

(Translation from the Italian original which remains the definitive version)



**F.I.L.A. GROUP
HALF-YEAR FINANCIAL REPORT
AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2024**

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

Via XXV Aprile 5 Pero (MI)

CONTENTS

I - General information	3
Corporate Bodies	3
Overview of the F.I.L.A. Group.....	4
Directors' Report	6
Key Financial Highlights	6
F.I.L.A. Group's Financial Highlights.....	12
Operating results excluding net non-recurring charges	12
Business seasonality.....	14
Statement of Financial Position	16
Financial overview.....	20
Key events of the reporting period.....	25
Events after the reporting period.....	26
Outlook	26
Related party transactions	27
Reconciliation between Parent and Group Equity	27
Condensed Consolidated Half-Year Financial Statements as at and for the six months ended	
June 30, 2024	29
Consolidated Financial Statements	29
Statement of Financial Position	29
Statement of Comprehensive Income	30
Statement of changes in Equity.....	31
Consolidated Statement of Cash Flows	32
Statement of financial position with indication of related party transactions pursuant to CONSOB Resolution No. 15519 of July 27, 2006	34
Statement of Comprehensive Income with indication of related party transactions pursuant to CONSOB resolution No. 15519 of July 27, 2006.....	35
Notes to the condensed interim consolidated financial statements	36
Segment reporting	45
Business Segments – Statement of financial position.....	46
Business Segments – Statement of comprehensive income.....	47
Business Segments – Other Information.....	48
Annexes	100
Attachment 1 - Related party transactions	100
Attachment 2 - List of companies included in the consolidation scope and other investments..	102
Transactions relating to Atypical and/or Unusual Operations	103
Statement of the Manager in Charge of financial reporting and the Corporate Bodies	104
Independent Auditors' Report pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010	105



DIRECTORS' REPORT
AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2024

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
Non-executive Director	Annalisa Matilde Barbera
Non-executive Director (*)	Gianna Luzzati
Non-executive Director (*)	Carlo Paris
Non-executive Director (*)	Donatella Sciuto

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

(**) Executive Director

Control, Risks and Related Parties Committee

Gianna Luzzati
Carlo Paris
Donatella Sciuto

Remuneration Committee

Donatella Sciuto
Gianna Luzzati
Annalisa Matilde Barbera

Board of Statutory Auditors

Chairperson	Gianfranco Consorti
Standing Auditor	Sonia Ferrero
Standing Auditor	Pietro Michele Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Tina Marcella Amata

Independent Auditors

Deloitte & Touche S.p.A.

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

The F.I.L.A. Group (hereafter also the “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, 2024 operates through 23 production facilities and 32 subsidiaries across the globe and employs approx. 3,400 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 (xiv) brands.

On December 20, 2023, the listing of the subsidiary DOMS Industries Limited on the National Stock Exchange of India was completed. Following the public listing, F.I.L.A. S.p.A. still remained a shareholder of the Indian company with a 30.6% interest (xv).

Directors' Report

Key Financial Highlights

The F.I.L.A. Group's H1 2024 key financial highlights are reported below.

<i>Euro thousands</i>	June 30, 2024	% revenue	June 30, 2023	% revenue	Change 2024 - 2023	<i>Of which DOMS Industries Limited⁽³⁾</i>
Revenue	333,283	100.0%	415,606	100.0%	(82,323) -19.8%	(63,860) -15.4%
Gross operating profit ⁽¹⁾	68,356	20.5%	76,862	18.5%	(8,506) -11.1%	(12,813) -16.7%
Operating profit	48,563	14.6%	55,093	13.3%	(6,530) -11.9%	(9,963) -18.1%
Net financial expense	(9,898)	-3.0%	(20,274)	-4.9%	10,376 51.2%	56 0.3%
Total taxes	(10,410)	-3.1%	(9,541)	-2.3%	(869) -9.1%	2,366 24.8%
Profit attributable to the owners of the Parent	27,741	8.3%	21,276	5.1%	6,465 30.4%	(3,846) -18.1%
<i>Earnings per share (€ cents)</i>						
<i>basic</i>	0.55		0.42			
<i>diluted</i>	0.53		0.41			

