



F.I.L.A. GROUP
HALF-YEAR REPORT
AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2022

F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.

Via XXV Aprile 5 Pero (MI)

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DIRECTORS' REPORT

I - General information

Corporate Bodies

Board of Directors

Chairperson (*)	Giovanni Gorno Tempini
Honorary Chairperson	Alberto Candela
Chief Executive Officer (**)	Massimo Candela
Executive Director (**)	Luca Pelosin
Director	Annalisa Matilde Barbera
Director (*)	Giorgina Gallo
Director (*)	Carlo Paris
Director (*)	Donatella Sciuto

(*) Independent director in accordance with Article 148 of the Consolidated Finance Act and Article 3 of the Code of Conduct.

(**) Non-Executive Director.

Control, Risks and Related Parties Committee

Donatella Sciuto
Annalisa Matilde Barbera
Carlo Paris

Remuneration Committee

Carlo Paris
Annalisa Matilde Barbera
Giorgina Gallo

Board of Statutory Auditors

Chairperson	Gianfranco Consorti
Standing Auditor	Elena Spagnol
Standing Auditor	Pietro Michele Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Sonia Ferrero

Independent Auditors

KPMG S.p.A.

Overview of the F.I.L.A. Group

The F.I.L.A. Group operates in the creativity tools market, producing and marketing colouring, design, modelling, writing and painting objects, such as pencils, crayons, modelling clay, chalk, oil colours, acrylics, watercolours, paints and paper for the fine arts, school and leisure.

The F.I.L.A. Group at June 30, 2022 operates through 22 production facilities and 35 subsidiaries across the globe and employs approx. 10,900 people, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, DAS, LYRA, Canson, Maimeri, Daler-Rowney Lukas, Ticonderoga, Pacon, Strathmore, Princeton and Arches.

Founded in Florence in 1920 by two noble Tuscan families, della Gherardesca and Marchesi Antinori, F.I.L.A. S.p.A. (hereafter also the “Parent”) has achieved strong international growth in the past 20 years, supported by a series of strategic acquisitions. Over the years, the Parent has acquired: (i) the Italian firm Adica Pongo in 1994, a leading producer of modelling clay for children; (ii) the Spanish firm Spanish Fila Hispania S.L. (formerly Papeleria Mediterranea S.L.) in 1997, the Group’s former exclusive distributor in Spain; (iii) the French firm Omyacolor S.A. in 2000, a leading manufacturer of modelling putties and clays; (iv) the U.S. Dixon Ticonderoga Group in 2005, a leading producer and distributor of pencils in North America, with subsidiaries operating on the Canadian, Mexican, Chinese and European markets; (v) the German LYRA Group in 2008, which allowed the Group to enter the German, Scandinavian and Eastern Asian markets; (vi) the business unit operated by Lapiceria Mexicana in 2010, one of the main local competitors in the budget coloured and graphite pencils market; and (vii) the business unit operated by Maimeri S.p.A. in 2014, a manufacturer and distributor of paints and accessories for arts and crafts. In addition to these operations, on the conclusion of an initiative which began with the acquisition of a significant influence in 2011, control of the Indian company DOMS Industries Pvt Ltd. was acquired in 2015 (viii). In 2016, the F.I.L.A. Group focused upon development through strategic Art&Craft sector acquisitions, seeking to become the leading market player. On February 3, 2016, F.I.L.A. S.p.A. acquired control of the Daler-Rowney Lukas Group, an illustrious brand producing and distributing materials and accessories on the arts and crafts market since 1783, with a direct presence in the United Kingdom, the Dominican Republic, Germany and the USA (ix). In September 2016, the F.I.L.A. Group acquired the entire share capital of St. Cuthberts Holding Limited and the operating company St. Cuthberts Mill Limited, a highly-renowned English paper mill, founded in 1907, located in the south-west of England and involved in the production of high quality artist’s papers (x). In October 2016, F.I.L.A. S.p.A. acquired the Canson Group, founded in 1557 by the Montgolfier family, with headquarters in Annonay in France, production facilities in France and conversion and distribution centres in Italy, France, China, Australia and Brazil. Canson products are

available in over 120 countries and the brand is the most respected globally involved in the production and distribution of high added value paper for the fine arts, design, leisure and schools, but also for artists' editions and technical and digital drawing materials (xi).

In June 2018, F.I.L.A. S.p.A., through its US subsidiary Dixon Ticonderoga Co. (U.S.A.), consolidated its role as a leading player on the US market with the acquisition of the US Group Pacon, which through brands such as Pacon, Riverside, Strathmore and Princeton, is a leader in the US schools and arts and crafts sector. Dixon Ticonderoga Co. (U.S.A.) was subsequently merged into Pacon Corporation (U.S.A.), which later changed its name to Dixon Ticonderoga Co. (U.S.A.) (xii).

On March 2, 2020, F.I.L.A.- Arches S.A.S., a French company wholly-owned by F.I.L.A. S.p.A., completed the purchase from the Ahlstrom-Munksjö Group of the fine art business unit specialised in fine art operating through the ARCHES® brand (xiii).

On February 8, 2022, the UK subsidiary Daler Rowney Ltd. acquired 100% of the UK company Creative Art Products Limited, located in Manchester (UK), which specialises in the schools segment and produces and distributes a wide range of art materials for children, both under the *Scola* brand and private label brands (xiv).

Directors' Report

Key Financial Highlights

The F.I.L.A. Group's H1 2022 financial highlights are reported below.

Euro thousands	June 30, 2022	% revenue	June 30, 2021	% revenue	Change 2022 - 2021	Adjustments	
						IFRS 16 effects	Adjustments for Non-Recurring expenses
Revenue	390,572	100.0%	324,554	100.0%	66,018	20.3%	
Gross operating profit ⁽¹⁾	71,838	18.4%	63,326	19.5%	8,512	13.4%	7,501
Operating profit	49,974	12.8%	43,412	13.4%	6,562	15.1%	1,723
Net financial expense	(13,921)	(3.6%)	(12,056)	(3.7%)	(1,865)	(15.5%)	(2,901)
Total taxes	(8,772)	(2.2%)	(7,522)	(2.3%)	(1,249)	(16.6%)	212
F.I.L.A. Group Profit attributable to the owners of the Parent	24,928	6.4%	23,791	7.3%	1,137	4.8%	(936)
<i>Earnings per share (€ cents)</i>							
	<i>basic</i>	0.49	0.47				
	<i>diluted</i>	0.48	0.46				

Euro thousands	June 30, 2022	% revenue	June 30, 2021	% revenue	Change 2022 - 2021	of which:
						ADJUSTED Net of Non-Recurring expenses and IFRS 16 effects -
Revenue	390,572	100.0%	324,743	100.0%	65,830	20.3%
Gross operating profit ⁽¹⁾	64,810	16.6%	58,536	18.0%	6,274	10.7%
Operating profit	48,724	12.5%	44,234	13.6%	4,490	10.2%
Net financial expense	(11,020)	(2.8%)	(9,284)	(2.9%)	(1,736)	(18.7%)
Total taxes	(9,098)	(2.3%)	(8,185)	(2.5%)	(913)	(11.2%)
F.I.L.A. Group Profit attributable to the owners of the Parent	26,203	6.7%	26,600	8.2%	(397)	(1.5%)
<i>Earnings per share (€ cents)</i>						
	<i>basic</i>	0.51	0.52			
	<i>diluted</i>	0.51	0.51			

Euro thousands	June 30, 2022	June 30, 2021	Change 2022 - 2021
Investments	(7,188)	(4,813)	(2,375)
% revenue	1.8%	1.5%	

Euro thousands	June 30, 2022	June 30, 2021	Change 2022 - 2021	IFRS 16 effects	of which: Creative Art Products Limited
					Net capital employed
Net Financial debt ⁽²⁾	(524,749)	(437,253)	(87,496)	(8,459)	(1,653)
Equity	(439,980)	(398,127)	(41,853)	1,845	(1,149)

(1) The Gross Operating Profit (EBITDA) corresponds to the operating profit before amortisation, depreciation and impairment losses;

(2) Indicator of the net financial debt, calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets and loans provided to third parties classified as non-current assets. The net financial debt as per Consob Communication DEM/6064293 of July 28, 2006 and Consob's warning notice no. 5/21 of April 29, 2021, excludes non-current financial assets.

2022 Adjustments:

- ▶ The adjustment on H1 2022 "Gross Operating Profit" concerns non-recurring operating charges of approx. Euro 0.5 million, incurred to tackle the COVID-19 pandemic for Euro 0.6 million, reorganisation charges of Euro 0.3 million, other Group consultancy costs of Euro 0.3 million, restructuring charges of Euro 0.2 million, net of the portion released in closure of the "2019-2021 Performance Shares" incentive plan for Euro 0.9 million.

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- ▶ The overall adjustment to the “operating profit” was approx. Euro 0.5 million, resulting from the aforementioned effects on the gross operating profit.
- ▶ The adjustment to the H1 2022 “Profit attributable to the owners of the parent” was approx. Euro 0.3 million and principally concerns the above effects on the Gross Operating Profit, net of the tax effect.

2021 Adjustments:

- ▶ The adjustment of “Revenue” principally refers to returns generated following the COVID-19 pandemic;
- ▶ The adjustment of the H1 2021 “Gross Operating Profit” relates to non-recurring operating costs of approx. Euro 2.6 million regarding reorganisation-restructuring charges and other Group consultancy costs for Euro 1.2 million, the expense incurred to handle the COVID-19 pandemic for Euro 1.0 million and the outlay for the medium/long-term incentive plan for Euro 0.4 million;
- ▶ The overall adjustment of the “Operating profit” was Euro 2.6 million, resulting from the aforementioned effects on the Gross operating profit;
- ▶ The adjustment to the H1 2021 “Profit attributable to the owners of the parent” concerns the aforementioned adjustments, net of the tax effect.

In order to permit a more accurate assessment of the F.I.L.A. Group’s financial performance and financial position, some alternative performance measures are presented alongside the conventional financial measures to the IFRS. Such alternative performance measures are not to be considered replacements for the IFRS-compliant measures. These measures are also tools used by the Directors to identify operating trends and for decision-making upon investments, the allocation of resources and other operative decisions. Alternative performance measures are not covered by IFRS and are therefore not comparable with similar performance and disclosure measures used in the financial statements of other entities.

The alternative performance measures used are illustrated below:

Gross operating profit or EBITDA: this is calculated as profit for the reporting period, excluding the following components: (i) income taxes for the reporting period, (ii) depreciation, amortisation and impairment losses, (iii) financial income and expense. The F.I.L.A. Group uses this measure as an internal management target and in external presentations (for analysts and investors), as it is useful in measuring the overall operating performance of the F.I.L.A. Group and of F.I.L.A. S.p.A.

The table below presents a reconciliation of the profit for H1 2022 and H1 2021 with the gross operating profit or EBITDA:

<i>Euro thousands</i>	June 30, 2022	June 30, 2021
Profit attributable to non-controlling interests	2,354	43
Profit attributable to the owners of the parent	24,928	23,791
Profit for the period	27,281	23,834
Income taxes	8,772	7,522
<i>Current taxes</i>	10,552	8,234
<i>Deferred taxes</i>	(1,780)	(712)
Amortisation, depreciation and impairment losses	21,864	19,914
Financial items	13,921	12,056
<i>Financial income</i>	(8,413)	(5,027)
<i>Financial expenses</i>	22,700	17,180
<i>Share of losses of equity-accounted investees</i>	(366)	(97)
Gross operating profit	71,838	63,326

The Group defines adjusted Gross Operating Profit or EBITDA net of the effects of IFRS 16 as gross operating profit or EBITDA before: (i) non-recurring expense and (ii) the application of IFRS 16.

The following is a reconciliation between Gross Operating Profit or EBITDA and adjusted gross operating profit or adjusted EBITDA:

<i>Euro thousands</i>	June 30, 2022	June 30, 2021
Gross operating profit	71,838	63,326
Non-recurring expense	473	2,599
IFRS 16 effect	(7,501)	(7,389)
Adjusted gross operating profit	64,810	58,536

Operating profit or EBIT: this is calculated as profit for the reporting period, excluding the following components: (i) income taxes for the reporting period, and (ii) financial income and expense.

The following is a reconciliation between gross operating profit or EBITDA and operating profit or EBIT:

<i>Euro thousands</i>	June 30, 2022	June 30, 2021
Gross operating profit	71,838	63,326
Amortisation and depreciation	(20,739)	(20,167)
Impairment losses on trade receivables and other assets	(1,135)	256
Other impairment losses	10	(3)
Operating profit	49,974	43,412

The Group defines operating profit or EBIT as operating profit or EBIT before: (i) non-recurring expense, and (ii) the application of IFRS 16.

The following is a reconciliation between operating profit or EBIT and adjusted operating profit or adjusted EBIT:

<i>Euro thousands</i>	June 30, 2022	June 30, 2021
Operating profit	49,974	43,412
Non-recurring expense	473	2,599
IFRS 16 effect	(1,723)	(1,777)
Adjusted Operating profit	48,724	44,234

Group profit for the period: profit for the reporting period, adjusted for portion attributable to non-controlling interests.

The Group defines the adjusted profit attributable to the owners of the parent as the Group profit for the period, before: (i) non-recurring expense, and (ii) the application of IFRS 16.

The following is the reconciliation of the Group profit with the adjusted Group profit:

<i>Euro thousands</i>	June 30, 2022	June 30, 2021
Profit for the period attributable to the owners of the parent	24,928	23,791
Non-recurring expense	340	2,125
IFRS 16 effect	936	684
Adjusted Profit for the period attributable to the owners of the parent	26,203	26,600

Net financial position (or net financial debt) – this is a valid measure of the F.I.L.A. Group's financial structure. It is calculated as the aggregate of the current and non-current financial debt, net of cash and

cash equivalents and of current financial assets, in accordance with Consob Communication DEM/6064293 of July 28, 2006 and Consob's warning notice No. 5/21 of April 29, 2021, excluding non-current financial assets.

The non-current financial assets of the F.I.L.A. Group at June 30, 2022 and at December 31, 2021 respectively totalled Euro 3,563 thousand and Euro 4,078 thousand.

For greater details, reference should be made to the "Financial overview" section.

F.I.L.A. Group's Financial Highlights

The F.I.L.A. Group's H1 2022 Key Financial figures are reported below.

Adjusted financial performance

The H1 2022 F.I.L.A. Group results report an increase in adjusted EBITDA of 10.7% on the same period of 2021:

	June 30, 2022	% revenue	June 30, 2021	% revenue	Change 2022- 2021	
<i>ADJUSTED - Euro thousands</i>						
Revenue	390,572	100.0%	324,743	100.0%	65,830	20.3%
Income	5,987		3,519		2,468	70.1%
Total revenue	396,559		328,262		68,297	20.8%
Total operating costs	(331,749)	(84.9%)	(269,726)	(83.1%)	(62,023)	(23.0%)
Gross operating profit	64,810	16.6%	58,536	18.0%	6,274	10.7%
Amortisation, depreciation and impairment losses	(16,086)	(4.1%)	(14,302)	(4.4%)	(1,784)	(12.5%)
Operating profit	48,724	12.5%	44,234	13.6%	4,490	10.2%
Net financial expense	(11,020)	(2.8%)	(9,284)	(2.9%)	(1,736)	(18.7%)
Pre-tax profit	37,704	9.7%	34,950	10.8%	2,753	7.9%
Total taxes	(9,098)	(2.3%)	(8,185)	(2.5%)	(913)	(11.2%)
Profit for the period	28,606	7.3%	26,765	8.2%	1,840	6.9%
Profit for the period attributable to non-controlling interests	2,402	0.6%	165	0.1%	2,237	1,355.8%
F.I.L.A. Group Profit attributable to the owners of the Parent	26,203	6.7%	26,600	8.2%	(397)	(1.5%)

The principal changes compared to H1 2021 are illustrated below.

“Revenue” of Euro 390,572 thousand increased by Euro 65,830 thousand on H1 2021 (+20.3%). Net of exchange losses of Euro 20,609 thousand (mainly concerning the US Dollar, the Mexican Peso and the Indian Rupee, partially offset by the weakening of the Turkish Lira and the Argentinian Peso), organic growth was Euro 45,221 thousand (+13.9%), including Euro 189 thousand of adjustments in 2021 for COVID-19 related effects.

At geographical segment level, organic growth was reported in Asia of Euro 26,829 thousand (+103.9% on the preceding period), in Central and South America for Euro 13,097 thousand (+59.7% on the preceding period), in North America for Euro 3,402 thousand (+2.2% on the preceding period), and in Europe for Euro 2,061 thousand (+1.7% on the preceding period), while the Rest of the World saw a contraction of Euro 168 thousand (-9.0% on the preceding period).

“Income” of Euro 5,987 thousand increased by Euro 2,468 thousand, mainly due to higher exchange

gains on commercial transactions.

“Operating costs” in H1 2022 of Euro 331,749 thousand increased Euro 62,023 thousand on the same period of 2021. This increase mainly relates to variable purchase and commercial costs on the basis of higher revenue.

The “Gross Operating Profit” of Euro 64,810 thousand increased by Euro 6,274 thousand on the same period of 2021 (+10.7%). At like-for-like exchange rates, the increase was 6.5% on the same period of the previous year.

“Amortisation, depreciation and impairment losses” increased Euro 1,784 thousand, mainly due to the slight recovery of investments previously slowed by the COVID-19 related uncertainty, and an increase in impairment losses and in the loss allowance, mainly following the increase in revenue.

“Net Financial Expense” increased by Euro 1,736 thousand, substantially due to higher other financial expense (Amortised Cost) and the negative currency impacts on financial transactions, partially offset by the lower financial expense on the structured debt.

Adjusted Group “Taxes” amounted to Euro 9,098 thousand, increasing on the same period of the previous year due to the improved pre-tax profit.

Net of the profit attributable to non-controlling interests, the F.I.L.A. Group adjusted profit in H1 2022 was Euro 26,203 thousand, compared to Euro 26,600 thousand in the same period of the previous year.

Business seasonality

The Group's operations are affected by the business's seasonal nature, as reflected in the consolidated results.

The F.I.L.A. Group primarily operates in the school and office strategic business segment and the fine arts strategic business segment. Historically, the school and office strategic business segment has reported greater sales in the second and third quarters of the year than in the first and fourth quarters of the year. This is mainly due to the fact that in the Group's main markets (i.e., North America, Mexico, India and Europe), schools reopen in the period from June to September. By contrast, the fine arts strategic business segment reports greater sales to some extent in the first, but especially in the fourth quarter, than in the second and third quarters, partially offsetting the seasonal nature of the school and office strategic business segment.

The quarterly breakdown of profit or loss shows the concentration of sales in the second and third quarters in conjunction with the "school campaign". Specifically, significant sales are made through the traditional "school suppliers" channel in June and through the "retailers" channel in August.

Seasonality is more significant when it is viewed in relation to working capital. In fact, in the school and office strategic business segment the Group has historically invested large quantities of financial resources to meet the enormous demand for products from July to September, while only receiving payments from November.

The key figures for H1 2022 and 2021 are reported below.

Euro thousands	2021				2022	
	First 3 mth. 2021	First 6 mth. 2021	First 9 mth. 2021	FY 2021	First 3 mth. 2022	First 6 mth. 2022
Revenue	141,551	324,554	496,314	653,278	166,020	390,572
<i>Full year portion</i>	21.7%	49.7%	76.0%	100.0%	42.5%	100.0%
Gross operating profit	21,946	63,326	98,823	119,927	26,027	71,838
<i>% revenue</i>	15.5%	19.5%	19.9%	18.4%	15.7%	18.4%
<i>Full year portion</i>	18.3%	52.8%	82.4%	100.0%	36.2%	100.0%
Adjusted gross operating profit	20,081	58,536	91,001	109,075	22,672	64,810
<i>% revenue</i>	14.2%	18.0%	18.3%	16.7%	13.7%	16.6%
<i>Full year portion</i>	18.4%	53.7%	83.4%	100.0%	35.0%	100.0%
Net Financial Debt	(525,019)	(523,873)	(485,789)	(437,253)	(473,058)	(524,749)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at June 30, 2022 are reported below:

<i>Euro thousands</i>	June 30, 2022	December 31, 2021	Change 2022 - 2021
Intangible assets	460,610	445,823	14,787
Property, plant & equipment	176,577	169,653	6,924
Biological assets	1,998	1,936	62
Financial assets	5,479	5,585	(106)
Net non-current assets	644,665	622,997	21,668
Other Non-Current Assets/Liabilities	21,416	19,119	2,297
Inventories	320,784	271,269	49,515
Trade receivables and other assets	210,470	121,357	89,113
Trade payables and other liabilities	(143,443)	(115,430)	(28,013)
Other current assets and liabilities	(4,042)	(218)	(3,824)
Net working capital	383,769	276,979	106,790
Provisions	(85,120)	(83,716)	(1,404)
Net invested capital	964,730	835,379	129,351
Equity	(439,980)	(398,127)	(41,853)
Net financial debt	(524,749)	(437,253)	(87,496)
Net funding sources	(964,730)	(835,379)	(129,351)

The F.I.L.A. Group's "Net Invested Capital" of Euro 964,730 thousand at June 30, 2022 was composed of "Net Non-current Assets" of Euro 644,665 thousand (Euro 622,997 thousand at December 31, 2021), "Net Working Capital" of Euro 383,769 thousand (up by Euro 106,790 thousand on December 31, 2021) and "Other Non-current Assets/Liabilities" of Euro 21,416 thousand (increasing Euro 2,297 thousand on December 31, 2021), net of "Provisions" of Euro 85,120 thousand (Euro 83,716 thousand at December 31, 2021).

"Intangible Assets" increased on December 31, 2021 by Euro 14,787 thousand, mainly due to net investments of Euro 1,491 thousand, principally by the Parent F.I.L.A. S.p.A. for Euro 1,417 thousand to introduce the SAP project, exchange gains of Euro 18,698 thousand and amortisation of Euro 7,041 thousand.

"Property, plant and equipment" increased on December 31, 2021 by Euro 6,924 thousand, mainly due to the increase of Euro 6,402 thousand in "Right-of-Use Assets" and of Euro 522 thousand in "Property, Plant and Equipment".

Net investments in "Right-of-Use Assets" in the period amounted to Euro 7,993 thousand, mainly by

Dixon Ticonderoga Company (U.S.A) for Euro 2,998 thousand and Daler Rowney Ltd (United Kingdom) for Euro 2,401 thousand, for the renewal of both production site and local logistics contracts. The movement is also due to exchange gains of Euro 4,186 thousand, partially offset by depreciation in the period of Euro 5,777 thousand.

Net investments in “Property, Plant and Equipment” in the period totalled Euro 5,729 thousand and were undertaken by DOMS Industries Pvt Ltd (India), Canson SAS (France), Dixon Ticonderoga Company (U.S.A.) and F.I.L.A. S.p.A.. We in addition report an increase from the recognition of exchange gains of Euro 2,388 thousand. The overall movement is mainly offset by depreciation in the period of Euro 7,921 thousand, which resulted in a reduction in “Property, Plant and Equipment”.

