a series of strategic acquisitions, including the Italian Adica Pongo, the US Dixon Ticonderoga Company and Pacon Group, the German LYRA, the Mexican Lapiceria Mexicana, the English Daler-Rowney Lukas and the French Canson, founded by the Montgolfier family in 1557. F.I.L.A. is an icon of Italian creativity globally through its colouring, drawing, modelling, writing and painting tools, thanks to brands such as Giotto, Tratto, Das, Didò, Pongo, Lyra, Doms, Maimeri, Daler-Rowney, Canson, Princeton, Strathmore and Arches. Since its foundation, F.I.L.A. has chosen to focus on growth through continuous innovation, both in technological and product terms, in order to enable individuals to express their ideas and talent through tools of exceptional quality. In addition, F.I.L.A. and the Group companies work together with the Institutions to support educational and cultural projects which promote creativity and expression among individuals and make culture accessible to all.

F.I.L.A. currently operates through 22 production facilities (of which two in Italy) and 34 subsidiaries across the globe and employs over 9,800.

\* \* \*

#### **For further information:**

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#### **F.I.L.A. Fabbrica Italiana Lapis ed Affini**





## Attachment 1 – F.I.L.A. Group Consolidated Income Statement

<i>Euro millions</i>	December 2021	% core business revenue	December 2020	% core business revenue	Change 2021 - 2020	
Revenue	653,278	100%	607,382	100%	45,896	7,6%
Income	6,823		8,967		(2,144)	-23,9%
<b>Total Revenue</b>	<b>660,101</b>		<b>616,350</b>		<b>43,751</b>	<b>7,1%</b>
Total operating expense	(540,175)	-82,7%	(521,299)	-85,8%	(18,876)	-3,6%
<b>EBITDA</b>	<b>119,927</b>	<b>18,4%</b>	<b>95,051</b>	<b>15,6%</b>	<b>24,876</b>	<b>26,2%</b>
Amortisation, depreciation and write-downs	(41,379)	-6,3%	(45,533)	-7,5%	4,154	9,1%
<b>EBIT</b>	<b>78,547</b>	<b>12,0%</b>	<b>49,518</b>	<b>8,2%</b>	<b>29,029</b>	<b>58,6%</b>
Net financial expense	(24,091)	-3,7%	(35,231)	-5,8%	11,140	31,6%
<b>Pre-Tax Profit</b>	<b>54,456</b>	<b>8,3%</b>	<b>14,287</b>	<b>2,4%</b>	<b>40,169</b>	<b>281,2%</b>
Total income taxes	(15,031)	-2,3%	(6,165)	-1,0%	(8,866)	-143,8%
<b>Net profit - Continuing Operations</b>	<b>39,425</b>	<b>6,0%</b>	<b>8,122</b>	<b>1,3%</b>	<b>31,303</b>	<b>385,4%</b>
<b>Net Profit for the period</b>	<b>39,425</b>	<b>6,0%</b>	<b>8,122</b>	<b>1,3%</b>	<b>31,303</b>	<b>385,4%</b>
Non-controlling interest profit	1,411	0,2%	(0,485)	-0,1%	1,896	390,9%
<b>F.I.L.A. Group Net Profit</b>	<b>38,014</b>	<b>5,8%</b>	<b>8,607</b>	<b>1,4%</b>	<b>29,407</b>	<b>341,7%</b>

## Attachment 2 – F.I.L.A. Group Normalised Consolidated Income Statement

<i>NORMALIZED - Euro millions</i>	December 2021	% core business revenue	December 2020	% core business revenue	Change 2021 - 2020	
Revenue	653,471	100%	608,167	100%	45,305	7,5%
Income	6,823		7,155		(0,332)	-4,6%
<b>Total Revenue</b>	<b>660,294</b>		<b>615,322</b>		<b>44,972</b>	<b>7,3%</b>
Total operating expense	(551,219)	-84,4%	(519,971)	-85,5%	(31,248)	-6,0%
<b>EBITDA</b>	<b>109,075</b>	<b>16,7%</b>	<b>95,351</b>	<b>15,7%</b>	<b>13,724</b>	<b>14,4%</b>
Amortisation, depreciation and write-downs	(30,216)	-4,6%	(33,690)	-5,5%	3,474	10,3%
<b>EBIT</b>	<b>78,858</b>	<b>12,1%</b>	<b>61,661</b>	<b>10,1%</b>	<b>17,197</b>	<b>27,9%</b>
Net financial expense	(18,570)	-2,8%	(29,273)	-4,8%	10,704	36,6%
<b>Pre-Tax Profit</b>	<b>60,289</b>	<b>9,2%</b>	<b>32,388</b>	<b>5,3%</b>	<b>27,901</b>	<b>86,1%</b>
Total income taxes	(16,191)	-2,5%	(9,091)	-1,5%	(7,100)	-78,1%
<b>Net profit - Continuing Operations</b>	<b>44,097</b>	<b>6,7%</b>	<b>23,297</b>	<b>3,8%</b>	<b>20,800</b>	<b>89,3%</b>
<b>Net Profit for the period</b>	<b>44,097</b>	<b>6,7%</b>	<b>23,297</b>	<b>3,8%</b>	<b>20,800</b>	<b>89,3%</b>
Non-controlling interest profit	1,561	0,2%	0,222	0,0%	1,339	603,2%
<b>F.I.L.A. Group Net Profit</b>	<b>42,536</b>	<b>6,5%</b>	<b>23,075</b>	<b>3,8%</b>	<b>19,461</b>	<b>84,3%</b>