<i>ADJUSTED Net of Non-recurring expense - Euro thousands</i>	June 30, 2024	% revenue	June 30, 2023	% revenue	Change 2024 - 2023	<i>Di cui DOMS Industries Limited⁽³⁾</i>	<i>IFRS 16 effects</i>	<i>Adjustments for Non-recurring expense</i>
Revenue	333,283	100.0%	415,606	100.0%	(82,323) -19.8%	(63,860) -15.4%	-	-
Gross operating profit ⁽¹⁾	70,829	21.3%	79,882	19.2%	(9,053) -11.3%	(12,813) -16.0%	6,829	(2,474)
<i>Gross operating profit excluded IFRS 16 effects</i>	64,638	19.4%	72,248	17.4%	(7,610) -10.5%	(12,269) -17.0%	6,191	(2,474)
Operating profit	53,055	15.9%	58,113	14.0%	(5,058) -8.7%	(9,963) -17.1%	1,602	(4,491)
Net financial expense	(9,898)	-3.0%	(20,274)	-4.9%	10,376 51.2%	56 0.3%	(1,900)	-
Total taxes	(10,603)	-3.2%	(10,142)	-2.4%	(461) -4.6%	2,366 23.3%	(1)	193
Profit attributable to the owners of the Parent	32,014	9.6%	23,694	5.7%	8,320 35.1%	(3,849) -16.2%	(305)	(4,273)
<i>Earnings per share (€ cents)</i>								
<i>basic</i>	0.63		0.47					
<i>diluted</i>	0.62		0.46					

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change 2024 - 2023
Cash flows used in operating activities	(22,003)	(6,495)	(15,508)
Free Cash Flow to Equity	(40,273)	(48,156)	7,883
Investments	(3,855)	(17,852)	13,997
% revenue	1.2%	4.3%	

<i>Euro thousands</i>	June 30, 2024	December 31, 2023	Change 2024 - 2023	<i>IFRS 16 effects</i>
Net capital employed	943,989	877,364	66,625	(10,668)
Net Financial debt - F.I.L.A. Group ⁽²⁾	(369,046)	(303,412)	(65,635)	10,352
<i>Net Financial debt excluded IFRS 16 and MTM</i>	(305,697)	(226,643)	(79,054)	-
Equity	(574,943)	(573,953)	(990)	316

(1) The Gross Operating Profit corresponds to the "Operating Profit" before "Amortisation and Depreciation", "Net Impairment Gains (Losses) on Trade Receivables and Other Assets" and "Other Net Impairment Gains (Losses)" and derives directly from the statement of comprehensive income;

(2) Net financial structure indicator calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets. Net financial debt as defined by CONSOB Notice DEM/6064293 of July 28, 2006 and CONSOB Attention Call No. 5/21 of April 29, 2021, excludes non-current financial assets.

(3) The figures refer to the associate DOMS Industries Limited at consolidated level. Following the public listing of the company on the National Stock Exchange of India on December 20, 2023, the company was deconsolidated as at December 31, 2023.

(4) "Net investments" corresponds to the sum of the following Statement of Cash Flow captions: "Total (Investments)/Divestments in Intangible Assets" and "Total Investments/Divestments in Property, Plant and Machinery"

2024 Adjustments:

- The adjustments to the H1 2024 “Gross Operating Profit” concern the net balance between non-recurring operating income and charges, which presents a net charge of Euro 2.5 million and which includes charges for organisational structure and company process efficiency projects for Euro 2.4 million, extraordinary project costs and consultancy for Euro 0.4 million, the portion pertaining to the period for the “2022-2026 Performance Shares” medium/long-term incentive plan for Euro 0.4 million, and non-recurring income of Euro 0.7 million;
- The adjustment of the “Operating Profit” was Euro 4.5 million, resulting from the aforementioned effects on the “Gross Operating Profit” and the adjustment to fair value of the intangible assets for Euro 2.2 million;
- The adjustment to the H1 2024 “Profit for the period of the F.I.L.A. Group” was approx. Euro 4.3 million and principally concerns the above effects on the “Operating Profit”, net of the tax effect of Euro 0.2 million.

2023 Adjustments:

- The adjustments to the H1 2023 “Gross Operating Profit” concern non-recurring operating charges of Euro 3.0 million, regarding the organisational structure and company process efficiency project charges for Euro 1.9 million, extraordinary project costs and consultancy for Euro 0.9 million and the portion for the period concerning the medium/long-term “2022-2026 Performance Shares” incentive plan for Euro 0.2 million;
- The adjustment of the “Operating Profit” was Euro 3.0 million, resulting from the aforementioned effects on the “Gross Operating Profit”;
- The adjustment to the H1 2023 “Profit for the period of the F.I.L.A. Group” was approx. Euro 2.4 million and principally concerns the above effects on the “Operating Profit”, net of the tax effect of Euro 0.6 million.