“Biological Assets” increased Euro 62 thousand compared to December 31, 2021, entirely due to exchange gains. 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” decreased by Euro 106 thousand on December 31, 2021, mainly concerning the subsidiary Daler Rowney Ltd (United Kingdom), 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 106,790 thousand relates to the following:

- ▶ “Inventories” - increasing Euro 49,515 thousand, mainly due to the seasonality of the business which features higher stock on the approach of the schools’ campaign. The net increase in stock at the F.I.L.A. Group of Euro 35,682 thousand particularly concerns the subsidiary Dixon Ticonderoga Company (U.S.A) for Euro 21,422 thousand, the subsidiary Canson SAS (France) for Euro 4,432 thousand, the subsidiary DOMS Industries Pvt Ltd (India) for Euro 2,448 thousand and the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 2,401 thousand, partially offset by the decrease in stock at the parent F.I.L.A. S.p.A. for Euro 1,705 thousand; Exchange gains of Euro 14,427 thousand are also reported;
- ▶ “Trade Receivables and Other Assets” - increasing Euro 89,113 thousand, mainly due to the seasonality of the F.I.L.A. Group’s business. The increase concerns in particular higher “Trade Receivables” for Euro 79,911 thousand, relating to the parent F.I.L.A. S.p.A. for Euro 16,786 thousand, to the US subsidiary Dixon Ticonderoga Company for Euro 30,517 thousand, to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 14,006 thousand and to the subsidiary Canson SAS (France) for Euro 9,182 thousand, in addition to exchange gains of Euro 7,895 thousand on the item;
- ▶ “Trade Payables and Other Liabilities” - increasing Euro 28,013 thousand, mainly due to the

increase in “Trade Payables” for Euro 21,329 thousand, at Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico). Exchange losses on the item of Euro 4,126 thousand are in addition reported. The increase is mainly due to higher inventories to promptly satisfy forecast sales.

The increase in “Provisions” on December 31, 2021 of Euro 1,404 thousand principally concerns the:

- ▶ Increase in “Deferred tax liabilities” of Euro 2,634 thousand, mainly due to exchange losses of Euro 3,101 thousand, offset by releases of Euro 407 thousand and mainly concerning the tax effect on “Intangible Assets”;
- ▶ Reduction in “Employee benefits” of Euro 1,127 thousand, mainly due to the actuarial gains recorded by the company Canson SAS (France);
- ▶ Decrease in “Provisions for Risks and Charges” of Euro 104 thousand, due to the release by the French subsidiary Canson SAS in relation to the previous reorganisation plans of the subsidiary, which have now been completed.

The “Equity” of the F.I.L.A. Group, amounting to Euro 439,980 thousand, increased on December 31, 2021 by Euro 41,853 thousand. Net of the profit for the period of Euro 27,281 thousand (of which a profit of Euro 2,354 thousand attributable to non-controlling interests), the residual movement mainly concerned the increase in the translation reserve of Euro 16,080 thousand, the Actuarial Reserve of Euro 1,022 thousand and the fair value gains on IRSs of Euro 13,109 thousand. These changes were offset by the purchase of treasury shares by the parent for Euro 1,306 thousand and the dividends paid totalling Euro 12,722 thousand, of which F.I.L.A. S.p.A. shareholders for Euro 11,676 thousand and the minority shareholders of the subsidiaries for Euro 1,045 thousand.

F.I.L.A. Group “Net Financial Debt” at June 30, 2022 was Euro 524,749 thousand, increasing Euro 87,496 thousand on December 31, 2021.

For greater details, reference should be made to the Financial overview section.

Financial overview

The Group's Net Financial Debt at June 30, 2022 and cash flows for the period then ended are summarised in the following table to complete the discussion about its financial position and financial performance.

For the definition of the Net Financial Debt from the condensed interim consolidated financial statements at June 30, 2021, reference should be made to Consob's warning notice No. 5/21 of April 29, 2021, which cites the ESMA guidelines in this regard.

The **F.I.L.A. Group Net Financial Debt** at June 30, 2022 was Euro 524,769 thousand.

<i>Euro thousands</i>	June 30, 2022	December 31, 2021	Change 2022 - 2021
A Cash	137	104	33
B Cash equivalents	111,561	145,880	(34,319)
C Other current financial assets	1,735	3,536	(1,801)
D Liquidity (A + B + C)	113,433	149,520	(36,087)
E Current bank loans and borrowings	(175,444)	(45,196)	(130,248)
F Current portion of non-current bank loans and borrowings	(88,669)	(50,515)	(38,154)
G Current financial debt (E + F)	(264,113)	(95,711)	(168,402)
H Net current financial debt (G - D)	(150,680)	53,810	(204,490)
I Non-current bank loans and borrowings	(374,069)	(491,062)	116,993
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(374,069)	(491,062)	116,993
M Net financial debt (H + L)	(524,749)	(437,253)	(87,496)
N Long term loans issued	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(524,749)	(437,253)	(87,496)

The reconciliation between the Net Financial Debt - F.I.L.A. Group and the Statement of Financial Position is reported below:

- captions "A - Cash" (Euro 137 thousand) and "B - Cash equivalents" (Euro 111,561 thousand) are included in "Note 10 - Cash and cash equivalents" (Euro 111,698 thousand);
- caption "C - Other current financial assets" refers to "Note 3 - Current financial assets", both amounting to Euro 1,735 thousand;
- caption "G - Current financial debt" relates to "Note 13 - Current Financial Liabilities" (both

amounting to Euro 264,113 thousand) and contains caption “F - Current portion of non-current bank loans and borrowings” (Euro 88,669 thousand) which refers to the current portion of IFRS 16 Financial Liabilities (Euro 9,592 thousand) and to the current portion of long-term loans (for Euro 79,077 thousand);

- caption “I - Non-current bank loans and borrowings” (Euro 374,069 thousand) refers to “Note 13 - Non-Current Financial Liabilities” (Euro 373,335 thousand) and “Note 17 - Financial instruments” (for Euro 1,484 thousand), while also including the financial hedge instrument (for a positive Euro 750 thousand), covered by “Note 3 - Non-Current Financial Assets”.

Compared to December 31, 2021 (Euro 437,253 thousand), Net Financial Debt increased Euro 87,496 thousand, as outlined below in the Statement of Cash Flows:

<i>Euro thousands</i>	June 30, 2022	June 30, 2021
Operating profit net of IFRS 16 effect	48,251	41,635
Non-monetary adjustments net of IFRS 16 effect	16,077	15,616
Income taxes	(6,891)	(2,701)
Cash Flows from Operating Activities Before Changes in NWC	57,437	54,550
Change in NWC	(95,501)	(58,476)
Change in Inventories	(35,682)	633
Change in Trade Receivables and Other Assets	(81,424)	(67,954)
Change in Trade Payables and Other Liabilities	22,805	9,615
Change in Other Current Assets/Liabilities	(1,201)	(770)
Net Cash Flows used in Operating Activities	(38,064)	(3,926)
Net investments in Property, Plant and Equipment and Intangible assets	(7,188)	(4,813)
Interest income	154	109
Net Cash Flows used in Investing Activities	(7,034)	(4,703)
Change in Equity	(14,028)	(7,027)
Financial Expense	(8,678)	(9,636)
Net Cash Flows used in Financing Activities	(22,706)	(16,663)
Exchange differences and other variations	3,842	2,050
Total Net Cash Flows	(63,963)	(23,242)
Effect of exchange gains (losses)	(18,745)	(6,211)
Change in amortised cost	(3,732)	(1,204)
Mark to mark hedging adjustment	9,123	3,786
NFD change due to IFRS16 FTA	(8,459)	(3,546)
NFD from M&A Transactions (Change in Consolidation Scope) Creative Art Products Limited	(1,721)	-
Change in Net Financial Debt	(87,496)	(30,417)

The net cash flows used in “Operating activities” (Euro 38,064 thousand in the first half of 2022; Euro 3,926 thousand in H1 2021) are due to:

- ▶ Inflows of Euro 57,437 thousand (Euro 54,550 thousand in H1 2021) from “operating profit”, calculated as the difference of operating costs and revenue plus other operating items, excluding financial items;
- ▶ Outflow of Euro 95,501 thousand (outflow of Euro 58,476 thousand in H1 2021) attributable to “Working Capital movements”, primarily related to the increases in “Trade Receivables and Other Assets” and of “Inventories”, partially offset by the increase in “Trade Payables and Other Liabilities”.

“Investing activities” used net cash flows of Euro 7,034 thousand (Euro 4,703 thousand in H1 2021), mainly due to the use of cash for Euro 7,188 thousand (Euro 4,813 thousand in H1 2021) for net property, plant and equipment and intangible asset investments, particularly regarding DOMS Industries Pvt Ltd (India), Canson SAS (France), Dixon Ticonderoga Company (U.S.A.) and F.I.L.A. S.p.A..

The net cash flows used in “Financing Activities” were Euro 22,706 thousand (Euro 16,663 thousand in H1 2021), due to interest paid on loans and credit facilities granted to Group companies, amounting to Euro 8,678 thousand, mainly concerning Dixon Ticonderoga Company (U.S.A.), F.I.L.A. S.p.A. and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), the purchase of treasury shares for Euro 1,306 thousand and dividends paid for Euro 12,722 thousand, of which F.I.L.A. S.p.A. shareholders for Euro 11,676 thousand and the minority shareholders of the subsidiaries for Euro 1,045 thousand.

Net of the exchange losses relating to the translation of Net Financial Debt in currencies other than the Euro (Euro 18,745 thousand), the Mark to Market Hedging adjustment of Euro 9,123 thousand, the increase in Net Financial Debt due to the application of IFRS 16 amounting to Euro 8,459 thousand, the change in “Amortised cost”, amounting to a negative Euro 3,732 thousand, in addition to the overall net decrease generated by M&A’s of Euro 1,721 thousand (cash out relating to the acquisition in the United Kingdom of Creative Art Products Limited, amounting to Euro 1,185 thousand), the increase in the Group's Net Financial Debt is therefore Euro 87,496 thousand (increase of Euro 30,417 thousand at June 30, 2021).

Changes in net cash and cash equivalents are detailed below:

<i>Euro thousands</i>	June 30, 2022	December 31, 2021
Opening Cash and Cash Equivalents	137,226	116,306
Cash and cash equivalents	145,985	127,105
Current account overdrafts	(8,759)	(10,799)
Closing Cash and Cash Equivalents	101,734	137,226
Cash and cash equivalents	111,698	145,985
Current account overdrafts	(9,964)	(8,759)

Key events of the reporting period

- ▶ 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;
- ▶ In the period between March 24, 2022 and April 6, 2022, the Parent F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 240,000 ordinary shares of F.I.L.A. S.p.A. (representing 0.4701% of the Share Capital) for a total value of Euro 2,324 thousand. Details, on a daily basis, of ordinary share purchases are provided below:

<i>Date</i>	<i>Number of ordinary shares purchased</i>	<i>Average Price (Euro)</i>	<i>Countervalue (Euro)</i>
24/03/2022	23,500	9.95	233,938
25/03/2022	24,000	9.99	239,695
28/03/2022	25,600	9.90	253,389
29/03/2022	15,000	9.90	148,457
30/03/2022	20,000	9.83	196,676
31/03/2022	29,000	9.79	284,018
01/04/2022	25,000	9.56	239,051
04/04/2022	20,000	9.37	187,476
05/04/2022	25,000	9.43	235,874
06/04/2022	32,900	9.27	305,009
Total	240,000		2,323,582

These transactions were carried out as part of the share buyback program, approved by the parent's Board of Directors on March 23, 2022, and as per the authorisation of the Shareholders at their Meeting of April 27, 2021.

Prior to the launch of the Program, the parent held 51,500 ordinary treasury shares, representing 0.1009% of the share capital.

In addition, during the period the reserve altered due to the free allocation of shares of the parent F.I.L.A. S.p.A. to each beneficiary of the "2019-2021 Performance Shares" Plan on the basis of the achievement of the performance objectives on conclusion of the three-year vesting period. On closure of the "2019-2021 Performance Shares" Plan, 104,609 treasury shares have

been allocated for Euro 1,017 thousand.

On June 30, 2022, the Group held 186,891 treasury shares, for a total value of Euro 1,794 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

► Impacts of events related to 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% at Group level and the Russian company has demonstrated financial independence in running its ordinary operations, confirming its estimates for 2022. The net exposure to third parties of the Russian subsidiary at June 30, 2022 was Euro 6,439 thousand. Group management continues to monitor the recoverability of the net exposure to third parties of the Russian subsidiary. At June 30, 2022, the analysis indicated particular criticalities with regards to recoverability.

There are no F.I.L.A. Group companies in Ukraine at June 30, 2022.

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.

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 June 30, 2022.

Events after the reporting period

On July 28, 2022, the medium/long-term refinancing transaction for a total of Euro 232.5 million and USD 133.1 million was completed, alongside an RCF line of Euro 75.0 million, against current structured debt of Euro 266.6 million and USD 180.4 million, in addition to an RCF line of Euro 25.0 million. This transaction will lead to significant savings on borrowing costs of over Euro 10.0 million over the entire duration of the loan.

The transaction stems from the Group's need to refinance its existing medium/long-term debt before its natural maturity and, therefore, to extend the maturity of its financial debt. It will enable both a reduction in existing medium/long-term debt by using excess cash to reduce borrowing costs, and an appropriate rescheduling of payment maturities, ensuring that the parent has the resources to continue its growth.

The Debt refinancing transaction stipulates the provision of a loan to F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.), both in Euro and USD, for amounts respectively of Euro 307.5 million and USD 133.1 million and granted by the following institutions:

- BNP Paribas (which will also assume the role of Agent Bank) and Intesa Sanpaolo as Global Coordinators, Bookrunners, Mandated Lead Arrangers and Sustainability Coordinators;
- Banco BPM as Bookrunner and Mandated Lead Arranger;
- BPER, Credit Agricole, Mediobanca and Unicredit as Mandated Lead Arrangers; and
- Cassa Depositi e Prestiti and JP Morgan as Lead Arrangers;
- BNL BNP Paribas with the role of Agent Bank.

The transaction breaks down as follows:

- Term Loan A in Euro - amortising tranche disbursed to F.I.L.A. S.p.A. for Euro 87.5 million, with a 5 year duration and average life of 3.7 years, for the refinancing and to cover the costs of the Transaction;
- Term Loan A in USD - amortising tranche disbursed to Dixon Ticonderoga Company (U.S.A.) of USD 99.1 million, with a 5 year duration and average life of 3.7 years, for the refinancing and to cover the costs of the Transaction;
- Term Loan B in Euro – bullet tranche disbursed to F.I.L.A. S.p.A. of Euro 111.6 million and to Dixon Ticonderoga Company (U.S.A.) of Euro 33.4 million, with a 5 year duration, for the refinancing and to cover the costs of the Transaction;

- Term Loan B in USD – bullet tranche disbursed to Dixon Ticonderoga Company (U.S.A.) of Euro 34.0 million, with a 5 year duration, for the refinancing and to cover the costs of the Transaction;
- RCF - multicurrency and multiborrower revolving credit facility of Euro 75.0 million, with a 5 year duration, both for the refinancing and the financing of any future requirements generated by the working capital of the F.I.L.A. Group.

There were no events other than those reported in the section “Key Events of the reporting period” related to the conflict in Ukraine, inflationary developments and the impacts from the purchase of treasury shares.

Outlook

As already confirmed by the H1 performance, FY 2022 shall be impacted by significant raw material, transport and energy cost inflation, the difficulties stemming from the last two years of COVID, and now considerably heightened by the conflict since February between Russia and Ukraine.

The F.I.L.A. Group has consequently already adopted a global product price increase policy in 2022, highlighting - as in the past and thanks also to vertical supply chain integration - its ability to manage inflation well. Growth is particularly forecast for Schools products, thanks also to the post-pandemic sales recovery in India and Mexico and strong schools products consumption in North America and Europe, although to a lesser extent in this latter area. This is reflected in the return of production to standard pre-pandemic levels.

A satisfying 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 difficulties from COVID-19 and the recent Russia-Ukraine conflict on the global chain.

Treasury shares

In the period between March 24, 2022 and April 6, 2022, the Parent F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 240,000 ordinary shares of F.I.L.A. S.p.A. (representing 0.4701% of the Share Capital) for a total value of Euro 2,324 thousand. These transactions were carried out as part of the share buyback program, approved by the Company's Board of Directors on March 23, 2022, and as per the authorisation of the Shareholders at their Meeting of April 27, 2021.

Details, on a daily basis, of ordinary share purchases are provided below:

<i>Date</i>	<i>Number of ordinary shares purchased</i>	<i>Average Price (Euro)</i>	<i>Countervalue (Euro)</i>
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29/03/2022	15,000	9.90	148,457
30/03/2022	20,000	9.83	196,676
31/03/2022	29,000	9.79	284,018
01/04/2022	25,000	9.56	239,051
04/04/2022	20,000	9.37	187,476
05/04/2022	25,000	9.43	235,874
06/04/2022	32,900	9.27	305,009
Total	240,000		2,323,582

Prior to the launch of the Program, the parent held 51,500 ordinary treasury shares, representing 0.1009% of the share capital.

In addition, during the period the reserve altered due to the free allocation of shares of the parent F.I.L.A. S.p.A. to each beneficiary of the “2019-2021 Performance Shares” Plan on the basis of the achievement of the performance objectives on conclusion of the three-year vesting period. On closure of the “2019-2021 Performance Shares” Plan, 104,609 treasury shares have been allocated for Euro 1,017 thousand. On June 30, 2022, the Group held 186,891 treasury shares, for a total value of Euro 1,794 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

Related party transactions

For the procedures adopted in relation to related party transactions, also in accordance with Article 2391-*bis* of the Italian Civil Code, reference should be made to the procedure adopted by the Parent on May 14, 2021 pursuant to the Regulation approved by Consob with Regulation No. 17221 of March 12, 2010 and subsequent amendments, published on the parent's website www.filagroup.it in the "Governance" section.

Reference should be made to the Related Party Transactions section of the Notes to the Condensed Interim Consolidated Financial Statements of the F.I.L.A. Group.

Reconciliation between Parent and Group Equity

<i>Euro thousands</i>	Equity December 31, 2021	Changes in equity	Profit for June 2022	Equity June 30, 2022
F.I.L.A. S.p.A. financial statements	291,308	(11,083)	19,456	299,681
Consolidation effect of the financial statements of subsidiaries	102,612	10,599	5,472	118,683
Translation reserve	(21,504)	15,451		(6,054)
F.I.L.A. group consolidated financial statements	372,416	14,966	24,928	412,310
Equity attributable to non-controlling interests	25,710	(394)	2,354	27,670
Consolidated financial statements	398,127	14,572	27,281	439,980



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2022

Condensed Interim Consolidated Financial Statements as at and for the six months ended June 30, 2022

Interim Consolidated Financial Statements

Statement of Financial Position

		June 30, 2022	December 31, 2021
<i>Euro thousands</i>			
Assets		1,317,699	1,193,461
Non-current assets		666,913	642,322
Intangible assets	Note 1	460,610	445,823
Property, plant and equipment	Note 2	176,577	169,653
Biological assets	Note 11	1,998	1,936
Non-current financial assets	Note 3	4,313	4,078
Equity-accounted investments	Note 4	1,891	1,481
Other equity investments	Note 5	26	26
Deferred tax assets	Note 6	21,498	19,325
Current assets		650,785	551,139
Current financial assets	Note 3	1,735	3,536
Current tax assets	Note 7	6,097	8,991
Inventories	Note 8	320,784	271,269
Trade receivables and other assets	Note 9	210,470	121,357
Cash and cash equivalents	Note 10	111,698	145,985
Liabilities and equity		1,317,699	1,193,461
Equity		439,980	398,127
Share capital		46,986	46,986
Negative reserve for treasury shares in portfolio		(1,794)	(488)
Reserves		137,100	109,135
Retained earnings		205,091	178,769
Profit for the period/year		24,928	38,014
Equity attributable to the owners of the parent		412,310	372,416
Equity attributable to non-controlling interests		27,670	25,710
Non-current liabilities		458,688	573,714
Non-current financial liabilities	Note 13	373,335	481,205
Financial instruments	Note 17	1,484	9,858
Employee benefits	Note 14	8,433	9,560
Provision for risks and charges	Note 15	879	1,047
Deferred tax liabilities	Note 16	74,473	71,839
Other liabilities	Note 19	83	206
Current liabilities		419,031	221,620
Current financial liabilities	Note 13	264,113	95,711
Current provision for risks and charges	Note 15	1,334	1,270
Current tax liabilities	Note 18	10,140	9,209
Trade payables and other liabilities	Note 19	143,443	115,430

The notes from pages 50 to 97 are an integral part of these condensed interim consolidated financial statements

Statement of Comprehensive Income

<i>Euro thousands</i>		June 30, 2022	June 30, 2021
Revenue	Note 20	390,572	324,554
Income	Note 21	6,249	3,519
Total revenue		396,821	328,073
Raw materials, consumables, supplies and goods	Note 22	(221,963)	(145,079)
Services and use of third party assets	Note 23	(57,637)	(49,067)
Other costs	Note 24	(4,137)	(2,788)
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	34,688	(533)
Personnel expense	Note 25	(75,935)	(67,279)
Amortisation and depreciation	Note 26	(20,739)	(20,167)
Impairment losses on trade receivables and other assets	Note 27	(1,135)	256
Other impairment losses	Note 28	10	(3)
Total operating costs		(346,847)	(284,661)
Operating profit		49,974	43,412
Financial income	Note 29	8,413	5,027
Financial expense	Note 30	(22,700)	(17,180)
Share of profits of equity-accounted investees	Note 32	366	97
Net financial expense		(13,921)	(12,056)
Pre-tax profit		36,053	31,356
Income taxes		(10,552)	(8,234)
Deferred taxes		1,780	712
Total taxes	Note 33	(8,772)	(7,522)
Profit from continuing operations		27,281	23,834
Profit for the period		27,281	23,834
<i>Attributable to:</i>			
Non-controlling interests		2,354	43
Owners of the parent		24,928	23,791
Other comprehensive income (expense) which may be reclassified subsequently to Profit and Loss		29,189	14,497
Net exchange gains (losses)		16,080	9,584
Hedging reserve		13,109	4,913
Other comprehensive income (expense) which may not be reclassified subsequently to Profit and Loss		1,022	2,271
Net actuarial gains (losses)		1,328	2,824
Taxes		(306)	(553)
Other comprehensive income (expense), net of tax effect		30,211	16,768
Comprehensive income (expense)		57,492	40,602
<i>Attributable to:</i>			
Non-controlling interests		3,005	361
Owners of the parent		54,487	40,240
Earnings per share:			
<i>basic</i>		0.49	0.47
<i>diluted</i>		0.48	0.46

The notes from pages 50 to 97 are an integral part of these condensed interim consolidated financial statements

Statement of changes in Equity

Statement of Changes in Equity														
	Share capital	Negative reserve for treasury shares in portfolio	Legal reserve	Share premium reserve	Actuarial reserve	Other reserves	Translation reserve	Retained earnings	Profit attributable to the owners of the parent	Equity attributable to the owners of the parent	Capital and reserves att. to non-controlling interests	Profit attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
<i>Euro thousands</i>														
December 31, 2020	46,967	-	8,331	154,473	(5,303)	(42,828)	(39,856)	177,616	8,607	308,007	23,753	(485)	23,268	331,275
Profit for the year									38,014	38,014		1,411	1,411	39,425
Other comprehensive income (expense)					5,325	10,112	18,352			33,789	1,447		1,447	35,236
Other changes	18	(488)		173		356		(1,335)		(1,276)	47		47	(1,229)
Profit for the year and gains (losses) recognised directly in equity	18	(488)	-	173	5,325	10,468	18,352	(1,335)	38,014	70,528	1,494	1,411	2,905	73,433
Allocation of the 2020 profit			406			(406)		8,607	(8,607)	(0)	(485)	485	-	(0)
Dividends								(6,119)		(6,119)	(463)		(463)	(6,582)
December 31, 2021	46,986	(488)	8,737	154,646	22	(32,766)	(21,504)	178,769	38,014	372,416	24,299	1,411	25,710	398,126
<i>Euro thousands</i>														
December 31, 2021	46,986	(488)	8,737	154,646	22	(32,766)	(21,504)	178,769	38,014	372,416	24,299	1,411	25,710	398,127
Profit for the period									24,928	24,928		2,354	2,354	27,281
Other comprehensive income (expense)				-	1,000	13,109	15,451			29,560	651		651	30,211
Other changes		(1,306)		(32)	-	(1,563)	-	(16)		(2,917)	-		-	(2,917)
Profit for the period and gains (losses) recognised directly in equity	-	(1,306)	-	(32)	1,000	11,546	15,451	(16)	24,928	51,170	651	2,354	3,005	54,575
Allocation of the 2021 profit			659			(659)		38,014	(38,014)	-	1,411	(1,411)	-	-
Dividends								(11,676)		(11,676)	(1,045)		(1,045)	(12,722)
June 30, 2022	46,986	(1,794)	9,396	154,614	1,022	(21,879)	(6,054)	205,091	24,928	412,310	25,316	2,354	27,670	439,980

Note:

For information on the changes in equity, reference should be made to Note 12.