### F.I.L.A. Fabbrica Italiana Lapis ed Affini



### Attachment 3 – F.I.L.A. Group Consolidated Statement of Financial Position

<i>Euro millions</i>	December 2021	December 2020	Change 2021 - 2020
Intangible Assets	445,823	435,990	9,833
Property, plant & equipment	169,653	171,489	(1,836)
Biological Assets	1,936	1,639	0,297
Financial assets	5,585	3,680	1,905
<b>Net Fixed Assets</b>	<b>622,997</b>	<b>612,798</b>	<b>10,199</b>
<b>Other non Current Asset/Liabilities</b>	<b>19,119</b>	<b>20,242</b>	<b>(1,123)</b>
Inventories	271,269	254,649	16,620
Trade and Other Receivables	121,357	115,929	5,428
Trade and Other Payables	(115,430)	(100,542)	(14,887)
Other Current Assets and Liabilities	(0,218)	4,908	(5,126)
<b>Net Working Capital</b>	<b>276,979</b>	<b>274,944</b>	<b>2,035</b>
<b>Provisions</b>	<b>(83,716)</b>	<b>(83,252)</b>	<b>(0,464)</b>
<b>Net Invested Capital</b>	<b>835,379</b>	<b>824,731</b>	<b>10,648</b>
<b>Equity</b>	<b>(398,127)</b>	<b>(331,275)</b>	<b>(66,852)</b>
<b>Net Financial Indebtness</b>	<b>(437,253)</b>	<b>(493,456)</b>	<b>56,203</b>
<b>Net Funding Sources</b>	<b>(835,379)</b>	<b>(824,731)</b>	<b>(10,648)</b>

#### F.I.L.A. Fabbrica Italiana Lapis ed Affini



## Attachment 4 – F.I.L.A. Group Consolidated Statement of Cash Flows

<i>Euro millions</i>	December 2021	December 2020	Change 2021 - 2020
EBIT net of IFRS 16 effect	74,753	47,478	27,275
Non-monetary adjustments net of IFRS 16 effect	31,791	34,476	(2,685)
Income taxes	(9,109)	(8,393)	(0,716)
<b>Cash Flow from Operating Activities Before Changes in NWC</b>	<b>97,435</b>	<b>73,560</b>	<b>23,875</b>
<b>Change NWC</b>	<b>3,165</b>	<b>(7,166)</b>	<b>10,331</b>
Change in Inventories	(4,477)	(12,835)	8,358
Change in Trade and Other Receivables	(1,934)	10,404	(12,338)
Change in Trade and Other Payables	10,543	(1,962)	12,505
Change in Other Current Assets/Liabilities	(0,967)	(2,773)	1,806
<b>Cash Flow from Operating Activities</b>	<b>100,600</b>	<b>66,395</b>	<b>34,205</b>
Investments in Property, Plant and Equipment and Intangible assets	(12,000)	(10,175)	(1,825)
Financial Income	0,159	0,560	(0,401)
<b>Cash Flow from Investing Activities</b>	<b>(11,841)</b>	<b>(9,615)</b>	<b>(2,226)</b>
Change in Equity	(7,022)	(0,222)	(6,800)
Financial Expense	(18,689)	(21,485)	2,796
<b>Cash Flow from Financing Activities</b>	<b>(25,711)</b>	<b>(21,706)</b>	<b>(4,005)</b>
Exchange differences and other variations	2,258	(5,090)	7,348
<b>Total Net Cash Flow</b>	<b>65,307</b>	<b>29,983</b>	<b>35,324</b>
Effect of exchange gains (losses)	(13,089)	21,053	(34,142)
Changes in Amortized cost	(2,510)	(0,431)	(2,079)
Mark to Market Hedging adjustment	8,909	(5,196)	14,105
NFD change due to IFRS16 FTA	(2,415)	2,885	(5,300)
NFD from M&A Transactions (Change in Consolidation Scope)	-	(43,600)	43,600
<b>Change in Net Financial Indebtness of F.I.L.A. Group</b>	<b>56,203</b>	<b>4,694</b>	<b>51,509</b>

### F.I.L.A. Fabbrica Italiana Lapis ed Affini





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