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.

These Alternative Performance Measures exclusively concern historical accounting data of the Group and are calculated in accordance with the Guidelines on Alternative Performance Measurement issued by ESMA on October 5, 2015 (2015/1415), as per CONSOB communication No. 92543 of December 3, 2015, the “ESMA Guidelines on Alternative Performance Measures (APMs)” issued on April 17, 2020 by the ESMA, and on October 28, 2022 in section 3 of the “European common enforcement priorities for 2022 annual financial reports”.

The alternative performance measures used are illustrated below:

Gross operating profit or EBITDA: this is calculated the Profit for the Period, adjusted by the following captions: (i) Total Income taxes, (ii) Amortisation, Depreciation and Impairment losses and (iii) the Financial Management Result. 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.

The table below presents a reconciliation of the profit for H1 2024 and H1 2023 with the Gross Operating Profit or EBITDA:

<i>Euro thousands</i>	June 30, 2024	June 30, 2023
Profit attributable to non-controlling interests	514	4,002
Profit attributable to the owners of the parent	27,741	21,276
Profit for the period	28,255	25,278
Income taxes	10,410	9,541
<i>Current taxes</i>	8,734	11,178
<i>Deferred taxes</i>	1,675	(1,637)
Amortisation, depreciation and impairment losses	19,792	21,769
<i>Amortisation and depreciation</i>	17,404	20,661
<i>Impairment gains/losses on Trade Receivables and Other Receivables</i>	(252)	1,095
<i>Impairment gains/losses on Other Assets</i>	2,641	13
Financial items	9,898	20,274
<i>Financial income</i>	(5,943)	(4,097)
<i>Financial expense</i>	17,288	24,882
<i>Share of losses of equity-accounted investees</i>	(1,446)	(510)
Gross operating profit	68,356	76,862

Gross Operating Profit or EBITDA excluding net non-recurring charges and IFRS 16: this is calculated as the Gross Operating Profit or EBITDA excluding the following effects: (i) Net non-recurring charges on the Gross Operating Profit or EBITDA, (ii) the IFRS 16 effects (Cost offset) and (iii) Non-recurring IFRS 16 charges.

Gross Operating Profit or EBITDA excluding net non-recurring charges: this is calculated as the Gross Operating Profit or EBITDA excluding net non-recurring charges on the Gross Operating Profit or EBITDA.

Reference should be made to the reconciliation of the two above-stated Alternative Performance Measures:

<i>Euro thousands</i>	June 30, 2024	June 30, 2023
Gross operating profit	68,356	76,862
Charges for organisational structure and company process efficiency projects	2,418	1,887
Expences and consultancy costs related to extraordinary projects	363	896
Incentive plan "Performance shares 2022-2026"	379	237
Insurance reimbursement	(686)	-
Non-recurring expenses on Gross operating profit or EBITDA	2,474	3,020
Gross operating profit adjusted for non-recurring expenses and IFRS16	70,829	79,882
IFRS 16 effects (<i>Cost Offset</i>)	(6,829)	(7,999)
Non-recurring expense IFRS16	638	366
Adjusted gross operating profit	64,638	72,248

Operating Profit or EBIT: this is calculated as the "Operating Profit" directly derived from the consolidated income statement and corresponding to the "Gross Operating Profit or EBITDA", adjusted by the following captions: (i) Amortisation and Depreciation, (ii) Net impairment Gains (Losses) on Trade Receivables and Other Assets and (iii) Other Net Impairment Gains (Losses).

The following is a reconciliation between Gross Operating Profit or EBITDA and Operating Profit or EBIT:

<i>Euro thousands</i>	June 30, 2024	June 30, 2023
Gross operating profit or EBITDA	68,356	76,862
Amortisation and depreciation	(17,404)	(20,661)
Impairment losses on trade receivables and other assets	252	(1,095)
Other impairment gains/losses	(2,641)	(13)
Operating profit	48,563	55,093

Operating Profit or EBIT excluding net non-recurring charges: this is calculated as the Operating Profit or EBIT excluding the effects from net non-recurring charges on the Operating Profit or EBIT.