The notes from pages 50 to 97 are an integral part of these condensed interim consolidated financial statements

Statement of Cash Flows

<i>Euro thousands</i>	June 30, 2022	June 30, 2021
Profit for the period	27,281	23,834
Non-monetary and other adjustments:	43,618	41,182
Amortisation and depreciation of intangible assets and property, plant and equipment	14,961	14,555
Amortisation and depreciation of Right-of-Use assets	5,777	5,613
Net impairment losses on intangible assets and property, plant and equipment	(10)	2
Impairment losses/reversal of impairment losses on trade receivables and write-downs of inventories	2,129	(356)
Accruals for post-employment and other employees benefits	(971)	1,416
Net exchange gains (losses) on foreign currency trade receivables and payables	(929)	376
Net gains on the sale of intangible assets and property, plant and equipment	(33)	(2)
Net financial expense	14,288	12,153
Net gains on equity investments	(366)	(97)
Taxes	8,772	7,522
Addition for:	(1,150)	(942)
Income taxes paid	(6,891)	(2,701)
Net unrealised exchange gains/losses on foreign currency assets and liabilities	5,472	2,108
Net realised exchange gains/losses on foreign currency assets and liabilities	268	(349)
Cash flows from operating activities before changes in net working capital	69,749	64,074
Changes in net working capital:	(95,501)	(58,476)
Change in inventories	(35,682)	633
Change in trade receivables and other assets	(81,424)	(67,954)
Change in trade payables and other liabilities	22,805	9,615
Change in other assets and liabilities	(560)	(121)
Change in post-employment and other employee benefits	(641)	(649)
Net cash flows from (used in) operating activities	(25,752)	5,598
Net increase/decrease in intangible assets	(1,491)	(1,231)
Net increase/decrease in property, plant and equipment	(5,697)	(3,581)
Net increase/decrease in Right-of-Use assets	(7,993)	(5,370)
Net increase/decrease in equity investments measured at cost	(1,185)	-
Net increase/decrease in other financial assets	1,979	(576)
Interest collected	154	109
Net cash flows from (used in) investing activities	(14,234)	(10,649)
Change in equity	(14,028)	(7,027)
Financial expense	(8,678)	(9,636)
Interests paid - Right-of-Use	(2,901)	(2,791)
Net increase/decrease in loans and borrowings and other financial liabilities	29,394	(17,254)
Net increase/decrease in lease liabilities - Right-of-Use	3,158	773
Net cash flows from (used in) financing activities	6,945	(35,936)
Net exchange gains/losses	(1,914)	(668)
Other non-monetary changes	-	-
Net cash flows for the period	(34,955)	(41,654)
Opening cash and cash equivalents net of current account overdrafts	137,226	116,306
Opening cash and cash equivalents net of current account overdrafts (change in consolidation scope)	(536)	-
Closing cash and cash equivalents net of current account overdrafts	101,734	74,650

- 1) Cash and cash equivalents at June 30, 2022 totalled Euro 111,698 thousand; current account overdrafts amounted to Euro 9,964 thousand net of relative interest.
- 2) Cash and cash equivalents at December 31, 2021 totalled Euro 145,985 thousand; current account overdrafts amounted to Euro 8,759 thousand net of relative interest.
- 3) The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects of non-monetary items were eliminated (including the translation of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the caption "Other non-monetary changes".

<i>Euro thousands</i>	June 30, 2022	December 31, 2021
Opening cash and cash equivalents	137,226	116,306
Cash and cash equivalents	145,985	127,105
Current account overdrafts	(8,759)	(10,799)
Closing cash and cash equivalents	101,734	137,226
Cash and cash equivalents	111,698	145,985
Current account overdrafts	(9,964)	(8,759)

The notes from pages 50 to 97 are an integral part of these condensed interim consolidated financial statements

Statement of financial position with indication of related party transactions pursuant to Consob Resolution No. 15519 of July 27, 2006

<i>Euro thousands</i>		June 30, 2022	<i>of which:</i> Related Parties	December 31, 2021	<i>of which:</i> Related Parties
Assets		1,317,699	-	1,193,461	-
Non-current assets		666,913	-	642,322	-
Intangible assets	Note 1	460,610		445,823	
Property, plant and equipment	Note 2	176,577		169,653	
Biological assets	Note 11	1,998		1,936	
Non-current financial assets	Note 3	4,313		4,078	
Equity-accounted investees	Note 4	1,891		1,481	
Other equity investments	Note 5	26		26	
Deferred tax assets	Note 6	21,498		19,325	
Current assets		650,785	-	551,139	-
Current financial assets	Note 3	1,735		3,536	
Current tax assets	Note 7	6,097		8,991	
Inventories	Note 8	320,784		271,269	
Trade receivables and other assets	Note 9	210,470		121,357	
Cash and cash equivalents	Note 10	111,698		145,985	
Liabilities and equity		1,317,699	679	1,193,461	574
Equity		439,980	-	398,127	-
Share capital		46,986		46,986	
Negative reserve for treasury shares in portfolio		(1,794)		(488)	
Reserves		137,100		109,135	
Retained earnings		205,091		178,769	
Profit for the period/year		24,928		38,014	
Equity attributable to the owners of the parent		412,310		372,416	
Equity attributable to non-controlling interests		27,670		25,710	
Non-current liabilities		458,688	-	573,714	-
Non-current financial liabilities	Note 13	373,335		481,205	
Financial instruments	Note 17	1,484		9,858	
Employee benefits	Note 14	8,433		9,560	
Provisions for risks and charges	Note 15	879		1,047	
Deferred tax liabilities	Note 16	74,473		71,839	
Other liabilities	Note 19	83		206	
Current liabilities		419,031	679	221,620	574
Current financial liabilities	Note 13	264,113		95,711	
Current provisions for risks and charges	Note 15	1,334		1,270	
Current tax liabilities	Note 18	10,140		9,209	
Trade payables and other liabilities	Note 19	143,443	679	115,430	574

The notes from pages 50 to 97 are an integral part of these condensed interim consolidated financial statements

Statement of Comprehensive Income with indication of related party transactions pursuant to Consob Resolution No. 15519 of July 27, 2006

		June 30, 2022	of which: Related Parties	of which: Non-recurring expenses	June 30, 2021	of which: Related Parties	of which: Non-recurring expenses
<i>Euro thousands</i>							
Revenue	Note 20	390,572			324,554		(189)
Income	Note 21	6,249		262	3,519		-
Total revenue		396,821			328,073		(189)
Raw materials, consumables, supplies and goods	Note 22	(221,963)	(789)	(260)	(145,079)	(1,353)	(624)
Services and use of third party assets	Note 23	(57,637)	(209)	(359)	(49,067)	(177)	(1,268)
Other costs	Note 24	(4,137)			(2,788)		42
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	34,688			(533)		
Personnel expense	Note 25	(75,935)		(116)	(67,279)		(560)
Amortisation and depreciation	Note 26	(20,739)			(20,167)		
Impairment losses on trade receivables and other assets	Note 27	(1,135)			256		
Other impairment losses	Note 28	10			(3)		
Total operating costs		(346,847)	(998)	(473)	(284,661)	(1,530)	(2,410)
Operating profit		49,974	(998)	(473)	43,412	(1,530)	(2,599)
Financial income	Note 29	8,413			5,027		19
Financial expense	Note 30	(22,700)			(17,180)		
Share of profits of equity-accounted investees	Note 32	366			97		
Net financial expense		(13,921)			(12,056)		19
Pre-tax profit		36,053	(998)	(473)	31,356	(1,530)	(2,580)
Income taxes		(10,552)		115	(8,234)		410
Deferred taxes		1,780			712		
Total taxes	Note 32	(8,772)		115	(7,522)		410
Profit from continuing operations		27,281	(998)	(358)	23,834	(1,530)	(2,170)
Profit (loss) from discontinued operations		-			-		
Profit for the period		27,281	(998)	(358)	23,834	(1,530)	(2,170)
<i>Attributable to:</i>							
Non-controlling interests		2,354		(18)	43		(45)
Owners of the parent		24,928		(340)	23,791		(2,125)
Other comprehensive income (expense) which may be reclassified subsequently to profit or loss		29,189			14,497		
Net exchange gains (losses)		16,080			9,584		
Hedging reserve		13,109			4,913		
Other comprehensive income (expense) which may not be reclassified subsequently to profit or loss		1,022			2,271		
Net actuarial gains (losses)		1,328			2,824		
Taxes		(306)			(553)		
Other comprehensive income (expense), net of tax effect		30,211			16,768		
Comprehensive income (expense)		57,492			40,602		
<i>Attributable to:</i>							
Non-controlling interests		3,005			361		
Owners of the parent		54,487			40,240		
Earnings per share:							
<i>basic</i>		0.49			0.47		
<i>diluted</i>		0.48			0.46		

The notes from pages 50 to 97 are an integral part of these condensed interim consolidated financial statements

Notes to the condensed interim consolidated financial statements

Introduction

The F.I.L.A. Group operates in the creativity tools market, producing and marketing colouring, design, modelling, writing and painting objects, such as pencils, crayons, modelling clay, chalk, oil colours, acrylics, watercolours, paints and paper for the fine arts, school and leisure.

The Parent F.I.L.A. S.p.A., Fabbrica Italiana Lapis ed Affini (hereafter “the Parent”) is a company limited by shares with registered office in Pero (Italy), Via XXV Aprile, 5. The ordinary shares of the Parent were admitted for trading on the EXM - Euronext Milan (former MTA) STAR segment, organised and managed by Borsa Italiana S.p.A. on November 12, 2015.

The condensed interim consolidated financial statements of the F.I.L.A. Group have been prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union. They include the financial statements of F.I.L.A. S.p.A. and its subsidiaries. For the subsidiaries the financial statements are reported upon in specific financial reporting packages, for the purposes of the Group condensed interim consolidated financial statements, in order to comply with IFRS.

The Condensed Interim Consolidated Financial Statements of the F.I.L.A. Group as at and for the six months ended June 30, 2022 were prepared in accordance with IAS 34 Interim Financial Reporting, as established also by Article 154-ter of the Consolidated Finance Act (Legislative Decree No. 58/1998) and should be read together with the Consolidated Financial Statements of the F.I.L.A. Group at December 31, 2021 (the “latest financial statements”). Although not presenting all the information required for complete financial statement disclosure, specific notes are included outlining the events and transactions central to understanding the changes to the F.I.L.A. Group’s financial position and performance since the latest financial statements.

These condensed interim consolidated financial statements are presented in Euro, as the functional currency in which the Group operates and comprise the Statement of Financial Position, in which assets and liabilities are classified as current and non-current, the Statement of Comprehensive Income, the Statement of Cash Flows, prepared using the indirect method, the Statement of Changes in Equity, the Notes thereto and are accompanied by the Directors’ Report. All amounts reported in the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and in the Notes are expressed in thousands of Euro, except where otherwise stated and approximate to the nearest whole unit.

It should be noted that due to the rounding of figures used in the tables shown below, the values of the horizontal and/or vertical sums of the captions that make up the tables may not correspond with respect to the subtotals and totals of the tables.

With reference to Consob Resolution No. 15519 of July 27, 2006 in relation to the format of the Financial Statements, significant related party transactions and the income components from non-recurring items or transactions are indicated separately.

F.I.L.A. S.p.A., the parent, is in turn directly controlled by Pencil S.r.l., with registered office in Milan, and indirectly by WOOD S.r.l., which prepares the consolidated financial statements for the larger group of companies comprising the F.I.L.A. Group. These consolidated financial statements are available at the Milan Companies Registration Office.

These condensed interim consolidated financial statements were authorised for publication by the Parent's Board of Directors on August 4, 2022.

Basis of preparation and accounting standards

Except for that stated below, these Condensed Interim Consolidated Financial Statements were prepared using the same accounting policies used for the preparation of the latest annual financial statements.

The changes to the accounting standards will also impact the Group's consolidated financial statements as at and for the year ending December 31, 2022.

These condensed interim consolidated financial statements are prepared under the historical cost convention, modified where applicable for the measurement of certain financial instruments or for the application of the acquisition method under IFRS 3, and on a going concern assumption basis.

Accounting standards, amendments and interpretations applicable after January 1, 2022

Amendment to IAS 37 - Onerous Contracts: Cost of Fulfilling a Contract

With the amendments to IAS 37, the IASB has clarified that the costs necessary for the performance of a contract include all the costs directly related to the contract and therefore include both incremental costs (i.e. costs that would not have been incurred in the absence of the contract) and a share of the other costs which, although not incremental, are directly related to the contract. The IASB, moreover, confirmed that, before recognising a provision for onerous contracts, the entity must recognize any impairment losses on non-current assets and clarified that impairment losses must be determined with reference not only to assets fully dedicated to the contract, but also to other assets that are partially used to fulfil the contract. The amendments to IAS 37 are effective for financial statements for annual periods beginning on or after January 1, 2022, but earlier application is permitted.

Amendment to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

With the amendments to IAS 16, the IASB clarified that proceeds from the sale of goods produced through the use of an asset during the period before the date on which the asset is in the location and condition necessary for it to operate in the manner intended by management should be recognised in profit/(loss) for the period. As a result of the above amendment, it will no longer be permissible to recognise as a direct reduction to the cost of the asset the proceeds from the sale of goods produced before the asset is available for use (“testing phase”). Goods produced pending sale are recognised in accordance with IAS 2 Inventories; the cost of production does not include the depreciation of the asset with which they were produced, as the latter is not yet subject to depreciation. The entity must disclose in the notes the amount of proceeds and costs related to produced goods, which are not outputs of ordinary activities, and the line items in the financial statements in which these proceeds and costs are included (if they are not presented separately in the financial statements). The amendments to IAS 16 are effective for financial statements for annual periods beginning on or after January 1, 2022, but earlier application is permitted.

Annual Improvements to IFRSs 2018–2020

The amendment contains changes, primarily of a technical and editorial nature, to the accounting standards designed to resolve non-urgent issues related to inconsistencies or unclear terminology identified in the International Financial Reporting Standards. The amendments become effective for financial statements for annual periods beginning on or after January 1, 2022, and early application is permitted for amendments to IFRS 1 and IFRS 9, while amendments to IAS 41 must be applied prospectively. It should be noted that the amendment to IFRS 16 has not been endorsed by the European Union as the amendment refers to an illustrative example that is not an integral part of the Standard.

The principal changes relate to:

- *IFRS 1 First-time Adoption of IFRSs - Subsidiary as a First-time Adopter* - A subsidiary that applies IFRS for the first time after its parent may apply paragraph D16(a) of IFRS 1 and measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements that have been determined on the basis of the parent's date of transition to IFRSs. The above exemption can also be applied by associates and joint ventures that apply IFRSs for the first time after their investor.
- *IFRS 9 Financial Instruments - Fees in the "10 per cent test" for derecognition of financial liabilities* - The amendment to IFRS 9 clarifies that the fees to be considered in the above 10 per cent test are only the fees paid or received to or by the borrower and the lender and the fees paid or received by the borrower or the lender on the other party's behalf.

- *Illustrative Examples of IFRS 16 Leases - Lease Incentives* - The accounting treatment in the lessee's financial statements of a sum received from the lessor for leasehold improvement costs was removed from Illustrative Example 13 accompanying IFRS 16 as the conclusion of the example was not supported by an adequate explanation.
- *IAS 41 Agriculture - Taxation in Fair Value Measurements* - The IASB clarifies that tax-related cash flows need not be excluded in the fair value measurement of biological assets.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The objective was to (i) complete the update of the references to the Conceptual Framework for Financial Reporting included in the accounting standard; (ii) provide clarifications on the conditions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (levies) assumed as part of a business combination; (iii) clarify the fact that contingent assets may not be recognised as part of a business combination.

In order to identify the assets and liabilities of the acquiree, reference should be made to the new definitions of assets and liabilities in the new Conceptual Framework published in March 2018, with the exception of liabilities assumed in the acquiree that, after the acquisition date, are accounted for in accordance with IAS 37 or IFRIC 21. The purpose of this exception is to prevent an acquirer from recognising a liability or contingent liability based on the new Conceptual Framework definition and then derecognising it by applying the recognition criteria in IAS 37 and IFRIC 21.

The amendments to IFRS 3 must be applied prospectively from the financial statements of annual periods beginning on or after January 1, 2022. Early application is allowed provided that all other changes to references to the new Conceptual Framework published in March 2018 are applied.

With reference to the standards and interpretations applicable from the annual period beginning January 1, 2022, there is no material impact on the measurement of the Group's assets, liabilities, costs and revenue.

Accounting standards, amendments and interpretations endorsed by the EU, not yet mandatory and not adopted in advance by the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB published IFRS 17 Insurance Contracts which replaces IFRS 4, issued in 2014. The objective of the standard is to improve investors' understanding of the exposure to risk, earnings and the financial position of insurers, requiring that all insurance contracts be recorded on a uniform basis, overcoming the problems created within IFRS 4.

We highlight the following developments:

- valuation of technical provisions at, essentially, current values
- transformation of the estimate of expected profit of insurance contracts into an amount with accounting value (new concept of expected profit of insurance contracts, which must be recognised in the profit/(loss) for the period over the life of the contract)
- new presentation in the statement of profit/(loss) for the period which significantly differs from the past and more aligned with a "by margin" approach.

The standard is applicable from January 1, 2023. Early application is however permitted where IFRS 9 is also applied.

Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies

The main changes to IAS 1 include: (i) requiring companies to apply the concept of "materiality" also to disclosure of accounting policies included in the financial statements; (ii) clarifying that accounting standards that relate to transactions, events or conditions that are not material are themselves not material and, as such, need not be included in the financial statements; (iii) clarifying that not all accounting standards that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

With the amendments to IAS 1, the IASB also amended IFRS Practice Statement 2 - Making Materiality Judgements, which is not the subject of EU endorsement and is intended to clarify how to apply the concept of materiality to accounting policy disclosures

The amendment will be effective on January 1, 2023, although early application is permitted.

Amendment to IAS 8 - Definition of Accounting Estimates

The purpose of the amendment is to clarify the distinction between changes in accounting policies (effects generally recognised retrospectively) and changes in accounting estimates (effects recognized prospectively). The amendment introduces a new definition of "Accounting Estimate," clarifying that these are monetary amounts recognised in the financial statements that have measurement uncertainties.

The amendment will be effective on January 1, 2023 and early application is permitted. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies that occur at or after the beginning of the first annual reporting period in which the company applies the amendments.

With reference to the standards and interpretations which are not yet mandatory, their adoption is not expected to have a material impact on the measurement of the Group's assets, liabilities, costs and revenue.

Accounting standards, amendments and interpretations not yet endorsed by the EU and applicable after January 1, 2022

Amendment to IAS 1 - Presentation of Financial Statements – Classification of liabilities as current or non-current

The IASB has clarified how to classify payables and other liabilities among current and non-current liabilities. These amendments will be applied retrospectively from January 1, 2023. Early application is permitted.

The IASB is currently working on a project to modify the requirements of the document published in 2020 and to defer its entry into force to January 1, 2024. The Exposure Draft was released on November 19, 2021.

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The purpose of the amendments is to clarify the accounting treatment of deferred taxes related to assets and liabilities recognised in the financial statements as a result of a single transaction, the carrying amounts of which differ from their tax bases, in order to improve comparability and provide financial statement users with more relevant information on the tax impacts of leases and decommissioning obligations.

The exemption to the initial recognition of deferred taxes does not apply when an asset and a liability for which equal temporary differences are identifiable are recognised in the financial statements from a single transaction. Deferred taxes must be recognised to the financial statements by considering the asset and liability separately, and may not be based on the net amount. Deferred tax assets are recognised in the financial statements only if they are deemed recoverable.

The amendment will be effective on January 1, 2023 and early application is permitted.

Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9- Comparative Information

The amendment is intended to help entities avoid temporary accounting mismatches between financial assets and liabilities arising from insurance contracts as a result of the application of the new accounting standard IFRS 17 and thus improve the usefulness of comparative information for users of financial statements.

With the amendments to IFRS 17, the IASB has included among the transitional provisions of IFRS 17 a new option ('classification overlay') that allows insurance entities to present comparative information on financial assets held for the conduct of insurance business in a manner more consistent with IFRS 9 Financial Instruments. The effective date is January 1, 2023, and early application is allowed if IFRS 9 is also applied.

Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The document was published in September 2014 in order to resolve the current conflict between IAS 28 and IFRS 10 relating to the measurement of the gain or loss from the sale or transfer of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter. The effective date of the IASB document and the related approval process have been suspended until the IASB project on the equity method has been completed.

Amendment to IFRS 14 - Regulatory Deferral Accounts

The approval process suspended pending the new accounting standard on "rate-regulated activities".

Share-based payment arrangement

2022-2024 Performance Shares Plan

In accordance with IFRS 2 - Share-based payments, the key data regarding the "2022-2024 Performance Shares Plan" approved by the shareholders of F.I.L.A. S.p.A. in their meeting of April 27, 2022 in replacement of the 2019-2021 Performance Shares Plan closed and based on the free allocation of shares of the parent F.I.L.A. S.p.A to managers and senior executives of the F.I.L.A. Group, is presented below.

The Plan is for the Executive Directors, Senior Executives and Key Management, as identified individually by the Board of Directors of F.I.L.A. S.p.A..

The "2022-2024 Performance Shares Plan" represents a medium/long-term incentive system based on the free assignment of Company shares and subject to the achievement of specific performance objectives, in addition to continued employment with the Group. In particular, the free assignment of

shares is linked (i) partly to the achievement of the performance objectives calculated for all beneficiaries of the “2022-2024 Performance Shares Plan” with reference to the scope of the F.I.L.A. Group, and (ii) partly to the achievement of certain individual or organisational strategic objectives defined specifically for each beneficiary of the “2022-2024 Performance Shares Plan” by reason of the role and position held.

It is a rolling share-based incentive plan, with three successive allocation cycles, each with its own three-year Vesting Period (January 1, 2022 - December 31, 2024 for the first cycle; January 1, 2023 - December 31, 2025 for the second cycle; and January 1, 2024 - December 31, 2026 for the third cycle). The total maximum number of shares to be allocated to beneficiaries of the “2022-2024 Performance Shares Plan” was established at 183,000. These shares shall derive from the treasury shares from purchases made pursuant to Articles 2357 and 2357-ter of the Italian Civil Code. Against a total maximum 183,000 ordinary shares of F.I.L.A. S.p.A. to be allocated to beneficiaries where achieving the maximum performance objectives set out under the Plan, the Board of Directors, on conclusion of the three-year vesting period (i.e. December 31, 2024) shall establish the effective number of shares to be allocated to the beneficiaries of the Plan, which shall be made available to each, according to the terms and methods established by the Plan and, in particular, not beyond 60 calendar days from approval of the financial statements at December 31, 2024.

For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. Where the entity cannot estimate reliably the fair value of the goods or services received, it shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments allocated.

The F.I.L.A. Group calculated the fair value of the benefit received against options on shares allocated referring to the fair value of the options granted, calculated on the grant date and using the binomial options pricing model.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used:

Expected share price at the allocation date: Euro 9.14

Risk free interest rate (based on iBoxx Euro Sovereign): 0.50%;

Expected volatility (expressed as average weighted volatility): 34.6%;

Duration of the option: 3 years;

Expected dividends: 1.10% per year.

The expected volatility is estimated according to the historical average price volatility of the shares over the three years since the allocation date.

Fair value measurement

For measuring the fair value of an asset or a liability, the Group refers as far as possible to observable market data. The fair values are broken down into hierarchical levels based on the input data utilised for measurement, as outlined below.

- ▶ Level 1: unadjusted assets or liabilities subject to valuation on an active market;
- ▶ Level 2: inputs other than prices listed at the previous point, which are directly (prices) or indirectly (derived from the prices) observable on the market;
- ▶ Level 3: inputs which are not based on observable market data.

Where the input data utilised to calculate the fair value of an asset or a liability may be classified to differing fair value hierarchy levels, the entire measurement is included in the lowest hierarchy level of the input which is significant for the entire measurement.

The Group records the transfers between the various fair value hierarchy levels at the end of the period in which the transfer took place.

IAS 29 - Hyperinflationary Economies

The IFRS should be applied to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy. According to International Monetary Fund (IMF) World Economic Outlook (WEO) inflation data released on April 30, 2022, Turkey and Argentina are among the countries with hyperinflationary economies. For this reason, the Parent adopts IAS 29 for its Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. and its Argentine subsidiary FILA Argentina S.A.

Exchange rates adopted for translation

The assets and liabilities of foreign operations, including goodwill and Fair Value adjustments deriving from their acquisition, are translated into Euro utilising the exchange rate at the reporting date. The revenue and costs of foreign operations are translated into Euro using the average exchange rate for the period. The exchange differences are recorded under other comprehensive income and included in the translation reserve, except for exchange differences attributable to non-controlling interests.

The exchange rates adopted for the translation of local currencies into Euro are as follows:

EXCHANGE RATES		
	Average Exchange Rates June 30, 2022	Closing Exchange Rates June 30, 2022
Argentinean Peso	122.454	129.898
Australian Dollar	1.521	1.510
Brazilian Real	5.558	5.423
Canadian Dollar	1.391	1.343
Swiss Franc	1.032	0.996
Chilean Peso	902.770	962.060
Renminbi Yuan	7.083	6.962
Dominican Peso	61.017	56.960
Euro	1.000	1.000
Pound	0.842	0.858
Indonesian Rupiah	15,803.670	15,552.000
Shekel	3.576	3.639
Indian Rupee	83.325	82.113
Mexican Peso	22.175	20.964
Polish Zloty	4.633	4.690
Russian Ruble	85.588	57.371
Swedish Krona	10.475	10.730
Singapore Dollar	1.493	1.448
Turkish Lira	16.233	17.322
US Dollar	1.094	1.039
South Africa Rand	16.850	17.014

Segment reporting

In terms of segment reporting, the F.I.L.A. Group has adopted IFRS 8.

IFRS 8 requires an entity to base segment reporting on internal reporting, which is regularly reviewed by the entity's chief operating decision maker to allocate resources to the various segments and assess performance.

Geographical segments are the primary basis of analysis and of decision-making by the F.I.L.A. Group's management, therefore fully in line with the internal reporting prepared for these purposes.

In particular, the Group's business is divided into five business segments, each of which is composed of various geographical segments, i.e. (i) Europe, (ii) North America (USA and Canada), (iii) Central and South America, (iv) Asia and (v) the Rest of the World, which includes South Africa and Australia. Each of the five business segments designs, markets, purchases, manufactures and sells products under known consumer brands in demand amongst end users and used in schools, homes and workplaces. Product designs are adapted to end users' preferences in each geographical segment.

The group's products are similar in terms of quality and production, target market, margins, sales network and customers, even with reference to the different brands which the group markets. Accordingly, there is no diversification by segments in consideration of the substantial uniformity of the risks and benefits relating to the products produced by the F.I.L.A. Group.

The accounting policies applied to segment reporting are in line with those used for the preparation of the consolidated financial statements.

Business Segment Reporting of the F.I.L.A. Group aggregates companies by geographical segment on the basis of the "entity location".

For disclosure on the association between the geographical segments and F.I.L.A. group companies, reference should be made to the attachments to this report in the "List of companies included in the consolidation scope and other equity investments" section.

The segment reporting required in accordance with IFRS 8 is presented below.

Business Segments – Statement of financial position

The Group's key statement of financial position figures by geographical segment, at June 30, 2022 and December 31, 2021, are reported below:

June 30, 2022	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	138,791	240,260	1,127	20,142	-	60,290	460,610
Property, plant & equipment	64,622	50,923	21,481	38,977	574	-	176,577
Biological Assets	-	-	-	1,998	-	-	1,998
Total non-current assets	203,413	291,183	22,608	61,117	574	60,290	639,185
<i>of which Infragroup</i>	<i>(76)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
Inventories	109,341	144,005	39,074	35,086	2,104	(8,826)	320,784
Trade receivables and Other assets	120,934	73,508	52,558	18,858	940	(56,328)	210,470
Trade payables and Other liabilities	(90,199)	(62,943)	(19,806)	(23,127)	(3,040)	55,672	(143,443)
Other Current Assets and Liabilities	(2,618)	(787)	286	(904)	(19)	-	(4,042)
Net Working Capital	137,458	153,783	72,112	29,913	(15)	(9,482)	383,769
<i>of which Infragroup</i>	<i>(14,960)</i>	<i>6,460</i>	<i>(956)</i>	<i>(2,804)</i>	<i>2,778</i>	<i>-</i>	
Net Financial Debt	(229,416)	(232,658)	(51,327)	(8,173)	(3,374)	199	(524,749)
<i>of which Infragroup</i>	<i>(7,106)</i>	<i>(5,487)</i>	<i>8,993</i>	<i>128</i>	<i>3,671</i>	<i>-</i>	
December 31, 2021							
<i>Euro thousands</i>							
Intangible Assets	139,998	223,177	994	20,444	-	61,210	445,823
Property, plant & equipment	63,669	47,032	20,699	37,974	279	-	169,653
Biological Assets	-	-	-	1,936	-	-	1,936
Total non-current assets	203,667	270,209	21,693	60,354	279	61,210	617,412
<i>of which Infragroup</i>	<i>(76)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
Inventories	100,215	110,488	32,856	30,177	1,889	(4,356)	271,269
Trade Receivables and other assets	74,632	37,885	35,333	15,566	1,241	(43,300)	121,357
Trade payables and other liabilities	(77,457)	(40,093)	(15,536)	(22,269)	(2,922)	42,847	(115,430)
Other Current Assets and Liabilities	(1,704)	1,458	118	(89)	(1)	-	(218)
Net Working Capital	95,685	109,738	52,771	23,386	207	(4,808)	276,979
<i>of which Infragroup</i>	<i>(10,678)</i>	<i>1,848</i>	<i>3,604</i>	<i>(2,175)</i>	<i>2,592</i>	<i>-</i>	
Net Financial Debt	(183,813)	(207,080)	(37,911)	(5,385)	(3,213)	149	(437,253)
<i>of which Infragroup</i>	<i>(1,330)</i>	<i>(5,127)</i>	<i>2,633</i>	<i>266</i>	<i>3,708</i>	<i>-</i>	

Business Segments – Statement of comprehensive income

The Group's key statement of comprehensive income figures broken down by geographical segment for the six months ended June 30, 2022 and June 30, 2021, are reported below:

June 30, 2022	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	176,874	179,687	56,864	69,871	1,754	(94,478)	390,572
<i>of which Infragroup</i>	<i>(53,182)</i>	<i>(7,656)</i>	<i>(19,893)</i>	<i>(13,747)</i>			
Gross operating profit (loss)	28,309	31,116	7,705	8,610	63	(3,965)	71,838
Operating profit (loss)	19,549	23,893	6,072	4,695	(54)	(4,181)	49,974
Net financial income (expense)	12,642	(5,047)	(2,318)	(212)	41	(19,027)	(13,921)
<i>of which Infragroup</i>	<i>(19,517)</i>	<i>(60)</i>	<i>461</i>	<i>33</i>	<i>56</i>		
Profit (loss) for the period	27,832	14,698	3,491	3,421	(32)	(22,129)	27,281
Profit (loss) attributable to Non-controlling interests	366	334	-	1,654	-	-	2,354
Profit (loss) attributable to the owners of the Pare	27,467	14,364	3,491	1,768	(33)	(22,129)	24,928

June 30, 2021	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	169,646	157,829	34,023	38,896	1,872	(77,712)	324,554
<i>of which Infragroup</i>	<i>(47,446)</i>	<i>(5,113)</i>	<i>(8,453)</i>	<i>(16,695)</i>	<i>(5)</i>		
Gross operating profit (loss)	28,289	28,596	2,857	2,929	17	638	63,326
Operating profit (loss)	19,618	22,555	1,155	(628)	(95)	807	43,412
Net financial income (expense)	2,330	(5,244)	(2,651)	(587)	(56)	(5,848)	(12,056)
<i>of which Infragroup</i>	<i>(6,252)</i>	<i>(58)</i>	<i>390</i>	<i>33</i>	<i>39</i>		
Profit (loss) for the period	18,247	13,151	(1,256)	(892)	(165)	(5,251)	23,834
Profit (loss) attributable to Non-controlling interests	546	214	-	(717)	-	-	43
Profit (loss) attributable to the owners of the Pare	17,701	12,937	(1,256)	(175)	(165)	(5,251)	23,791

Business Segments – Other Information

The “Other information”, i.e. the Group companies’ investments in property, plant and equipment and intangible assets broken down by geographical segment for the six months ended June 30, 2022 and June 30, 2021, are reported below:

June 30, 2022	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	1,467	24	-	-	-	1,491
Property, plant and equipment	2,398	707	510	2,056	59	5,729
Right-of-use assets	3,728	2,998	(64)	1,068	263	7,993
Net investments	7,593	3,729	446	3,124	322	15,214

June 30, 2021	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	1,230	-	-	1	-	1,231
Property, plant and equipment	1,062	534	394	1,583	9	3,583
Right-of-use assets	3,798	-	28	1,567	(24)	5,370
Net investments	6,090	534	422	3,151	(15)	10,184

Note 1 - Intangible Assets

Intangible Assets at June 30, 2022 amount to Euro 460,610 thousand (Euro 445,823 thousand at December 31, 2021) and comprise for Euro 174,736 thousand intangible assets with indefinite useful lives – goodwill (“Note 1.B - Goodwill”) and for Euro 285,874 thousand intangible assets with finite useful lives (“Note 1.D – Intangible Assets with finite useful lives”).

The changes of the period were as follows:

Note 1.A - INTANGIBLE ASSETS						
	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>						
Historical cost at December 31, 2020	162,903	200	149,607	184,768	2,208	499,686
Increases	5,498	-	6,869	13,894	1,308	27,569
Increases (Investments)	-	-	61	525	1,905	2,491
Transfers from assets under development	-	-	15	582	(597)	-
Net exchange gains	5,498	-	6,793	12,787	-	25,078
Decreases	-	-	-	(903)	-	(903)
Decreases (Disinvestments)	-	-	-	(743)	-	(743)
Reclassifications	-	-	-	(160)	-	(160)
Historical cost at December 31, 2021	168,401	200	156,477	197,759	3,516	526,353
Increases	6,335	-	5,263	14,042	(1,112)	24,528
Increases (Investments)	-	-	37	718	736	1,491
Transfers from assets under development	-	-	-	1,848	(1,848)	-
Revaluations	-	-	-	4	-	4
Change in consolidation scope	(116)	-	1,748	-	-	1,634
Net exchange gains	6,451	-	3,478	11,470	-	21,397
Other increases	-	-	-	2	-	2
Historical cost at June 30, 2022	174,736	200	161,740	211,801	2,404	550,881
<i>Euro thousands</i>						
	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
Accumulated amortisation at December 31, 2020	-	(177)	(33,179)	(30,340)	-	(63,696)
Increases	-	(7)	(6,491)	(11,115)	-	(17,612)
Amortisation	-	(7)	(5,071)	(9,331)	-	(14,409)
Net exchange losses	-	-	(1,420)	(1,784)	-	(3,203)
Decreases	-	-	-	778	-	778
Decreases (Disinvestments)	-	-	-	743	-	743
Reclassifications	-	-	-	35	-	35
Accumulated amortisation at December 31, 2021	-	(183)	(39,670)	(40,677)	-	(80,530)
Increases	-	(3)	(3,644)	(6,094)	-	(9,741)
Amortisation	-	(3)	(2,560)	(4,478)	-	(7,041)
Net exchange losses	-	-	(1,084)	(1,615)	-	(2,699)
Other increases	-	-	-	(1)	-	(1)
Accumulated amortisation at June 30, 2022	-	(186)	(43,314)	(46,770)	-	(90,270)
Carrying amount at December 31, 2020	162,903	23	116,428	154,428	2,208	435,990
Carrying amount at December 31, 2021	168,401	16	116,807	157,083	3,516	445,823
Carrying amount at June 30, 2022	174,736	13	118,426	165,031	2,404	460,610
Change	6,335	(3)	1,619	7,948	(1,112)	14,787

Intangible Assets with Indefinite Useful Lives

Intangible Assets with Indefinite Useful Lives are comprised entirely of goodwill for a total amount of Euro 174,736 thousand (Euro 168,401 thousand at December 31, 2021). The movement compared to December 31, 2021 was mainly due to exchange gains of Euro 6,451 thousand, relating to the strengthening against the Euro of the US Dollar for Euro 6,261 thousand, of the main currencies of the Central-South America area for Euro 184 thousand, of the Indian Rupee for Euro 3 thousand and of UK Sterling for Euro 2 thousand.

The movement is also due to the acquisition of the UK company Creative Art Products Limited which resulted in the recognition of Goodwill of a negative Euro 116 thousand generated by the transaction. Goodwill is not amortised but subject only to an impairment test at least annually and whenever facts or circumstances arise which may indicate the risk of an impairment loss.

In accordance with the provisions of IAS 36, goodwill is allocated to the various cash generating units (CGU's).

The cash generating units relate to the operating segments, on a geographical basis, in line with the minimum level at which goodwill is monitored for internal management purposes. The breakdown of the Group assets by CGU and the identification criteria has not changed compared to December 31, 2021.

The CGU's to which goodwill is allocated are as follows:

NOTE 1.B GOODWILL BY CASH GENERATING UNIT

	June 30, 2022	December 31, 2021	Change	Net Exchange Gains	Change in consolidation scope
<i>Euro thousands</i>					
North America (2)	104,810	98,549	6,261	6,261	-
DOMS Industries Pvt Ltd (India)	33,272	33,269	3	3	-
Canson Group (4)	17,015	17,015	-	-	-
Daler - Rowney Lukas Group (5)	5,808	5,922	(114)	2	(116)
Fila Arches	5,473	5,473	-	-	-
Fila Hellas (Greece)	1,932	1,932	-	-	-
Dixon Group - Central / South America (1)	2,108	1,924	184	184	-
Industria Maineri S.p.A. (Italy)	1,695	1,695	-	-	-
St. Cuthberts Holding (UK) (6)	1,323	1,323	-	-	-
Lyra Group (3)	1,217	1,217	-	-	-
FILA SA (South Africa)	83	83	-	-	-
Total	174,736	168,401	6,335	6,451	(116)

(1) - Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico); F.I.L.A. Chile Ltda (Chile); FILA Argentina S.A. (Argentina).

(2) - Dixon Ticonderoga Company (U.S.A.); Dixon Canadian Holding (Canada); Bridesore srl (Dominican Republic) as CGU North America; Dixon Ticonderoga ART ULC; Princeton Hong Kong (U.S.A).

(3) - Johann Froeschels Lyra Bleistift-Fabrik GmbH & Co. KG (Germany); FILA Nordic AB (Sweden); PT. Lyra Akrelux (Indonesia); Daler Rowney GmbH (Germany); Lukas-Nerchau GmbH (Germany); Nerchauer Malfarben GmbH (Germany).

(4) - Canson SAS (France); Lodi 12 SAS (France); Canson Brasil I.P.E. LTDA (Brazil); Canson Australia PTY LTD (Australia); Canson Qingdao Ltd.(China); Fila Iberia S.L. (Spain); Fila Yixing (China) Canson Italy (Italy).

(5) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (UK); Creative Art Products Limited (UK); Bridesore s.r.l. (Dominican Republic) in CGU Daler.

(6) - St. Cuthberts Holding (UK); St. Cuthberts Mill (UK).

The allocation of goodwill was made considering individual CGU's or Groups of CGU's based on potential synergies and similar operating strategies on the various markets.

The impairment tests carried out for the purpose of the consolidated financial statements at December 31, 2021 did not reveal any impairment of the goodwill recognised in the financial statements. At June 30, 2022, an analysis was developed to highlight the presence of any indicators of impairment. The analysis carried out at June 30, 2022 considered the impact of the trends in the actual data for the present period compared to the forecast data used in the impairment tests at December 31, 2021, and the trend in interest rates to assess their impact in estimating the discount rate (WACC) to be applied to the expected cash flows. The analysis also took into account the sensitivities developed at December 31, 2021 in order to better appreciate the impacts these changes could generate in determining the recoverable amount of the cash generating units identified above. No indicators of impairment emerged as a result of this analysis.

Therefore, in the absence of indicators of impairment, no specific impairment tests were carried out on this item when preparing the condensed interim consolidated financial statements.

Intangible Assets with Finite Useful Lives

The changes at June 30, 2022 of "Intangible Assets with Finite Useful Lives" are reported below:

Note 1.D - INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>					
Historical cost at December 31, 2020	200	149,607	184,768	2,208	336,783
Increases	-	6,869	13,894	1,308	22,071
Increases (Investments)	-	61	525	1,905	2,491
Transfers from assets under development	-	15	582	(597)	-
Net exchange gains	-	6,793	12,787	-	19,580
Decreases	-	-	(903)	-	(903)
Decreases (Disinvestments)	-	-	(743)	-	(743)
Reclassifications	-	-	(160)	-	(160)
Historical cost at December 31, 2021	200	156,477	197,759	3,516	357,952
Increases	-	5,263	14,041	(1,112)	18,193
Increases (Investments)	-	37	718	736	1,491
Transfers from assets under development	-	-	1,848	(1,848)	-
Revaluations	-	-	4	-	4
Change in consolidation scope	-	1,748	-	-	1,748
Net exchange gains	-	3,478	11,470	-	14,948
Other increases	-	-	2	-	2
Historical cost at June 30, 2022	200	161,740	211,801	2,404	376,146

	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>					
Accumulated amortisation at December 31, 2020	(177)	(33,179)	(30,340)	-	(63,696)
Increases	(7)	(6,491)	(11,115)	-	(17,612)
Amortisation	(7)	(5,071)	(9,331)	-	(14,409)
Net exchange losses	-	(1,420)	(1,784)	-	(3,203)
Decreases	-	-	778	-	778
Decreases (Disinvestments)	-	-	743	-	743
Reclassifications	-	-	35	-	35
Accumulated amortisation at December 31, 2021	(183)	(39,670)	(40,677)	-	(80,350)
Increases	(3)	(3,644)	(6,094)	-	(9,741)
Amortisation	(3)	(2,560)	(4,478)	-	(7,041)
Net exchange losses	-	(1,084)	(1,615)	-	(2,699)
Other increases	-	-	(1)	-	(1)
Accumulated amortisation at June 30, 2022	(186)	(43,314)	(46,770)	-	(90,270)
Carrying amount at December 31, 2020	23	116,428	154,428	2,208	273,087
Carrying amount at December 31, 2021	16	116,807	157,083	3,516	277,422
Carrying amount at June 30, 2022	13	118,426	165,031	2,404	285,874
Change	(3)	1,619	7,948	(1,112)	8,452

“Industrial Patents and Intellectual Property Rights” amount to Euro 13 thousand at June 30, 2022 (Euro 16 thousand at December 31, 2021).

The average residual useful life of the “Industrial Patents and Intellectual Property Rights”, recognised at June 30, 2022, is 5 years.

“Concessions, Licenses, Trademarks and Similar Rights” amount to Euro 118,426 thousand at June 30, 2022 (Euro 116,807 thousand at December 31, 2021).

The carrying amount increased on December 31, 2021 by Euro 1,619 thousand, mainly due to net exchange gains for Euro 2,394 thousand, in addition to the change in the consolidation scope relating to Creative Art Products Limited of Euro 1,748 thousand and increases in investments for Euro 37 thousand, partially offset by amortisation of the period of Euro 2,560 thousand. In addition, a significant amount of the amortisation relates to the “Business combinations” undertaken in 2018 and concerning the brands held by the Pacon Group (Euro 31,903 thousand) and with regard to that undertaken in 2016 and relating to the brands held by the English Group Daler Rowney (Euro 40,223 thousand) and by the Canson Group (Euro 32,400 thousand).

The other historic trademarks subject to amortisation refer principally to “Lapimex” held by Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and the “Lyra” brands held by Lyra KG (Germany) and “DOMS” held by DOMS Industries Pvt Ltd (India).

The average useful life of the “Concessions, Licenses, Trademarks and Similar Rights”, recognised at June 30, 2022, is 30 years. Trademarks are amortised on the basis of their useful lives and tested for impairment to below their recoverable amount when there are signs that they may have become impaired.

“Other Intangible Assets” amount to Euro 165,031 thousand at June 30, 2022 (Euro 157,083 thousand at December 31, 2021). The change on the previous year end of Euro 7,948 thousand is mainly due to (i) exchange gains of Euro 9,855 thousand, (ii) the entry into service of assets under development for Euro 1,848 thousand and net investments of Euro 718 thousand, which mainly involved the implementation and roll-out of ERP to certain Group companies, (iii) decreases due to amortisation of Euro 4,478 thousand referring in particular to the “Development Technology” recognised by the companies of the Daler-Rowney Lukas Group (Euro 30,532 thousand), the Canson Group (Euro 1,500 thousand) and St. Cuthberts Holding (Euro 2,462 thousand), identified as strategic assets through the “Purchase Price Allocation” within the business combinations undertaken in 2016 and the amount of the “Customer Relationship” determined by the “Purchase Price Allocation” as part of the business combination resulting in the acquisition of the Pacon Group.

The average useful life of “Other Intangible Assets”, recognised at June 30, 2022, is 30 years.

“Assets under development” totalled Euro 2,404 thousand (Euro 3,516 thousand at December 31, 2021), entirely concerning F.I.L.A. S.p.A. and relating to investments for the installation of the new ERP (Enterprise Resource Planning) system not activated during the period.

With regards to intangible assets with finite useful lives, no impairment indicators were identified during the period.

Note 2 - Property, Plant and Equipment

“Property, Plant and Equipment” at June 30, 2022 amount to Euro 176,577 thousand (Euro 169,653 thousand at December 31, 2021), comprising Euro 95,463 thousand of Property, Plant and Equipment (“Note 2.A - Property, Plant and Equipment”) and Euro 81,114 thousand of Right-of-Use assets (“Note 2.B - Right-of-Use assets”).

The changes of the period are shown below:

Note 2.A - PROPERTY, PLANT AND EQUIPMENT							
	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Historical cost at December 31, 2020	12,913	65,103	135,819	21,014	9,349	1,099	245,297
Increases	498	2,111	11,703	1,116	1,460	1,548	18,436
Increases (Investments)	-	703	4,592	1,014	977	2,372	9,658
Transfers from assets under construction	-	21	694	158	-	(873)	-
Reclassifications	-	-	823	(664)	4	-	164
Net exchange gains	498	1,387	5,536	608	439	49	8,517
Other increases	-	-	58	-	40	-	98
Decreases	-	-	(442)	(142)	(37)	-	(621)
Decreases (Disinvestments)	-	-	(423)	(139)	(37)	-	(599)
Impairment losses	-	-	(19)	(3)	-	-	(22)
Historical cost at December 31, 2021	13,411	67,215	147,081	21,988	10,772	2,646	263,113
Increases	24	1,313	9,365	738	1,353	758	13,551
Increases (Investments)	-	186	2,690	184	591	2,183	5,833
Transfers from assets under construction	-	71	1,378	30	45	(1,524)	-
Reclassifications	-	-	-	-	79	-	79
Revaluations	-	-	-	-	7	-	7
<i>Change in consolidation scope</i>	-	-	1,478	-	-	-	1,478
Net exchange gains	24	1,056	3,607	524	482	99	5,791
Other increases	-	-	213	-	150	-	363
Decreases	-	(39)	(1,749)	(72)	(49)	(12)	(1,921)
Decreases (Disinvestments)	-	(39)	(1,749)	(72)	(47)	(12)	(1,919)
Impairment losses	-	-	-	-	(2)	-	(2)
Historical cost at June 30, 2022	13,435	68,489	154,696	22,654	12,081	3,392	274,747

<i>Euro thousands</i>	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Accumulated depreciation at December 31, 2020	-	(36,389)	(89,076)	(15,675)	(7,535)	-	(148,675)
Increases	-	(3,079)	(13,946)	(1,838)	(1,135)	-	(19,998)
Depreciation	-	(2,615)	(10,263)	(1,624)	(715)	-	(15,217)
Reclassifications	-	-	(125)	90	(4)	-	(40)
Net exchange losses	-	(464)	(3,490)	(304)	(378)	-	(4,635)
Other increases	-	-	(68)	-	(38)	-	(106)
Decreases	-	-	347	127	28	-	502
Decreases (Disinvestments)	-	-	347	127	28	-	502
Accumulated depreciation at December 31, 2021	-	(39,467)	(102,674)	(17,387)	(8,644)	-	(168,172)
Increases	-	(1,750)	(9,170)	(1,060)	(948)	-	(12,927)
Depreciation	-	(1,324)	(5,351)	(804)	(442)	-	(7,921)
Impairment losses	-	-	-	-	1	-	1
<i>Change in consolidation scope</i>	-	-	(1,241)	-	-	-	(1,241)
Net exchange losses	-	(426)	(2,343)	(256)	(379)	-	(3,403)
Other increases	-	-	(236)	-	(127)	-	(363)
Decreases	-	39	1,688	70	18	-	1,815
Decreases (Disinvestments)	-	39	1,688	70	18	-	1,815
Accumulated depreciation at June 30, 2022	-	(41,178)	(110,156)	(18,376)	(9,575)	-	(179,285)
Carrying amount at December 31, 2020	12,913	28,715	46,743	5,339	1,813	1,099	96,622
Carrying amount at December 31, 2021	13,411	27,748	44,406	4,601	2,128	2,646	94,941
Carrying amount at June 30, 2022	13,435	27,311	44,540	4,278	2,507	3,392	95,463
Change	24	(437)	134	(323)	379	746	522

“Land” at June 30, 2022 amounts to Euro 13,435 thousand (Euro 13,411 thousand at December 31, 2021) and includes the land relating to the buildings and production facilities owned by the Parent F.I.L.A. S.p.A. (Rufina Scopeti – Italy), by the subsidiary Lyra KG (Germany), by DOMS Industries Pvt Ltd (India), Daler Rowney Ltd (United Kingdom) and by Canson SAS (France). The increase in the period of Euro 24 thousand is due entirely to net exchange gains.

“Buildings” at June 30, 2022 amount to Euro 27,311 thousand (Euro 27,748 thousand at December 31, 2021) and principally concern the buildings of the Group production facilities. The decrease on December 31, 2021 was Euro 437 thousand. Net investments totalled Euro 186 thousand and mainly concerned the UK subsidiary Daler Rowney Ltd (Euro 60 thousand), the Indian subsidiary DOMS Industries PVT Ltd (Euro 43 thousand), the French subsidiary Canson SAS (Euro 35 thousand) and relate to the expansion plan for the storage and production sites, while capitalisations of assets totalled Euro 71 thousand.

Depreciation of Euro 1,324 thousand particularly concerns Canson SAS (France), F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A) and DOMS Industries Pvt Ltd (India), while exchange gains contributed Euro 630 thousand.

“Plant and Machinery” amount to Euro 44,540 thousand (Euro 44,406 thousand at December 31, 2021). Compared to the previous year end, this account increased Euro 134 thousand. The main changes in this category concern net investments of Euro 2,628 thousand, mainly by DOMS Industries Pvt Ltd

(India) for Euro 1,645 thousand, F.I.L.A. S.p.A. for Euro 246 thousand and by Daler Rowney Ltd (United Kingdom) for Euro 198 thousand. In addition, assets under construction were capitalised for Euro 1,378 thousand, with the increase due to the acquisition of the UK company Creative Art Products Limited of Euro 1,478 thousand, in addition to net exchange gains of Euro 1,265 thousand. These increases were offset by depreciation of Euro 5,351 thousand.

“Industrial and Commercial Equipment” amount to Euro 4,278 thousand at June 30, 2022 (Euro 4,601 thousand at December 31, 2021). The decrease of Euro 323 thousand is mainly due to depreciation in the period of Euro 804 thousand, partially offset by net investments of Euro 183 thousand, mainly by F.I.L.A. S.p.A. for Euro 59 thousand and Fila Nordic (Sweden) for Euro 30 thousand. In addition, assets under construction of Euro 30 thousand and net exchange gains of Euro 268 thousand were reclassified.

“Other Assets” amount to Euro 2,507 thousand at June 30, 2022 (Euro 2,128 thousand at December 31, 2021) and include furniture and office equipment, EDP and motor vehicles. The increase was Euro 379 thousand and is mainly due to net investments of Euro 562 thousand, mainly by FILA Stationary O.O.O. (Russia) for Euro 252 thousand, in addition to exchange gains of Euro 103 thousand. These increases were offset by depreciation of Euro 442 thousand.

“Assets under construction” include internal constructions undertaken by the individual companies of the Group which are not yet up and running. The carrying amount at June 30, 2022 was Euro 3,392 thousand, increasing on the previous period end by Euro 746 thousand, due to net investments in the period of Euro 2,171 thousand, mainly by Canson SAS (France) for Euro 833 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 638 thousand, offset by the decrease due to the transfer of assets of Euro 1,524 thousand, mainly by the French subsidiary Canson SAS (Euro 777 thousand), by the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Euro 376 thousand) and by the French subsidiary Fila Arches (Euro 238 thousand).

There is no property, plant and equipment subject to restrictions.

Right-of-Use assets

The changes of the period are shown below:

Nota 2.A RIGHT-OF-USE ASSETS							
	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Historical cost at December 31, 2020	-	89,118	348	456	3,573	-	93,495
Increases	-	10,651	423	1,266	1,012	-	13,353
Increases (Investments)	-	4,364	407	1,247	982	-	7,000
Net exchange gains	-	6,287	16	19	30	-	6,353
Decreases	-	(2,275)	(73)	(193)	(430)	-	(2,971)
Decreases (Disinvestments)	-	(2,275)	(73)	(193)	(430)	-	(2,971)
Historical cost at December 31, 2021	-	97,494	698	1,530	4,155	-	103,877
Increases	-	15,649	129	(20)	396	-	16,154
Increases (Investments)	-	9,595	125	-	354	-	10,074
Net exchange gains (losses)	-	6,054	4	(20)	42	-	6,080
Decreases	-	(2,252)	(58)	(818)	(280)	-	(3,408)
Decreases (Disinvestments)	-	(2,252)	(58)	(818)	(280)	-	(3,408)
Historical cost at June 30, 2022	-	110,891	769	692	4,271	-	116,623
Accumulated depreciation at December 31, 2020	-	(16,761)	(136)	(183)	(1,548)	-	(18,628)
Increases	-	(11,273)	(186)	(342)	(933)	-	(12,733)
Depreciation	-	(9,737)	(181)	(325)	(920)	-	(11,163)
Net exchange losses	-	(1,536)	(5)	(17)	(13)	-	(1,570)
Decreases	-	1,500	73	193	430	-	2,196
Decreases (Disinvestments)	-	1,500	73	193	430	-	2,196
Accumulated depreciation at December 31, 2021	-	(26,535)	(248)	(333)	(2,049)	-	(29,165)
Increases	-	(6,965)	(88)	(76)	(542)	-	(7,671)
Depreciation	-	(5,106)	(83)	(79)	(509)	-	(5,777)
Net exchange losses	-	(1,859)	(5)	3	(33)	-	(1,894)
Decreases	-	981	58	9	280	-	1,328
Decreases (Disinvestments)	-	981	58	9	280	-	1,328
Accumulated depreciation at June 30, 2022	-	(32,518)	(277)	(400)	(2,313)	-	(35,508)
Carrying amount at December 31, 2020	-	72,357	212	273	2,025	-	74,867
Carrying amount at December 31, 2021	-	70,960	450	1,197	2,105	-	74,712
Carrying amount at June 30, 2022	-	78,373	492	292	1,958	-	81,114
Change	-	7,413	42	(905)	(147)	-	6,402

The Group adopted IFRS 16 Leases from January 1, 2019 and recognised in the statement of financial position the right-of-use assets and the lease liabilities, with the exception of short-term contracts (less than 12 months) or low value leases (less than Euro 5 thousand), for which the Group applied the recognition and measurement exemptions under IFRS 16.

“Buildings” at June 30, 2022 amounted to Euro 78,373 thousand (Euro 70,960 thousand at December 31, 2021), increasing Euro 7,413 thousand on the previous year end. The increase is mainly due to net investments of Euro 8,324 thousand, by the subsidiary Daler Rowney Ltd (United Kingdom) of Euro 3,255 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 2,998 thousand, in addition to net exchange gains of Euro 4,195 thousand, partially offset by depreciation of Euro 5,106

thousand.

“Plant and Machinery” amounted to Euro 492 thousand at June 30, 2022 (Euro 450 thousand at December 31, 2021). The increase of Euro 42 thousand is mainly due to net investments of Euro 125 thousand, mainly by the UK subsidiary Creative Art Products Limited (Euro 96 thousand) and by the subsidiary Fila Nordic (Sweden) for Euro 29 thousand, partially offset by depreciation in the period of Euro 83 thousand.

“Industrial and Commercial Equipment” amount to Euro 292 thousand at June 30, 2022 (Euro 1,197 thousand at December 31, 2021). The decrease of Euro 905 thousand is mainly due to net investments of Euro 809 thousand, principally concerning the subsidiary Daler Rowney Ltd (United Kingdom) for a negative Euro 853 thousand, offset by depreciation in the period of Euro 79 thousand.

“Other Assets” referred mainly to vehicles at June 30, 2022 and amounted to Euro 1,958 thousand (Euro 2,105 thousand at December 31, 2021). Compared to the previous year end, this caption decreased by Euro 147 thousand, comprising net investments of Euro 354 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 134 thousand and by Fila Benelux (Belgium) for Euro 53 thousand, and net exchange gains of Euro 9 thousand, offset by depreciation in the period of Euro 509 thousand.

Note 11 - Biological Assets

"Biological Assets" amounted to Euro 1,998 thousand at June 30, 2022 (Euro 1,936 thousand at December 31, 2021) and exclusively include the fair value of the tree plantation of the Chinese company Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. in accordance with "IAS 41 - Biological Assets".

Note 3 – Financial Assets

“Financial Assets” amount to Euro 6,048 thousand at June 30, 2022 (Euro 7,614 thousand at December 31, 2021):

Note 3.A - FINANCIAL ASSETS						
	Financial Instruments measured through Profit or Loss: Interest	Financial Instruments measured through Profit or Loss: Other	Loans and Financial assets	Other financial assets	Total	
<i>Euro thousands</i>						
December 31, 2021	1	3,058	79	4,476	7,614	
non-current portion	-	-	-	4,078	4,078	
current portion	1	3,058	79	398	3,536	
June 30, 2022	1	1,436	-	4,611	6,048	
non-current portion	-	-	-	4,313	4,313	
current portion	1	1,436	-	298	1,735	
Change	-	(1,622)	(79)	(135)	(1,566)	
non-current portion	-	-	-	235	235	
current portion	-	(1,622)	(79)	(100)	(1,801)	

Financial Instruments measured through profit or loss

This item amounts to Euro 1,436 thousand and relates to banking products of a financial nature held by the Chinese subsidiary Fila Dixon Stationery Kunshan.

Other Financial Assets

“Other financial assets” totalled Euro 4,611 thousand (Euro 4,476 thousand at December 31, 2021), decreasing Euro 135 thousand. They principally concern derivatives of the company Dixon Ticonderoga Company (U.S.A.) for Euro 703 thousand and the company Canson SAS for Euro 47 thousand, and the deposits paid for guarantee purposes on goods and service supply contracts of the various Group companies, including in particular DOMS Industries Pvt Ltd (India) for Euro 1,417 thousand, Dixon Ticonderoga Company (U.S.A.) for Euro 496 thousand and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 341 thousand. The amount of Euro 1,041 thousand recorded by Daler Rowney Ltd (United Kingdom), concerns assets underlying employee indemnity plans.

“Loans and financial assets” and “Other financial assets” are stated at amortised cost in accordance with IFRS 9.

Note 4 – Equity-accounted investments

Note 4.A EQUITY-ACCOUNTED INVESTMENTS	
<i>Euro thousands</i>	Inv. in associates
December 31, 2020	1,102
Increases	379
Increases (Investments)	2
Changes in equity investments	294
Net exchange gains	83
December 31, 2021	1,481
Changes in equity investments	366
Net exchange gains	44
June 30, 2022	1,891
Change	410

“Equity-accounted investees” amount to Euro 1,891 thousand (Euro 1,481 thousand at December 31, 2021).

The increase of the period relates to the four investments in associates held by DOMS Industries Pvt Ltd (India). At June 30, 2022, the carrying amount of the investments was adjusted in line with the share of Equity held in the associates. Net exchange gains were recognised of Euro 44 thousand.

Note 5 - Other equity investments

“Other equity investments”, amounting to Euro 26 thousand, relate to the Parent’s investment of Euro 23 thousand in Maimeri S.r.l., corresponding to 1% of its quota capital, and in the consortiums Conai, Energia Elettrica Zona Mugello and Energia Elettrica Milano at June 30, 2022.

Note 6 – Deferred Tax Assets

“Deferred Tax Assets” amount to Euro 21,498 thousand at June 30, 2022 (Euro 19,325 thousand at December 31, 2021).

The changes in “Deferred Tax Assets” are illustrated in the table below with indication of the opening balance, changes during the period and the closing balance at June 30, 2022.

Note 6.A - CHANGES IN DEFERRED TAX ASSETS

Euro thousands

December 31, 2020	20,281
Increase	4,226
Utilisation	(4,428)
Reclassifications	(420)
Net exchange gains	728
Decrease recognised in equity	(1,062)
December 31, 2021	19,325
Increase	3,881
Utilisation	(2,508)
<i>Change in consolidation scope</i>	154
Net exchange gains	1,030
Decrease recognised in equity	(384)
June 30, 2022	21,498
Change	2,173

Increases in the period mainly concern the elimination of inventory margins for Euro 2,236 thousand, in addition to an accrual for the tax effects of right-of-use assets of Euro 212 thousand.

Deferred tax assets accounted for through an equity reserve relate to the change in the actuarial reserve.

Deferred tax assets recognised at the reporting date concerned the amounts of probable realisation on the basis of management estimates of future taxable income.

Note 7 - Current tax assets

At June 30, 2022, tax assets relating to corporation tax amounted overall to Euro 6,097 thousand (Euro 8,991 thousand at December 31, 2021) and refer principally to the subsidiaries Dixon Ticonderoga Co. (U.S.A.) for Euro 3,042 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 683 thousand, Canson SAS (France) for Euro 606 thousand, DOMS Industries Pvt Ltd (India) for Euro 594 thousand, and the parent F.I.L.A. S.p.A. for Euro 567 thousand.

Note 8 - Inventories

Inventories at June 30, 2022 amount to Euro 320,784 thousand (Euro 271,269 thousand at December 31, 2021):

Note 8.A - INVENTORIES				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2021	64,314	27,845	179,110	271,269
June 30, 2022	80,175	32,412	208,197	320,784
Change	15,861	4,567	29,087	49,515

The increase of Euro 49,515 thousand particularly concerns the increase in inventories of Euro 35,682 thousand, mainly at the subsidiary Dixon Ticonderoga Company (U.S.A) for Euro 21,442 thousand, the subsidiary Canson SAS (France) for Euro 4,432 thousand, the subsidiary DOMS Industries Pvt Ltd (India) for Euro 2,448 thousand and the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 2,401 thousand, partially offset by the decrease in inventories at the parent F.I.L.A. S.p.A. for Euro 1,705 thousand. In addition, the increase in the caption is due also to net exchange gains of Euro 14,427 thousand.

Inventories are presented net of the allowance for inventory write-downs for raw materials (Euro 1,932 thousand), work-in-progress (Euro 638 thousand) and finished goods (Euro 3,975 thousand). The accruals refer to obsolete or slow-moving materials for which it is not considered possible to recover their value through sale.

Note 8.B - CHANGE IN THE ALLOWANCE FOR INVENTORY WRITE-DOWN				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2020	1,368	401	4,383	6,152
Accruals	326	333	68	727
Utilisation	(148)	(157)	(854)	(1,159)
Release	(29)	0	(239)	(268)
Net exchange gains (losses)	7	3	(34)	(23)
December 31, 2021	1,524	580	3,324	5,428
Accruals	386	59	679	1,124
Utilisation	(55)	(2)	(74)	(130)
Change in consolidation scope	55	0	45	100
Net exchange gains (losses)	22	1	1	24
June 30, 2022	1,932	638	3,975	6,565
Change	408	58	651	1,117

Note 9 – Trade receivables and other assets

Trade receivables and other assets amount to Euro 210,470 thousand at June 30, 2022 (Euro 121,357 thousand at December 31, 2021):

Note 9.A - TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	June 30, 2022	December 31, 2021	Change
Trade receivables	195,312	107,574	87,738
Tax assets	3,433	3,811	(378)
Other	8,108	5,121	2,987
Prepayments and accrued income	3,617	4,851	(1,234)
Total	210,470	121,357	89,113

Trade receivables increased on December 31, 2021 by Euro 87,738 thousand, which net of the exchange gains of Euro 7,132 thousand, is mainly due to Dixon Ticonderoga Company (U.S.A.) for Euro 30,517 thousand, F.I.L.A. S.p.A. for Euro 16,786 thousand and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 14,006 thousand.

The changes in the loss allowance are illustrated in the table below:

Note 9.C - CHANGES IN THE LOSS ALLOWANCE	
<i>Euro thousands</i>	
December 31, 2020	5,637
Accruals	502
Utilisation	(844)
Release	(143)
Net exchange gains	175
December 31, 2021	5,327
Accruals	1,280
Utilisation	(67)
Release	(141)
Net exchange gains	263
Other changes	478
June 30, 2022	7,140
Change	1,813

The Group measures the loss allowance at an amount reflecting the lifetime expected credit losses of the asset. In order to establish whether the credit risk concerning a financial asset has increased significantly after initial recognition in order to assess expected credit losses, the Group considers reasonable and demonstrable information which is pertinent and available without excessive cost or

burden. Quantitative and qualitative information and analysis, based on historical Group experience, to assess the asset - in addition to information indicative of expected developments - is included. The allowance was utilised for Euro 67 thousand, mainly regarding the parent F.I.L.A. S.p.A..

At June 30, 2022, "Tax Assets" totalled Euro 3,433 thousand (Euro 3,811 thousand at December 31, 2021) and include VAT assets (Euro 1,602 thousand) and other tax assets for local taxes other than direct income taxes (Euro 1,830 thousand). The decrease on the previous year end mainly relates to Daler Rowney GmbH (Germany) for Euro 469 thousand, F.I.L.A. S.p.A. for Euro 360 thousand and Canson SAS (France) for Euro 334 thousand.

"Other" amounts to Euro 8,108 thousand at June 30, 2022 (Euro 5,121 thousand at December 31, 2021) and mainly concerns advances paid to suppliers (Euro 4,914 thousand), principally concerning the Indian and American subsidiaries, amounts due from employees (Euro 303 thousand), and from social security institutions (Euro 15 thousand). The carrying amount of "Other" represents the fair value at the reporting date.

All of the above assets are due within 12 months.

Note 10 - Cash and cash equivalents

"Cash and Cash Equivalents" at June 30, 2022 amount to Euro 111,698 thousand (Euro 145,985 thousand at December 31, 2021):

Note 10 - CASH AND CASH EQUIVALENTS			
<i>Euro thousands</i>	Bank and postal deposits	Cash in hand and other cash equivalents	Total
December 31, 2021	145,881	104	145,985
June 30, 2022	111,561	137	111,698
Change	(34,320)	33	(34,287)

"Bank and postal deposits" consist of temporary liquid funds generated within the treasury management and relate to ordinary current accounts of F.I.L.A. S.p.A. for Euro 30,236 thousand and current accounts of the subsidiaries for Euro 81,325 thousand, in particular: Dixon Ticonderoga Company (U.S.A.) (Euro 42,215 thousand), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) (Euro 3,873 thousand), Dixon Ticonderoga Art ULC (Euro 3,653 thousand), DOMS Industries Pvt Ltd (India) (Euro 3,413 thousand) and Daler Rowney Ltd (United Kingdom) (Euro 3,078 thousand).

“Cash in hand and other cash equivalents” amount to Euro 137 thousand, of which Euro 6 thousand relates to the Parent F.I.L.A. S.p.A and Euro 131 thousand to the various subsidiaries.

Bank and postal deposits are remunerated at rates indexed to inter-bank rates such as Libor and Euribor. There are no bank and postal deposits subject to restrictions.

Reference should be made to the “Statement of Financial Position” section for comments relating to the Net Financial Debt of the F.I.L.A. Group.

Net Financial Debt

The F.I.L.A. Group “Net Financial Debt” at June 30, 2022 was Euro 524,749 thousand, up Euro 87,496 thousand on December 31, 2021. This increase is due also to financial liabilities from the new loans drawn down by the Group companies:

	June 30, 2022	December 31, 2021	Change
<i>Euro thousands</i>			
A Cash	137	104	33
B Cash equivalents	111,561	145,880	(34,319)
C Other current financial assets	1,735	3,536	(1,801)
D Liquidity (A + B + C)	113,433	149,520	(36,087)
E Current bank loans and borrowings	(175,444)	(45,196)	(130,248)
F Current portion of non-current bank loans and borrowings	(88,669)	(50,515)	(38,154)
G Current financial debt (E + F)	(264,113)	(95,711)	(168,402)
H Net current financial debt (G - D)	(150,680)	53,810	(204,490)
I Non-current bank loans and borrowings	(374,069)	(491,062)	116,993
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(374,069)	(491,062)	116,993
M Net financial debt (H + L)	(524,749)	(437,253)	(87,496)
N Long term loans issued	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(524,749)	(437,253)	(87,496)

Reference should be made to the “Statement of Financial Position” section for comments relating to the Net Financial Debt of the F.I.L.A. Group.

Note 12 - Share Capital and Equity

Share capital

The subscribed share capital at June 30, 2022 of the Parent F.I.L.A. S.p.A., fully paid-in, comprises 51,058,297 shares, as follows:

- 42,976,441 ordinary shares, without nominal value;
- 8,081,856 class B shares, without nominal value, which attribute 3 votes exercisable at the shareholders' meeting (ordinary and extraordinary) of F.I.L.A. S.p.A..

The breakdown of the share capital of F.I.L.A. S.p.A. is illustrated below:

Share capital composition - June 30, 2022	No. of shares	% of share capital	Euro	Listing
Ordinary shares	42,976,441	84.17%	39,548,544	EXM - Euronext STAR
Class B shares (multiple votes)	8,081,856	15.83%	7,437,229	Unquoted Shares

According to the available information, published by Consob and updated at June 30, 2022, the main shareholders of the Parent were:

Shareholders	Ordinary shares	%
Pencil S.r.l.	11,628,214	27.06%
Market investors*	31,348,227	72.94%
Total	42,976,441	

Shareholders	Ordinary shares	Class B shares	Total	Voting rights
Pencil S.r.l.	11,628,214	8,081,856	19,710,070	53.37%
Market investors*	31,348,227		31,348,227	46.63%
Total	42,976,441	8,081,856	51,058,297	

*includes 186,891 treasury shares

Each ordinary share attributes voting rights without limitations.

Each class B share attributes three votes, in accordance with Article 127-*sexies* of Legislative Decree No. 58/1998.

Negative reserve for Treasury Shares in portfolio

In the period between March 24, 2022 and April 6, 2022, the Parent F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 240,000 ordinary shares of F.I.L.A. S.p.A. (representing 0.4701% of the Share Capital) for a total value of Euro 2,324 thousand.

These transactions were carried out as part of the share buyback program, approved by the Parent's Board of Directors on March 23, 2022, and as per the authorisation of the Shareholders at their Meeting of April 27, 2021.

Prior to the launch of the Program, the company held 51,500 ordinary treasury shares, representing 0.1009% of the share capital.

In addition, during the period the reserve altered due to the free allocation of shares of the parent F.I.L.A. S.p.A. to each beneficiary of the “2019-2021 Performance Shares” Plan on the basis of the achievement of the performance objectives on conclusion of the three-year vesting period. On closure of the “2019-2021 Performance Shares” Plan, 104,609 treasury shares have been allocated for Euro 1,017 thousand. On June 30, 2022, the Group held 186,891 treasury shares, for a total value of Euro 1,794 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

Legal reserve

At June 30, 2022, this caption amounted to Euro 9,396 thousand. The increase of Euro 659 thousand as per the Shareholders' resolution of April 27, 2022, is reported, which allocated a portion of the profit for the year to the legal reserve in accordance with Article 2430 of the Italian Civil Code.

Share premium reserve

The reserve at June 30, 2022 amounts to Euro 154,614 thousand (Euro 154,646 thousand at December 31, 2021). The decrease of Euro 32 thousand is due to the price difference between the purchase value and the allocation value of the shares allocated free of charge to the beneficiaries of the “2019-2021 Performance Shares” Plan.

Actuarial Reserve

Following the application of IAS 19, the actuarial reserve is positive for Euro 1,022 thousand, increasing by Euro 1,000 thousand limited to the portion attributable to the owners of the parent.

Other Reserves

At June 30, 2022, “Other reserves” are negative for Euro 21,879 thousand, increasing Euro 10,887 thousand on December 31, 2021. The changes concern the following events:

- ▶ The fair value reserve for hedging financial instruments (IRS) entered into by F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Canson SAS (France); at June 30, 2022, the reserve was positive for Euro 3,251 thousand, recording an increase of Euro 13,109 thousand compared to December 31, 2021 (negative for Euro 9,858 thousand), due to the adjustment of the financial instruments, offset by a decrease due to exchange losses of Euro 698 thousand. This change in the value of financial instruments relates for Euro 9,124 thousand to the fair value adjustment of the derivative of the subsidiary Dixon Ticonderoga Company (U.S.A.), for Euro 3,870 thousand to the fair value adjustment of the derivative of F.I.L.A. S.p.A. and for Euro 115 thousand to the fair value adjustment of the derivative of Canson SAS (France). For further information, reference should be made to Note 17 – Financial Instruments and to Note 3 - Non-Current Financial Assets;
- ▶ “Share Based Premium” reserve totalling Euro 50 thousand and decreasing Euro 2,053 thousand due to the release of Euro 2,103 thousand in relation to the medium/long-term incentive plan concluded and an increase of Euro 50 thousand against the new medium/long-term incentive plan in favour of F.I.L.A. Group management from April 27, 2022. The accounting treatment applied is in line with the accounting standards which establish that for equity-settled share-based payments, the fair value at the vesting date of the share options granted to employees is recorded under personnel expense, with a corresponding increase in equity under “Other reserves and retained earnings”, over the period in which the employees will obtain the unconditional right to the incentives. The amount recorded as cost is adjusted to reflect the effective number of incentives (options) for which the conditions have vested and the achievement of “non-market” conditions, in order that the final cost recorded is based on the number of incentives which will vest. Similarly, in the initial estimate of the fair value of the options assigned, consideration is taken of the non-vesting conditions. The changes to market value subsequent to the grant date will not produce any financial statement effect.

Translation reserve

The reserve refers to the exchange differences relating to the translation of the financial statements of subsidiaries prepared in local currencies and converted into Euro as the consolidation currency.

The changes in the “Translation Reserve” in H1 2022 are illustrated below (limited to the portion attributable to the owners of the parent):

TRANSLATION RESERVE	
<i>Euro thousands</i>	
December 31, 2021	(21,504)
Changes	
Difference between the average rate for the period and the closing rate	14,428
Difference between the historical rate and the closing rate	1,023
June 30, 2022	(6,054)
Change	15,451

Retained earnings

The reserve totalled Euro 205,091 thousand and increased on the previous year-end by Euro 26,322 thousand, relating to the allocation of the 2021 profit of Euro 38,014 thousand and to the distribution of the dividend approved by the Shareholders of the Parent F.I.L.A. S.p.A. on April 27, 2022.

We highlight in addition the restriction on the distribution of a portion of retained earnings related to the revaluation of the investment held in the company DOMS Industries Pvt Ltd (India) (Euro 15,052 thousand), in accordance with Article 6, paragraph 1, letter a) of Legislative Decree No. 38 of February 28, 2015, following the purchase of the controlling interest.

Retained earnings also include the change resulting from the application of IAS 8 by FILA Argentina S.A. (Argentina) for a negative Euro 18 thousand, in addition to Euro 2 thousand with regard to FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) pertaining to the first application of "IAS 29 - Financial Reporting in Hyperinflationary Economies" for the Turkish company.

Equity attributable to Non-Controlling Interests

Equity attributable to non-controlling interests decreased by Euro 1,960 thousand, principally due to:

- Profit for the period attributable to non-controlling interests of Euro 2,354 thousand;
- Distribution of dividends to non-controlling interests of Euro 1,045 thousand;
- Exchange losses of Euro 629 thousand;
- Actuarial reserve attributable to non-controlling interests of Euro 22 thousand;

With reference to the "Statement of Changes in Equity", the caption "Reserves" includes the "Legal reserve", the "Share premium reserve", the "Actuarial reserve", "Other reserves" and the "Translation Difference".

The following table presents the equity restated at January 1, 2022 based on the application of IAS 8, recorded at the Argentinian subsidiary FILA Argentina S.A. for a negative Euro 18 thousand and at the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. for Euro 2 thousand, due to the first-time application of "IAS 29 – Financial Reporting in Hyperinflationary Economies":

<i>Euro thousands</i>	Share capital	Reserves	Retained earnings	Profit for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total Equity
Balance at January 1, 2022	46,986	108,647	178,769	38,014	372,416	25,710	398,127
Correction effect			(16)		(16)		(16)
Restated Balance at January 1, 2022:	46,986	108,647	178,753	38,014	372,400	25,710	398,110

Basic and diluted earnings per share

The basic earnings per share is calculated by dividing the profit or loss of the Group by the weighted average number of ordinary shares outstanding during the period, excluding any treasury shares in portfolio.

The diluted earnings/(loss) per share is calculated by dividing the profit or loss of the Group by the weighted average number of ordinary shares outstanding during the period and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

The basic and diluted earnings per share are reported in the Statement of Comprehensive Income, to which reference should be made.

	June 30, 2022	December 31, 2021
Average weighted number of ordinary shares (basic)		
Average ordinary shares of the period/year	51,126,128	51,053,797
Treasury shares effect in portfolio	(186,891)	(51,500)
Average weighted number of ordinary shares (basic)	50,939,237	51,002,297
Earnings/(Loss) of the period/year per share (basic)	0.49	0.75
Earnings/(Loss) adjusted of the period/year per share (basic)	0.51	0.83
Average weighted number of ordinary shares (diluted)		
Average ordinary shares of the period/year	51,126,128	51,053,797
Treasury shares effect in portfolio	(186,891)	(51,500)
Potential shares	873,000	1,073,763
Average weighted number of ordinary shares (diluted)	51,812,237	52,076,060
Earnings/(Loss) of the period/year per share (diluted)	0.48	0.73
Earnings/(Loss) adjusted of the period/year per share (diluted)	0.51	0.82

Reconciliation between the Equity of the Parent and Consolidated Equity

The table below illustrates the reconciliation between the equity of the Parent F.I.L.A. S.p.A. and the consolidated equity and the reconciliation between the profit for the period of the Parent F.I.L.A. S.p.A. and the profit for the period shown in the consolidated financial statements:

Reconciliation at June 30, 2022 between the Parent's Equity and F.I.L.A. Group Equity

Euro thousands

F.I.L.A. S.p.A. equity	299,681
Elimination of infragroup profits and other consolidation entries	(6,592)
Consolidation effect FILA Art and Craft (Israel)	795
Consolidation effect Dixon Ticonderoga Group	102,562
Consolidation effect Lyra Group	4,009
Consolidation effect FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	(2,379)
Consolidation effect FILA Stationary O.O.O. (Russia)	(670)
Consolidation effect FILA Hellas (Greece)	1,186
Consolidation effect Industria Maimeri S.p.A. (Italy)	(1,525)
Consolidation effect FILA S.A. (South Africa)	(1,858)
Consolidation effect Fila Polska Sp. Z.o.o (Poland)	1,147
Consolidation effect DOMS Industries Pvt Ltd (India)	23,131
Consolidation effect Daler-Rowney Lukas Group	(10,669)
Consolidation effect St. Cuthberts Holding (England)	1,145
Consolidation effect FILA Iberia S.L. (Spain)	6,600
Consolidation effect Canson Group	13,605
Consolidation effect FILA Art Product AG (Switzerland)	560
Consolidation effect Pacon Group	8,116
Consolidation effect Fila Arches	1,134
Total equity	439,980
Consolidation effects attributable to non-controlling interests	27,670
F.I.L.A. group equity	412,310

Reconciliation at June 30, 2022 between the Parent's Profit and F.I.L.A. Group Profit

Euro thousands

F.I.L.A. S.p.A.'s profit for the period	19,456
Profit for the period of the subsidiaries of the Parent	29,954
Elimination of the effects of transactions between consolidated companies:	
Dividends	(19,054)
Net Inventory Margins	(3,408)
Adjustments to Group accounting policies	
Stock Option Plan recognised by the Parent to the Subsidiaries	482
FTA of IFRS 9	(151)
Daler-Rowney Lukas Group - Impairment gains on equity investments in wound-up "Dormant Entities"	5
IFRS3 effect on Creative Art Products Limited acquisition	(23)
F.I.L.A. S.p.A. - Impairment gains on intragroup receivables	22
Total profit for the period	27,281
Profit for the period attributable to non-controlling interests	2,354
Profit for the period attributable to the owners of the parent	24,928

Note 13 - Financial Liabilities

The balance at June 30, 2022 amounts to Euro 637,448 thousand (Euro 576,916 thousand at December 31, 2021), of which Euro 373,335 thousand non-current and Euro 264,113 thousand current. The account refers to both non-current and current portions of the loans granted by banks, other lenders and bank overdrafts in addition to financial liabilities arising from the application of IFRS 16.

The breakdown at June 30, 2022 is illustrated below:

Note 13.A - FINANCIAL LIABILITIES: Third parties													
Euro thousands	Bank loans and borrowings			Other loans and borrowings			Current account overdrafts			Lease liabilities			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
December 31, 2021	479,686	(2,914)	476,772	4,029	10	4,039	8,759	47	8,806	87,299	-	87,299	576,916
non-current portion	406,684	(3,659)	403,025	154	(6)	148	-	-	-	78,032	-	78,032	481,205
current portion	73,002	745	73,747	3,875	16	3,891	8,759	47	8,806	9,267	-	9,267	95,711
June 30, 2022	526,692	1,292	527,984	3,699	10	3,709	9,964	33	9,997	95,758	-	95,758	637,448
non-current portion	286,961	74	287,035	138	(4)	134	-	-	-	86,166	-	86,166	373,335
current portion	239,731	1,218	240,949	3,561	14	3,575	9,964	33	9,997	9,592	-	9,592	264,113
Change	47,006	4,206	51,212	(330)	-	(330)	1,205	(14)	1,191	8,459	-	8,459	60,532
non-current portion	(119,723)	3,733	(115,990)	(16)	2	(14)	-	-	-	8,134	-	8,134	(107,870)
current portion	166,729	473	167,202	(314)	(2)	(316)	1,205	(14)	1,191	325	-	325	168,402

Bank Loans and Borrowings

With reference to “Bank loans and borrowings”, the total exposure of the Group amounts to Euro 527,984 thousand, of which Euro 240,949 thousand considered as current (Euro 73,747 thousand at December 31, 2021) and Euro 287,035 thousand as non-current (Euro 403,025 thousand at December 31, 2021).

“Bank interest liabilities” amounting to a negative Euro 1,292 thousand (positive Euro 2,914 thousand at December 31, 2021) include a negative Euro 74 thousand (positive Euro 3,659 thousand at December 31, 2021) regarding the amortised cost for the non-current financial liabilities in the period of Euro 1,218 thousand, concerning interest expense matured on outstanding loans, mainly regarding the Parent F.I.L.A. S.p.A. and the subsidiary Dixon Ticonderoga Company (U.S.A.).

The decrease in the non-current portion of Euro 115,990 thousand mainly concerns:

- Decreases due to reclassifications of the short-term portion of loans of Euro 132,776 thousand, concerning the structured loans recognised by the parent F.I.L.A. S.p.A. (Euro 98,304 thousand), the US subsidiary Dixon Ticonderoga Company (Euro 33,888 thousand), the French subsidiary Canson SAS (Euro 422 thousand), the Italian subsidiary Industria Maimeri (Euro 83 thousand), in addition to Euro 79 thousand concerning the loans recognised by the Indian subsidiary DOMS Industries Pvt (Ltd);

- ▶ Net exchange losses of Euro 13,213 thousand;
- ▶ Increases due to the change in amortised cost, net of currency effects of Euro 3,573 thousand.

Capital bank borrowings at June 30, 2022, amounting to Euro 526,692 thousand (Euro 479,686 thousand at December 31, 2021) mainly comprise the structured loan taken out by F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) for Euro 410,283 thousand, details of which for each facility are provided below:

Note 13.B - BANK LOANS AND BORROWINGS: BREAKDOWN			
<i>Euro thousands</i>	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
Facility A	41,250	46,595	87,845
Facility A2	3,215	0	3,215
Facility B	90,000	169,581	259,581
Facility B2	8,750	-	8,750
Facility C	25,000	-	25,000
Facility C2	893	-	893
RCF	25,000	-	25,000
Total	194,108	216,175	410,283

*amounts as in the financial statements converted at the rate for the period

Facility A (Euro 87,845 thousand) and Facility A2 (Euro 3,215 thousand) stipulate a residual repayment plan consisting of 4 half-yearly instalments, all of which classified as current, as scheduled for December 5, 2022 and for June 6, 2023, Facility B (Euro 259,581 thousand) and Facility B2 (Euro 8,750 thousand) and Facility C (Euro 25,000 thousand) and Facility C2 (Euro 893 thousand) are Bullet loans, with fixed single repayment respectively on June 4, 2024 and June 4, 2023.

The Revolving Credit Facility stipulates the issue of short-term tranches of 1, 3 or 6 months, for a maximum amount of Euro 50,000 thousand, currently utilised for Euro 25,000 thousand.

The repayment plans by Facility are outlined below:

Note 13.C - BANK LOANS AND BORROWINGS: REPAYMENT PLAN

	Facility	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
<i>Euro thousands</i>				
December 5, 2022	Facility A	11,250	12,708	23,958
June 2, 2023	Facility A	30,000	33,887	63,887
Total - Facility A	Current portion	41,250	46,595	87,845
December 5, 2022	Facility A2	804		804
June 2, 2023	Facility A2	2,411		2,411
Total - Facility A2	Current portion	3,215	-	3,215
Bullet Loan - June 4, 2024	Facility B	90,000	169,581	259,581
Total - Facility B	Non-current portion	90,000	169,581	259,581
Bullet Loan - June 4, 2024	Facility B2	8,750		8,750
Total - Facility B2	Non-current portion	8,750	-	8,750
Bullet Loan - June 4, 2023	Facility C	25,000		25,000
Total - Facility C	Current portion	25,000	-	25,000
Bullet Loan - June 4, 2023	Facility C2	893		893
Total - Facility C2	Current portion	893	-	893
Bullet Loan - June 4, 2023	RCF	25,000		25,000
Total - RCF	Current portion	25,000	-	25,000
Total current portion		95,358	46,595	141,953
Total non-current portion		98,750	169,581	268,331
Grand Total		194,108	216,175	410,283

*amounts as in the financial statements converted at the rate for the period

The loans were initially recognised at fair value, including directly associated transaction costs. The initial carrying amount was subsequently adjusted to account for repayments of principal, any impairment losses and amortisation of the difference between the repayment amount and initial carrying amount. Amortisation is calculated on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial carrying amount (amortised cost method). The effect on the statement of comprehensive income in H1 2022 of the amortised cost method on the structured loan is interest expense of Euro 3,573 thousand (of which Euro 1,164 thousand concerning F.I.L.A. S.p.A. and Euro 2,409 thousand concerning the American subsidiary Dixon Ticonderoga Company). The non-current portion, in addition to the loan, includes the fair value of the negotiation charges related to the derivative financial instruments of Euro 74 thousand.

In addition to the loans outlined above, at June 30, 2022, capital bank borrowings include an additional Euro 116,409 thousand, comprising a current portion of Euro 97,778 thousand (Euro 33,489 thousand at December 31, 2021) and a non-current portion of Euro 18,631 thousand (Euro 34,508 thousand at December 31, 2021), as described below.

The main bank current account exposures of the Group companies to banks concern:

- ▶ Credit lines granted by Grupo Financiero BBVA Bancomer S.A., Banco Santander S.A., Banco Sabadell S.A. and Scotiabank Inverlat S.A., Banco Nacional de Mexico, S.A. and HSBC Mexico, S.A. to Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for a total of Euro 31,036 thousand. During the period, the total amount increased by Euro 7,321 thousand, including Euro 2,465 thousand due to exchange losses;
- ▶ A short-term loan of Euro 15,000 thousand recognised by the Parent F.I.L.A. S.p.A. and taken out with Cassa Depositi e Prestiti, in addition to short-term loans granted by Banca Popolare di Milano for Euro 8,000 thousand, by Unicredit for Euro 4,500 thousand and by Credem for Euro 3,000 thousand;
- ▶ Short-term loans of the subsidiary Dixon Ticonderoga Company (U.S.A.) contracted with Unicredit New York and Intesa San Paolo amounting to Euro 14,441 thousand and Euro 9,627 thousand respectively;
- ▶ The current portion of the non-current debt of Euro 155 thousand and the credit lines granted to DOMS Industries Pvt Ltd (India) by HDFC Bank for Euro 3,925 thousand, Axis Bank Ltd for Euro 1,218 thousand and by BNP Paribas for Euro 988 thousand; the exposure is Euro 6,286 thousand compared to December 31, 2021;
- ▶ The current portion of the non-current loan contracted by Canson SAS (France) for Euro 844 thousand and the line granted by Societ  G n rale for Euro 2,000 thousand;
- ▶ Credit Lines issued to Lyra KG (Germany) by Commerzbank for Euro 1,500 thousand at June 30, 2022. The overall financial exposure of the company remains unchanged on December 31, 2021;
- ▶ Short-term loans granted to Fila Chile Ltda (Chile) by Bank BICE and Bank BCI for Euro 530 thousand;
- ▶ The current portion of the loan granted to Industria Maimeri (Italy) by Unicredit for Euro 166 thousand and the credit line granted by Intesa San Paolo for Euro 200 thousand. The exposure decreased by Euro 401 thousand on the previous year;
- ▶ Short-term loans granted to Fila Art and Craft Ltd (Israel) by Bank Leumi for Euro 412 thousand;
- ▶ Short-term loan granted to the subsidiary Creative Art Products Limited (United Kingdom) for Euro 94 thousand;
- ▶ The current portion of the loans granted mainly to the subsidiary Fila Arches (France), FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) and Fila Polska Sp Z.o.o (Poland), respectively of Euro 62 thousand, Euro 52 thousand and Euro 26 thousand.

Non-current bank debt amounts to Euro 18,631 thousand and principally relates to the non-current portion of the loans granted to:

- F.I.L.A. S.p.A. (Italy) for Euro 15,000 thousand contracted with Cassa Depositi e Prestiti;
- Canson SAS (France) from Intesa Sanpaolo for Euro 2,339 thousand;
- Industria Maimeri S.p.A. (Italy) by Banca Unicredit for Euro 210 thousand;
- DOMS Industries Pvt Ltd (India) from HDFC Bank for Euro 35 thousand;
- The fair value of the negotiation charges related to the derivative instruments subscribed in 2018 by the parent F.I.L.A. S.p.A. of Euro 410 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A.) of Euro 637 thousand.

Covenants

Following the renegotiation of the loan in July 2022, testing of compliance with the Covenants is postponed to the next possible period of December 2022.

Financial liabilities - Other loans and borrowings

“Financial liabilities – Other loans and borrowings” at June 30, 2022 totalled Euro 3,709 thousand (Euro 4,039 thousand at December 31, 2021), with the current portion totalling Euro 3,575 thousand (Euro 3,891 thousand at December 31, 2021).

Financial Liabilities - Current Account Overdrafts

“Current Account Overdrafts” amounted to Euro 9,997 thousand (Euro 8,806 thousand at December 31, 2021) and mainly concern the overdrafts of Canson SAS (France) (Euro 4,569 thousand), Industria Maimeri S.p.A. (Italy) (Euro 3,962 thousand), Creative Art Products Limited (United Kingdom) (Euro 756 thousand) and Fila Stationary O.O.O. (Russia) (Euro 593 thousand).

IFRS 16

“Financial liabilities” at June 30, 2022 include the effects deriving from the adoption by the Group of “IFRS 16” which came into force on January 1, 2019 and which led to an increase of Euro 8,459 thousand as at June 30, 2022, of which Euro 8,134 thousand as the non-current portion and Euro 325 thousand as the current portion.

Liabilities at fair value at June 30, 2022 and December 31, 2021 are broken down as follows by hierarchy level:

<i>Euro thousands</i>	June 30, 2022	Measurement model	Level 1	Level 2	Level 3
Bank Loans and Borrowings	527,984	<i>Amortised cost</i>			
Other Loans and Borrowings	3,709	<i>Amortised cost</i>			
Current account overdrafts	9,997	<i>Amortised cost</i>			
Financial Instruments	1,484	<i>Fair value</i>			1,484
Trade Payables and Other Liabilities	143,844	<i>Amortised cost</i>			
Total Financial Liabilities	687,018		-	-	1,484

<i>Euro thousands</i>	December 31, 2021	Measurement model	Level 1	Level 2	Level 3
Bank Loans and Borrowings	476,772	<i>Amortised cost</i>			
Other Loans and Borrowings	4,039	<i>Amortised cost</i>			
Current account overdrafts	8,806	<i>Amortised cost</i>			
Financial Instruments	9,858	<i>Fair value</i>			9,858
Trade Payables and Other Liabilities	115,430	<i>Amortised cost</i>			
Total Financial Liabilities	614,905		-	-	9,858

Note 14 - Employee Benefits

The F.I.L.A. Group companies guarantee post-employment benefits for employees, both directly and through contributions to external funds.

The means for accruing these benefits varies according to the legal, tax and economic conditions of each Country in which the Group operates. These benefits are based on remuneration and years of employee service.

The benefits granted to employees of the Parent F.I.L.A. S.p.A. concern salary-based Post- Employment Benefits, governed by Italian legislation and in particular Article 2120 of the Italian Civil Code. The amount of these benefits is in line with the contractually-established remuneration agreed between the parties on hiring.

The other Group companies, particularly Daler Rowney Ltd (United Kingdom), Canson SAS (France), DOMS Industries Pvt Ltd (India), Fila Hellas (Greece), Fila Arches (France), Dixon Ticonderoga Company (U.S.A.), Industria Maimeri S.p.A. and Grupo F.I.L.A.-Dixon, S.A. de C.v. (Mexico) guarantee post-employment benefits, both through defined contribution plans and defined benefit plans. In the case of defined contribution plans, the Group companies pay the contributions to public or private insurance institutions based on legal or contractual obligations, or on a voluntary basis. With the payment of contributions, the companies fulfil all of their obligations. The cost is accrued based on employment rendered and is recorded under personnel expense.

The defined benefit plans may be unfunded, or they may be partially or fully funded by the contributions paid by the company, and sometimes by its employees to a company or fund, legally separate from the company which provides the benefits to the employees. The plans provide for a fixed contribution by the employees and a variable contribution by the employer, necessary to at least satisfy the funding requirements established by law and regulation in the individual countries.

Finally, the Group grants employees other long-term benefits, generally issued on the reaching of a fixed number of years of service or in the case of invalidity. In this instance, the amount of the obligation recognised in the financial statements reflects the probability that the payment will be made and the duration for which it will be made. These plans are calculated on an actuarial basis, utilising the “projected unit credit” method.

The amounts at June 30, 2022 were as follows:

Note 14.A - POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS			
<i>Euro thousands</i>	Post-employment benefits	Other employee benefits	Total
December 31, 2020	2,908	11,057	13,965
Benefits paid	(1,151)	(415)	(1,567)
Interest cost	2	88	90
Service cost	983	555	1,538
Actuarial (gains) losses	(205)	(6,527)	(6,733)
Exchange (gains) losses	-	346	346
Other	-	1,922	1,922
December 31, 2021	2,536	7,024	9,560
Benefits paid	(553)	(87)	(640)
Interest cost	55	(8)	47
Service cost	714	401	1,115
Actuarial (gains) losses	(1,648)	363	(1,285)
Exchange (gains) losses	-	121	121
Other	4,548	(5,032)	(484)
June 30, 2022	5,651	2,782	8,433
Change	3,115	(4,243)	(1,127)

Actuarial gains in the period totalled Euro 1,285 thousand and were recognised, net of the tax effect, in the statement of comprehensive income and are mainly attributable to the subsidiary Canson SAS (France) for Euro 1,444 thousand.

The following table outlines the amount of employee benefits, broken down by funded and unfunded by plan assets over the last two years:

EMPLOYEE BENEFIT PLANS		
1. Employee benefit obligations	June 30, 2022	December 31, 2021
Present value of obligations unfunded by plan assets	5,651	2,536
	5,651	2,536
Present value of obligations funded by plan assets	37,864	56,878
Fair value of plan assets relating to the obligations	(35,082)	(49,854)
	2,782	7,024
Total	8,433	9,560

The financial assets at June 30, 2022 invested by the F.I.L.A. Group to cover financial liabilities arising from “Employee benefits” amount to Euro 35,084 thousand (Euro 49,854 thousand at December 31, 2021) and relate to Daler Rowney Ltd (United Kingdom) for Euro 32,901 thousand, Dixon Ticonderoga Company (U.S.A.) for Euro 294 thousand and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 1,888 thousand. The financial investments have an average return of 5% on invested capital.

The table below highlights the net cost of employee benefit components recognised in profit or loss:

2. Cost recognised in Profit and Loss	June 30, 2022	December 31, 2021
Service cost	1,115	1,538
Interest cost	47	90
Cost recognised in Profit and Loss	1,162	1,628

The principal actuarial assumptions used for the estimate of the post-employment benefits were the following:

3. Main actuarial assumptions at reporting date (average amounts)	June 30, 2022	December 31, 2021
Annual technical discount rate	3.2%	1.7%
Increase in cost of living index	2.9%	2.7%
Future salaries increase	2.0%	2.0%
Future pensions increase	1.9%	1.8%

Note 15 - Provisions for Risks and Charges

The “Provision for Risks and Charges” amounts at June 30, 2022 to Euro 2,213 thousand (Euro 2,317 thousand at December 31, 2021), of which Euro 879 thousand (Euro 1,047 thousand at December 31, 2021) concerning the non-current portion and Euro 1,334 thousand (Euro 1,270 thousand at December 31, 2021) concerning the current portion:

Note 15.A - PROVISIONS FOR RISKS AND CHARGES					
	Provisions for legal disputes	Pension and similar provisions	Restructuring provisions	Other provisions	Total
<i>Euro thousands</i>					
December 31, 2021	213	841	538	725	2,317
non-current portion	-	826	-	221	1,047
current portion	213	15	538	504	1,270
June 30, 2022	242	693	580	698	2,213
non-current portion	-	693	-	186	879
current portion	242	-	580	512	1,334
Change	29	(148)	42	(27)	(104)
non-current portion	-	(133)	-	(35)	(168)
current portion	29	(15)	42	8	64

The changes in “Provisions for Risks and Charges” at June 30, 2022 are as follows:

Note 15.B PROVISIONS FOR RISKS AND CHARGES: CHANGES					
	Provisions for legal disputes	Pension and similar provisions	Restructuring provisions	Other provisions	Total
<i>Euro thousands</i>					
December 31, 2020	94	802	570	397	1,863
Utilisation	-	-	(27)	(60)	(87)
Accruals	117	42	177	371	707
Release	-	-	(185)	-	(185)
Discounting	-	(2)	-	-	(2)
Net exchange gains (losses)	1	-	3	17	21
Other	-	-	-	-	-
December 31, 2021	213	841	538	725	2,317
Utilisation	-	(101)	(19)	-	(120)
Accruals	11	22	31	2	66
Release	-	(15)	(262)	(52)	(329)
Discounting	-	(53)	-	-	(53)
<i>Change in consolidation scope</i>	-	-	291	-	291
Net exchange gains (losses)	19	-	1	23	43
Other	-	(1)	-	-	(1)
June 30, 2022	242	693	580	698	2,213
Change	29	(148)	42	(27)	(104)

Provisions for legal disputes

The provisions concern accruals made in relation to:

- Legal proceedings arising from ordinary operating activities;
- Legal proceedings concerning disputes with employees, former employees and agents.

The provisions, compared to the previous period end, increased by Euro 29 thousand due to the provisions accrued by the subsidiary Fila Canson do Brasil Ltda (Brazil) for Euro 11 thousand. In addition, net exchange losses of Euro 19 thousand were recognised.

Pension and similar provisions

The caption includes the agents' leaving indemnity provision at June 30, 2022 of the parent F.I.L.A. S.p.A. and of the Italian subsidiaries Industria Maimeri S.p.A. and Canson Italy S.r.l.. The actuarial gain for H1 2022 was Euro 53 thousand. The actuarial changes in the period, net of the tax effect, are recognised directly in equity.

Restructuring provisions

For the integration and reorganisation of the Group structure following the corporate transactions of recent years, a number of companies accrued provisions for risks and charges concerning personnel mobility plans for a total of Euro 580 thousand at June 30, 2022, increasing Euro 42 thousand. The plans involve in particular the reorganisation of the North American strategic segment beginning in 2019, which led to total utilisations of Euro 19 thousand by the US subsidiary Dixon Ticonderoga Company. In addition, a release of Euro 262 thousand was booked by the French subsidiary in relation to the previous reorganisation plans, which have now been completed.

Other provisions

The total provision amounts to Euro 698 thousand, down Euro 27 thousand on the previous period end. The main movement concerned the release of provisions for Euro 52 thousand by the subsidiary Dixon Ticonderoga Company (U.S.A.).

Note 16 - Deferred Tax Liabilities

“Deferred Tax Liabilities” amount to Euro 74,473 thousand at June 30, 2022 (Euro 71,839 thousand at December 31, 2021):

Note 16.A CHANGES IN DEFERRED TAX LIABILITIES	
<i>Euro thousands</i>	
December 31, 2020	67,423
Increase	2,350
Utilisation	(2,034)
Net exchange losses	3,786
Increase recognised in equity	313
December 31, 2021	71,839
Increase	513
Utilisation	(920)
Net exchange losses	3,101
Decrease recognised in equity	(60)
June 30, 2022	74,473
Change	2,634

The decrease on the previous year end was Euro 2,634 thousand and mainly concerned net exchange losses of Euro 3,101 thousand. Against the gradual amortisation and depreciation of the assets so calculated, the companies gradually released the related deferred taxes.

The decrease recognised in Equity (Euro 60 thousand) represents the tax effect of the “Actuarial gains/losses” calculated on the “Post-employment benefits and employee benefits” and recognised, in accordance with IAS 19, as an Equity reserve.

Note 17 - Financial instruments

“Financial Instruments” at June 30, 2022 amount to Euro 1,484 thousand (Euro 9,858 thousand at December 31, 2021) and refer entirely to the fair value of derivatives on loans (hedged instrument), issued in favour of F.I.L.A. S.p.A., both for the acquisition of the Pacon Group and the refinancing of the debt contracted by F.I.L.A. S.p.A. in 2016 (in support of the M&A transactions relating to the acquisition of the Daler-Rowney-Lukas Group, the Canson Group and St. Cuthberts Holding). The movement in the caption compared to the previous year end is due also to the fact that the fair value of the derivative hedging instruments issued to Dixon Ticonderoga Company (U.S.A.) and to Canson SAS

(France) were recognised under financial assets, as at June 30, 2022 their Fair Value is positive.

The accounting treatment adopted for the hedging instruments, based on IFRS 9, is based on hedge accounting and in particular that concerning “cash flow hedges” and involving the recognition of a financial asset or liability and an equity reserve.

Note 18 - Current Tax Liabilities

“Tax liabilities” total Euro 10,140 thousand at June 30, 2022 (Euro 9,209 thousand at December 31, 2021), relating mainly to the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 3,596 thousand and the Indian subsidiary DOMS Industries Pvt Ltd (India) for Euro 1,399 thousand.

Note 19 - Trade payables and other liabilities

“Trade payables and Other Liabilities” at June 30, 2022 amount to Euro 143,443 thousand (Euro 115,430 thousand at December 31, 2021). The breakdown of “Trade payables and other liabilities” of the F.I.L.A. Group is reported below:

Note 19.A TRADE PAYABLES AND OTHER LIABILITIES			
<i>Euro thousands</i>	June 30, 2022	December, 2021	Change
Trade payables	107,640	82,403	25,237
Tax liabilities	7,545	8,483	(938)
Other	26,951	23,962	2,989
Accrued expenses and deferred income	1,308	582	726
Total	143,443	115,430	28,013

The increase in “Trade Payables” was Euro 25,237 thousand and principally concerned the US subsidiary Dixon Ticonderoga Company for Euro 14,625 thousand, the Mexican subsidiary Grupo FILA-Dixon, S.A. de C.V. for Euro 4,803 thousand, in addition to exchange losses of Euro 3,078 thousand.

The increase is mainly due to the higher inventory to promptly satisfy forecast sales.

The carrying amount of trade payables at the reporting date approximates their “fair value”.

The trade payables reported above are due within 12 months.

“Tax Liabilities” to third parties amounts to Euro 7,545 thousand at June 30, 2022 (Euro 8,483 thousand at December 31, 2021), of which Euro 4,830 thousand VAT liabilities and Euro 2,715 thousand

concerning tax liabilities other than current taxes, primarily recognised by F.I.L.A. S.p.A. (Euro 277 thousand) and relating to liabilities in connection with independent contractors. The residual amount mainly refers to Canson SAS (France) (Euro 413 thousand), Dixon Ticonderoga Company (USA) (Euro 1,045 thousand) and the Dixon Group's Chinese subsidiaries (Euro 396 thousand).

“Other” amounts to Euro 26,951 thousand at June 30, 2022 (Euro 23,962 thousand at December 31, 2021) and primarily includes:

- ▶ Employee salaries of Euro 15,442 thousand (Euro 14,780 thousand at December 31, 2021);
- ▶ Social security contributions to be paid of Euro 6,477 thousand (Euro 5,321 thousand at December 31, 2021);
- ▶ Agent commissions of Euro 986 thousand (Euro 381 thousand at December 31, 2021);
- ▶ Residual liabilities of Euro 4,046 thousand mainly concerning advances to customers (Euro 3,481 thousand at December 31, 2021).

The carrying amount of “Tax Liabilities”, “Other” and “Accrued Expenses and Deferred Income” at the reporting date approximate their fair value.

With reference to the other non-current liabilities, the balance at June 30, 2022 amounted to Euro 37 thousand and refers to deposits paid by customers to guarantee long-term supply contracts of the Indian subsidiary DOMS Industries Pvt Ltd.

Note 20 – Revenue

Revenue in the first half of 2022 amounted to Euro 390,572 thousand (Euro 324,554 thousand in H1 2021):

Note 20.A - REVENUE			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Revenue	416,554	348,960	67,594
Adjustments to Sales	(25,982)	(24,406)	(1,576)
<i>Returns on Sales</i>	(6,487)	(7,125)	638
<i>Discounts, Allowances and Bonuses</i>	(19,495)	(17,281)	(2,214)
Total	390,572	324,554	66,018

“Revenue” of Euro 390,572 thousand increased by Euro 66,018 thousand on the same period of the previous year.

Net of exchange losses of Euro 20,609 thousand (mainly concerning the US Dollar, the Mexican Peso and the Indian Rupee, partially offset by the weakening of the Turkish Lira and the Argentinian Peso), growth was Euro 45,409 thousand (+14.0%).

Note 20.B - REVENUE BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Europe	123,693	122,200	1,493
North America	172,031	152,716	19,315
Central - South America	36,971	21,948	15,023
Asia	56,124	25,824	30,300
Other	1,753	1,866	(113)
Total	390,572	324,554	66,018

Note 21 – Income

Income relates to ordinary operations and does not include the sale of goods and provision of services, in addition to realised and unrealised exchange gains on commercial operations.

For further details on exchange differences, reference should be made to “Note 31 - Foreign currency transactions”. “Income” in H1 2022 amounted to Euro 6,249 thousand (Euro 3,519 thousand in H1 2021):

Note 21 - INCOME

<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Gains on Sale of Property, Plant and Equipment	33	2	31
Unrealised Exchange Gains on Commercial Transactions	2,773	1,337	1,436
Realised Exchange Gains on Commercial Transactions	1,942	923	1,019
Other Revenue and Income	1,501	1,258	243
Total	6,249	3,519	2,730

“Other Revenue and Income” in H1 2022 of Euro 1,501 thousand principally includes income from the sale of production waste by Group companies.

Note 22 - Raw Materials, Consumables, Supplies and Goods and Change in Raw Materials, Semi-Finished Products, Work in progress and Finished Goods

“Raw Materials, Consumables, Supplies and Goods” include all purchases of raw materials, semi-finished products, transport for purchases, goods and consumables for operating activities.

The caption totalled Euro 221,963 thousand in H1 2022 (Euro 145,079 thousand in H1 2021).

The relative detail is shown below:

Note 22 - RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Raw materials, Consumables, Supplies and Goods	(179,964)	(122,372)	(57,592)
Transport costs	(20,787)	(9,315)	(11,472)
Packaging	(8,106)	(3,395)	(4,711)
Import Charges and Customs Duties	(5,497)	(3,302)	(2,195)
Other purchase costs	(7,228)	(6,627)	(601)
Maintenance Materials	(638)	(377)	(261)
Adjustments to Purchases	257	305	(48)
Returns on purchases	7	13	(6)
Discounts, rebates and rewards on purchases	249	292	(43)
Total	(221,963)	(145,079)	(76,884)

The increase in “Raw Materials, Consumables, Supplies and Goods” in H1 2022 was Euro 76,884 thousand. This increase mainly relates to variable purchase and commercial costs on the basis of higher revenue.

The increases in inventories in the first half of 2022 totalled Euro 34,688 thousand, of which:

- Increase in “Raw Materials, Consumables, Supplies and Goods” for Euro 11,713 thousand

(decrease of Euro 662 thousand in H1 2021);

- ▶ Increase in “Contract Work in Progress and Semi-Finished products” of Euro 3,442 thousand (increase of Euro 618 thousand in H1 2021);
- ▶ Increase in “Finished Goods” of Euro 19,533 thousand (decrease of Euro 489 thousand in H1 2021).

Note 23 - Services and Use of Third-Party Assets

“Services and Use of Third-Party Assets” amounted to Euro 57,637 thousand in H1 2022 (Euro 49,067 thousand in H1 2021).

Services are broken down as follows:

Note 23 - SERVICES AND USE OF THIRD-PARTY ASSETS			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Sundry services	(4,495)	(4,614)	119
Transport	(15,667)	(13,003)	(2,664)
Warehousing	(1,155)	(1,044)	(111)
Maintenance	(6,980)	(6,634)	(346)
Utilities	(5,953)	(4,579)	(1,374)
Consulting fees	(5,183)	(4,375)	(808)
Directors' and Statutory Auditors' Fees	(1,701)	(2,230)	529
Advertising, Promotions, Shows and Fairs	(2,313)	(1,781)	(532)
Cleaning	(493)	(422)	(71)
Bank Charges	(731)	(653)	(78)
Agents	(5,094)	(4,195)	(899)
Sales representatives	(1,678)	(896)	(782)
Sales Commissions	(1,153)	(971)	(182)
Insurance	(1,546)	(1,273)	(273)
Other Services	(1,803)	(1,285)	(518)
Rent	(1,263)	(578)	(685)
Royalties and Patents	(429)	(534)	105
Total	(57,637)	(49,067)	(8,570)

The increase in “Services and Use of Third-Party Assets” compared to H1 2021 was Euro 8,570 thousand.

The increase in transport costs is mainly due to supply chain issues, in addition to an inflationary effect that has also resulted in increased utility costs.

Note 24 – Other Costs

These totalled Euro 4,137 thousand in H1 2022 (Euro 2,788 thousand in H1 2021).

This caption principally includes realised and unrealised exchange losses on commercial transactions. For further details on exchange differences, reference should be made to “Note 31 - Foreign currency transactions”.

“Other costs” are broken down as follows:

Note 24 - OTHER COSTS			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Unrealised Exchange Losses on Commercial Transactions	(2,108)	(1,273)	(835)
Realised Exchange Losses on Commercial Transactions	(1,677)	(1,362)	(315)
Other Operating Costs	(352)	(153)	(199)
Total	(4,137)	(2,788)	(1,349)

The decrease in “Other operating costs” of Euro 199 thousand in H1 2022 primarily relates to tax charges other than income taxes, such as municipal taxes on property.

Note 25 – Personnel Expense

“Personnel Expense” includes all costs and expenses incurred for employees.

They amounted to Euro 75,935 thousand in H1 2022 (Euro 67,279 thousand in H1 2021).

These costs are broken down as follows:

Note 25 – PERSONNEL EXPENSE			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Wages and Salaries	(58,200)	(50,688)	(7,512)
Social Security Charges	(14,884)	(13,299)	(1,585)
Employee Benefits	(401)	(308)	(93)
Post-Employment Benefits	(714)	(713)	(1)
Other	(1,736)	(2,271)	535
Total	(75,935)	(67,279)	(8,656)

“Personnel expense” increased Euro 8,656 thousand on H1 2021, due to the expanded workforce.

The following table reports the breakdown of the F.I.L.A. Group workforce at June 30, 2022 and

December 31, 2021 by geographical segment:

	Europe	North America	Central - South America	Asia	Rest of the World	Total
December 31, 2021	1,118	582	1,412	6,685	26	9,823
June 30, 2022	1,176	586	1,750	7,449	25	10,986
Change	58	4	338	764	(1)	1,163

Note 26 – Amortisation and Depreciation

“Amortisation and Depreciation” in H1 2022 amounted to Euro 20,739 thousand (Euro 20,167 thousand in H1 2021). Amortisation and depreciation in H1 2022 and H1 2021 are reported below:

Note 26 – AMORTISATION AND DEPRECIATION			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Depreciation of Property, plant and equipment	(7,921)	(7,444)	(477)
Amortisation of Intangible assets	(7,041)	(7,110)	69
Depreciation of Right-of-use assets	(5,777)	(5,613)	(164)
Total	(20,739)	(20,167)	(572)

The increase in the caption is mainly due to a moderate recovery of investments previously slowed down by the uncertain scenario due to the outbreak of the COVID-19 pandemic.

For further details, reference should be made to “Note 1 – Intangible Assets” and “Note 2 – Property, Plant and Equipment”.

Note 27 – Net Impairment Gains (Losses) on Trade Receivables and Other assets

“Net Impairment Losses on Trade Receivables and Other Assets” amounted to Euro 1,135 thousand in H1 2022 (gains of Euro 256 thousand in H1 2021).

Note 27 - IMPAIRMENT GAINS (LOSSES) ON TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Impairment gains (losses) on trade receivables and other assets	(1,135)	256	(1,391)
Total	(1,135)	256	(1,391)

The change in this caption is mainly due to an increase in impairment losses on receivables and in the

relevant loss allowance, mainly following the increase in revenue.

Note 28 – Other Net Impairment Gains (Losses)

Total “Other Net Impairment Gains (Losses)” report net gains of Euro 10 thousand in H1 2022 (net other impairment losses of Euro 3 thousand in H1 2021):

Note 28 – OTHER IMPAIRMENT GAINS (LOSSES)			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Impairment gains (losses) on Property, Plant and Equipment	6	(3)	9
Impairment gains (losses) on Intangible Assets	4	0	4
Total	10	(3)	13

For further details, reference should be made to “Note 2 – Property, Plant and Equipment”.

Note 29 – Financial Income

The account in H1 2022 amounted to Euro 8,413 thousand (Euro 5,027 thousand in H1 2021).

Financial income, together with the comment on the main changes on the same period of the previous year, was as follows:

Note 29 – FINANCIAL INCOME			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Interest income on Bank Deposits	118	76	42
Other Financial Income	82	374	(292)
Unrealised Exchange Gains on Financial Transactions	7,906	4,291	3,615
Realised Exchange Gains on Financial Transactions	307	286	21
Total	8,413	5,027	3,386

The main changes concern the “Unrealised Exchange Gains on Financial Transactions” and “Other Financial Income” items.

Note 30 – Financial Expense

The caption amounted to Euro 22,700 thousand in H1 2022 (Euro 17,180 thousand in H1 2021).

Financial expense, together with the main changes on the same period of the previous year, was as follows:

Note 30 - FINANCIAL EXPENSE			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Interest on current account Overdrafts	(35)	(61)	26
Interest on Bank Loans and borrowings	(8,873)	(9,382)	509
Interest on Other loans and borrowings	(191)	(170)	(21)
Other Financial Expense	(7,298)	(2,333)	(4,965)
Unrealised Exchange Losses on Financial Transactions	(3,098)	(2,248)	(850)
Realised Exchange Losses on Financial Transactions	(304)	(195)	(109)
Lease interest expense - <i>Right of Use</i>	(2,901)	(2,791)	(110)
Total	(22,700)	(17,180)	(5,520)

The increase in “Financial Expense” in H1 2022 was Euro 5,520 thousand, net of the considerations regarding exchange differences, and principally concerned lower net financial expense due to the reduced overall level of debt.

The portion of amortised cost accrued in 2022 on the new loan contracted by F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) at June 30, 2022 amounted to Euro 3,683 thousand.

For further details concerning these issues, reference should be made to “Note 13 - Financial Liabilities”.

Note 31 – Foreign Currency Transactions

Exchange differences on financial and commercial transactions in foreign currencies in H1 2022 are reported below:

Note 31 - FOREIGN CURRENCY TRANSACTIONS			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Unrealised Exchange Gains on Commercial Transactions	2,773	1,337	1,436
Realised Exchange Gains on Commercial Transactions	1,942	923	1,020
Unrealised Exchange Losses on Commercial Transactions	(2,108)	(1,273)	(835)
Realised Exchange Losses on Commercial Transactions	(1,677)	(1,362)	(315)
Net exchange gains (losses) on commercial transactions	930	(376)	1,306
Unrealised Exchange Gains on Financial Transactions	7,906	4,291	3,615
Realised Exchange Gains on Financial Transactions	307	286	21
Unrealised Exchange Losses on Financial Transactions	(3,098)	(2,248)	(850)
Realised Exchange Losses on Financial Transactions	(304)	(195)	(109)
Net exchange gains (losses) on financial transactions	4,811	2,134	2,677
Net exchange gains (losses)	5,741	1,758	3,983

Exchange rate differences in H1 2022 arose from transactions against the Euro, in addition to the movement in the year of assets and liabilities in foreign currencies, following commercial and financial transactions.

Note 32 – Share of profits (losses) of Equity-Accounted Investees

“Share of profits (losses) of Equity-Accounted Investees” reports a profit of Euro 366 thousand (profit of Euro 97 thousand in H1 2021), due to the adjustment of the investments in associates held by DOMS Industries Pvt Ltd (India), consolidated using the Equity method.

Note 33 – Income Taxes

“Income taxes” overall in the first half of 2022 amounted to Euro 8,772 thousand (Euro 7,522 thousand in H1 2021) and comprised current taxes of Euro 10,552 thousand (Euro 8,234 thousand in H1 2021) and deferred tax income of Euro 1,780 thousand (Euro 712 thousand in H1 2021).

Note 33.A – Current Taxes

The relative detail is shown below:

Note 33.A - CURRENT TAXES			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Current taxes Italy	(415)	(696)	281
Current taxes Abroad	(10,137)	(7,538)	(2,599)
Total	(10,552)	(8,234)	(2,318)

Italian current taxes concern F.I.L.A. S.p.A., Industria Maimeri S.p.A and Canson Italy S.r.l..

The breakdown of foreign current taxes is illustrated below:

Note 33.A.1 - FOREIGN INCOME TAXES			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
FILA (Italy)	(140)	-	(140)
Dixon Ticonderoga Company (U.S.A.)	(4,333)	(3,961)	(372)
Dixon (China)	-	-	-
Dixon Canadian Holding Inc.	1	-	1
Dixon (Mexico)	(170)	-	(170)
FILA (Chile)	(50)	(34)	(16)
Lyra KG (Germany)	(157)	(158)	-
Fila Nordic (Scandinavia)	(89)	(96)	7
Lyra Akrelux (Indonesia)	(39)	(24)	(16)
FILA (Turkey)	(122)	-	(122)
DOMS Industries PVT Ltd (India)	(1,300)	(4)	(1,296)
FILA Hellas (Greece)	(109)	(105)	(4)
FILA (South Africa)	(19)	(13)	(6)
Fila Dixon (Kunshan)	-	(9)	9
FILA Benelux	(110)	(145)	35
Daler Rowney Ltd (UK)	(172)	(466)	294
Brideshore srl (Dominican Republic)	(17)	(17)	-
FILA (Poland)	(59)	(59)	1
FILA (Yixing)	(59)	(55)	(4)
St.Cuthberts Mill Limited Paper (UK)	(117)	(82)	(35)
FILA Iberia	(804)	(914)	110
Canson Bresil (Brazil)	(222)	-	(222)
Canson SAS (France)	(953)	(769)	(184)
Canson Qingdao (China)	-	-	-
FILA Art Products AG	(39)	(22)	(17)
Fila Art and Craft Ltd	(30)	(42)	12
Dixon Ticonderoga Art ULC	(455)	(415)	(39)
Princeton Hong Kong	(80)	(28)	(52)
Fila Arches	(492)	-	(492)
Total	(10,137)	(7,538)	(2,599)

The foreign income taxes also include the tax charge relating to F.I.L.A S.p.A. concerning the tax representation of the German subsidiary Lyra KG (Euro 140 thousand).

Nota 33.B – Deferred Taxes

The relative detail is shown below:

Note 33.B - DEFERRED TAXES			
<i>Euro thousands</i>	June 30, 2022	June 30, 2021	Change
Change in deferred tax liabilities	407	1,195	(788)
Change in deferred tax assets	1,161	(736)	1,897
Change in deferred tax assets on Right-of-use assets	212	253	(41)
Total	1,780	712	1,068

Attachments

Attachment 1 - Related party transactions

For the procedures adopted in relation to related party transactions, also in accordance with Article 2391-*bis* of the Italian Civil Code, reference should be made to the procedure adopted by the Parent on May 14, 2021 pursuant to the Regulation approved by the “Commissione Nazionale per le Società in Borsa” (“Consob”) (Italian Companies and Exchange Commission), with Regulation No. 17221 of March 12, 2010 and subsequent amendments, published on the parent’s website www.filagroup.it in the “Governance” section.

In accordance with Consob Communication No. 6064293 of July 28, 2006, the following table outlines the commercial and financial transactions with related parties for the first half of 2022:

F.I.L.A. GROUP RELATED PARTIES - 2022																	
June 30, 2022																	
Statement of Financial Position																	
Statement of comprehensive income																	
Euro thousands																	
Company	Nature	ASSETS					LIABILITIES					REVENUE			COSTS		
		PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Financial Liabilities (Banks)	Financial Liabilities (Other)	Trade Payables	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense				
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	640	-	-	-	-	789	-	-			
Anda S.p.A.	Trade Supplier	-	-	-	-	-	-	-	-	-	-	-	-	-			
Studio Legale Salonia e Associati	Legal Consultancy	-	-	-	-	-	39	-	-	-	-	-	198	-			
HR Trustee	Service Supplier	-	-	-	-	-	-	-	-	-	-	-	11	-			
Total		-	-	-	-	-	679	-	-	-	-	789	209	-			

F.I.L.A. GROUP RELATED PARTIES - 2021																	
December 31, 2021																	
Statement of Financial Position																	
Statement of comprehensive income																	
Euro thousands																	
Company	Nature	ASSETS					LIABILITIES					REVENUE			COSTS		
		PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Financial Liabilities (Banks)	Financial Liabilities (Other)	Trade Payables	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense				
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	542	-	-	-	-	1,050	-	-			
Anda S.p.A.	Trade Supplier	-	-	-	-	-	-	-	-	-	-	303	-	-			
Studio Legale Salonia e Associati	Legal Consultancy	-	-	-	-	-	32	-	-	-	-	-	162	-			
HR Trustee	Service Supplier	-	-	-	-	-	-	-	-	-	-	-	15	-			
Total		-	-	-	-	-	574	-	-	-	-	1,353	177	-			

Nuova Alpa Collanti S.r.l.

Nuova Alpa Collanti S.r.l., a shareholder of which is a member of F.I.L.A. S.p.A.’s board of directors, supplies glue.

Studio Legale Salonia e Associati

The law firm Studio Legale Salonia e Associati, a partner of which is related to the controlling interest of the company, principally provides legal consultancy.

HR Trustee

HR Trustee, a shareholder of which is related to the management of a F.I.L.A. Group company, is a

United Kingdom based company specialised in the provision of professional pension plan services.

Arda S.p.A.

ARDA S.p.A., a shareholder of which was related to the management of a F.I.L.A. Group company, is an Italian based company specialised in the production and sale of school and office items.

The related party transactions carried out by the F.I.L.A. Group refer to normal transactions and are regulated at market conditions, i.e. the conditions that would be applied between two independent parties, and are undertaken in the interests of the Group. Typical or normal transactions are those which, by their object or nature, are not outside the normal course of business of the F.I.L.A. Group and those which do not involve particular critical factors due to their characteristics or to the risks related to the nature of the counterparty or the time at which they are concluded; normal market conditions relate to transactions undertaken at standard Group conditions in similar situations.

On this basis, the exchange of goods, services and financial transactions between the various group companies were undertaken at competitive market conditions.

Attachment 2 - List of companies included in the consolidation scope and other investments

Company	Country	Segment IFRS 8 ¹	Year of acquisition	% Held directly (F.I.L.A. S.p.A.)	% Held indirectly	% Held F.I.L.A. Group	Held By	Recognition	Non controlling interests
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany	EU	2008	99.53%	0.47%	100.00%	FILA S.p.A. Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-Line	0.00%
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany	EU	2008	0.00%	100.00%	100.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	0.00%
F.I.L.A. Nordic AB ²	Sweden	EU	2008	0.00%	50.00%	50.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	50.00%
FILA Stationary and Office Equipment Industry Ltd. Co.	Turkey	EU	2011	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Stationary O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Industria Maineri S.p.A.	Italy	EU	2014	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Fila Hellas Single Member S.A.	Greece	EU	2013	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Polska Sp. Z.o.o	Poland	EU	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Dixon Ticonderoga Company	U.S.A.	NA	2005	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Dixon Canadian Holding Inc.	Canada	NA	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico	CSA	2005	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0.00%
F.I.L.A. Chile Ltda	Chile	CSA	2000	0.79%	99.21%	100.00%	Dixon Ticonderoga Company FILA S.p.A.	Line-by-Line	0.00%
FILA Argentina S.A.	Argentina	CSA	2000	0.00%	100.00%	100.00%	F.I.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-Line	0.00%
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	AS	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
PT. Lyra Akrelux	Indonesia	AS	2008	0.00%	52.00%	52.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	48.00%
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	AS	2013	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
FILA SA PTY LTD	South Africa	RM	2014	99.43%	0.00%	99.43%	FILA S.p.A.	Line-by-Line	0.57%
Canson Art & Craft Yixing Co., Ltd.	China	AS	2015	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
DOMS Industries Pvt Ltd	India	AS	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Renoir Topco Ltd	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Renoir Midco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Topco Ltd	Line-by-Line	0.00%
Renoir Bidco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Midco Ltd	Line-by-Line	0.00%
FILA Benelux SA	Belgium	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
Brideshore srl	Dominican Republic	CSA	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
St. Cuthberts Holding Limited	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
St. Cuthberts Mill Limited	U.K.	EU	2016	0.00%	100.00%	100.00%	St. Cuthberts Holding Limited	Line-by-Line	0.00%
Fila Iberia S. L.	Spain	EU	2016	96.77%	0.00%	96.77%	FILA S.p.A.	Line-by-Line	3.23%
Canson SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Canson Do Brasil Produtos de Artes e Escolar Ltda	Brazil	CSA	2016	0.04%	99.96%	100.00%	Canson SAS FILA S.p.A.	Line-by-Line	0.00%
Lodi 12 SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Canson Australia PTY LTD	Australia	RM	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Canson Qingdao Paper Products Co., Ltd.	China	AS	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Canson Italy S.r.l	Italy	EU	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
FILA Art Products AG	Switzerland	EU	2017	52.00%	0.00%	52.00%	FILA S.p.A.	Line-by-Line	48.00%
FILA Art and Craft Ltd	Israel	AS	2018	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Dixon Ticonderoga ART ULC	Canada	NA	2018	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0.00%
Princeton HK Co., Limited	Hong Kong	AS	2018	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Fila Arches SAS	France	EU	2019	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Specialty Paper LLC	U.S.A.	NA	2019	0.00%	50.00%	50.00%	Dixon Ticonderoga Company	Line-by-Line	50.00%
Creative Art Products Limited	U.K.	EU	2022	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
Pioneer Stationery Pvt Ltd.	India	AS	2015	0.00%	51.00%	51.00%	DOMS Industries Pvt Ltd	Equity method	49.00%
Univrite Pens and Plastics Pvt Ltd	India	AS	2016	0.00%	60.00%	60.00%	DOMS Industries Pvt Ltd	Equity method	40.00%
Fry Adhesives Private Limited	India	AS	2021	0.00%	78.46%	78.46%	DOMS Industries Pvt Ltd	Equity method	21.54%
Inxon Pens & Stationary Private	India	AS	2021	0.00%	51.00%	51.00%	DOMS Industries Pvt Ltd	Equity method	49.00%

1 - EU - Europe; NA - North America; CSA - Central South America; AS - Asia; RM - Rest of the world
2 - Although not holding more than 50% of the share capital, considered a subsidiary under IFRS10

Attachment 3 - Business combinations

Creative Art Products Limited

On February 8, 2022, the UK subsidiary Daler Rowney Ltd. acquired 100% of the UK company Creative Art Products Limited, located in Manchester (UK), which specialises in the schools segment and produces and distributes a wide range of art materials for children, both under the *Scola* brand and private label brands.

From the date of acquisition, the company has been consolidated in the financial statements of the F.I.L.A. Group on a line-by-line basis and has contributed to the profit for the period limited to that arising in the period between February 8, 2022 and June 30, 2022.

In this period, the subsidiary generated revenue from third parties of Euro 1,851 thousand and a loss of Euro 103 thousand. Management consider that if the acquisition of the business unit had taken place on January 1, 2022, the consolidated revenue for the first half of the year would have been Euro 359 thousand higher (therefore Euro 390,931 thousand). In calculating this amount, management assumed that the fair value adjustments at the acquisition date would have been the same even if the acquisition took place on January 1, 2022.

Daler Rowney Ltd (United Kingdom) incurred costs related to the acquisition of Euro 23 thousand for legal expenses and due diligence costs. These costs have been expensed in the condensed interim consolidated financial statements in the "Consultancy" item of the statement of comprehensive income.

The transaction is valued at GBP 1,000 thousand (Euro 1,185 thousand).

The difference between the net financial outlay and the carrying amount of equity of Creative Art Products Limited resulted in the recognition of Goodwill, amounting to a negative Euro 116 thousand. The acquisition was recognised using the purchase method, based on the definition of a business in IFRS 3. The PPA is in progress and therefore the fair value adjustments are considered provisional.

The calculation of goodwill on the basis of the above figures at the transaction date is set out below:

Daler Rowney Ltd Investment in Creative Art Products Limited	A	1,209
Consultancy charges capitalised in Daler Rowney Ltd separate financial statements and expensed in condensed interim consolidated financial statements	B	23
Purchase price of the equity investment net of consultancy charges (Fair Value)	C = (A - B)	1,185
Equity Fair Value of Creative Art Products Limited	D	1,301
Difference between the purchase price of the equity investment and the carrying amount of Creative Art Products Limited (Goodwill) at February 8, 2022	C - D	(116)

The fair value of the assets and liabilities of Creative Art Products Limited at the acquisition date was as follows:

Fair Value at February 8, 2022

Euro thousands

Assets	3,416
Non-Current Assets	2,176
Concessions, licenses and trademarks	1,778
Property, plant and equipment	241
Deferred Tax Assets	157
Current Assets	1,240
Inventories	511
Trade receivables and other assets	749
Cash and cash equivalents	(19)
Liabilities and Equity	(3,416)
Equity	(1,301)
Non-Current Liabilities	-
Current Liabilities	(2,115)
Current financial liabilities	(692)
Current provision for risks and charges	(296)
Current tax liabilities	-
Trade payables and other liabilities	(1,126)

Note: The figures are converted at the exchange rate at February 8, 2022.

Atypical and/or Unusual Transactions

In accordance with Consob Communication of July 28, 2006, it is noted that during H1 2022 the F.I.L.A. Group did not carry out any atypical and/or unusual transactions as defined by this communication, whereby atypical and/or unusual transactions refer to transactions which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the period end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the group's assets and the protection of non-controlling shareholders.

The Board of Directors
THE CHAIRPERSON
Mr. Giovanni Gorno Tempini
(signed on the original)

Statement of the Manager in Charge of financial reporting and the Corporate Bodies

GIOTTO GOTTORBE GOTTORBE *tratto* DAS  LYRA MAIMERI DALLER ROWNEY LUKAS PRINCETON ST CUTHBERTS MILL CANSON Strathmore



Fabbrica Italiana Lapis ed Affini

F.I.L.A. S.p.A.
Via XXV Aprile, 5
20016 Pero (Milan)

August 4, 2022

Statement of the Manager in Charge of Financial Reporting and Corporate Bodies – Condensed Interim Consolidated Financial Statements (ref. Article 154-bis, paragraph 5)

The undersigned Massimo Candela, as Chief Executive Officer, and Stefano De Rosa, as Manager in Charge of Financial Reporting of F.I.L.A. S.p.A., declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- o the adequacy in relation to the characteristics of the group and
- o the effective application

of the administrative and accounting procedures for the preparation of the Condensed Interim Consolidated Financial Statements.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of Condensed Interim Consolidated Financial Statements at June 30, 2022 is based on a process defined by F.I.L.A. S.p.A. in accordance with the Internal Control - Integrated Framework model defined by the Committee of the Sponsoring Organisations of the Treadway Commission, a benchmark framework generally accepted at international level.

It is also declared that the:

1. Condensed Interim Consolidated Financial Statements at June 30, 2022:
 - o are drawn up in conformity with the applicable International Financial Reporting Standards recognised by the European Union in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and the Commission of July 19, 2002;
 - o match the underlying accounting records and books;
 - o give a true and fair view of the financial position and performance of the issuer and of the other companies in the consolidation scope.
2. The Directors' Report at June 30, 2022 includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed interim consolidated financial statements, with a description of the principal risks and uncertainties for the remaining six months. The Report also includes a reliable analysis of the information on significant related party transactions.

The Chief Executive Officer

Massimo Candela

F.I.L.A. - Fabbrica Italiana Lapis ed Affini Società per Azioni.

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Report on review of condensed interim consolidated financial statements



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
F.I.L.A. S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the F.I.L.A. Group, comprising the statement of financial position as at 30 June 2022, the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Società per azioni
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Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona



F.I.L.A. Group
Report on review of condensed interim consolidated financial statements
30 June 2022

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the F.I.L.A. Group as at and for the six months ended 30 June 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 5 August 2022

KPMG S.p.A.

(signed on the original)

Annalisa Violante
Director of Audit