The following is a reconciliation between Operating Profit or EBIT and Operating Profit or EBIT excluding net non-recurring charges:

<i>Euro thousands</i>	June 30, 2024	June 30, 2023
Operating profit or EBIT	48,563	55,093
Non-recurring expense on Gross Operating profit or EBITDA	2,474	3,020
Impairment losses on Intangible assets	2,209	-
Impairment of tangible assets and trade receivables of FILA Russia	(191)	-
Non-recurring expenses on Operating profit or EBIT	4,491	3,020
Adjusted Operating profit or EBIT	53,055	58,113

Profit attributable to owners of the parent: profit for the reporting period, adjusted for non-controlling interest items.

The Group defines the “Profit attributable to the owners of the parent excluding net non-recurring charges” as the Profit attributable to the shareholders of the parent excluding Net non-recurring charges on the Profit for the period attributable to the owners of the parent.

The reconciliation between the Profit attributable to the owners of the parent and the Profit attributable to the owners of the parent excluding net non-recurring charges is presented below:

<i>Euro thousands</i>	June 30, 2024	June 30, 2023
Profit for the period attributable to the Group	27,741	21,276
Non-recurring expense	4,491	3,020
Tax effect on non-recurring expenses	(193)	(600)
Tax effect on Third parts of non-recurring expenses	(25)	(2)
Non-recurring expenses on Profit for the period attributable to the Group	4,273	2,418
Adjusted Profit for the period attributable to the owners of the parent	32,014	23,694

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 call to attention 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, 2024 and at December 31, 2023 respectively totalled Euro 3,467 thousand and Euro 746 thousand.

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

Net Financial Debt excluding the IFRS 16 and MTM effects: corresponds to the Net Financial Debt excluding the effects of IFRS 16 and Mark to Market Hedging.

Basic and diluted earnings per share excluding net non-recurring charges

The Basic Earnings/(Loss) per share excluding net non-recurring charges is calculated by dividing the Profit attributable to the owners of the parent, excluding net non-recurring charges, by the average weighted number of outstanding ordinary shares during the period, excluding any treasury shares in portfolio.

The Diluted Earnings/(Loss) per share excluding net non-recurring charges is calculated by dividing the Profit attributable to the owners of the parent, excluding net non-recurring charges by the average weighted number of outstanding ordinary shares during the period and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

Earnings of the year attributable to holders of ordinary shares (basic)	June 30, 2024	June 30, 2023
Earnings of the year, attributable to the Group	27,741	21,276
Earnings of the year adjusted for non recurring expense	32,014	23,694
Average weighted number of ordinary shares (basic)	50,727,531	50,871,406
Earnings of the year per share (basic)	0.55	0.42
Earnings of the year adjusted for non recurring expense per share (basic)	0.63	0.47

Average weighted number of ordinary shares (diluted)	June 30, 2024	June 30, 2023
Average ordinary shares (basic)	50,727,531	50,871,406
Potential shares	1,210,250	1,040,750
Average weighted number of ordinary shares (diluted)	51,937,781	51,912,156
Earnings of the year per share (diluted)	0.53	0.41
Earnings adjusted of the year per share (diluted)	0.62	0.46

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

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

Operating results excluding net non-recurring charges

The operating results excluding net non-recurring charges of the F.I.L.A. Group for H1 2024 present a decrease in the Gross Operating Profit excluding net non-recurring charges of 11.3% on the same period of 2023:

	June 30, 2024	% revenue	June 30, 2023	% revenue	Change 2024 - 2023		Of which DOMS Industries Limited ⁽³⁾	
<i>ADJUSTED - Euro thousands</i>								
Revenue	333,283	100.0%	415,606	100.0%	(82,323)	-19.8%	(63,860)	-15.4%
Income	4,145		4,969		(825)	-16.6%	(326)	-6.6%
Total revenue	337,428		420,575		(83,147)	-19.8%	(64,186)	-15.3%
Total operating costs	(266,599)	-80.0%	(340,694)	-82.0%	74,095	21.8%	51,373	15.1%
Gross operating profit	70,829	21.3%	79,882	19.2%	(9,052)	-11.3%	(12,813)	-16.0%
Amortisation, depreciation and impairment losses	(17,775)	-5.3%	(21,769)	-5.2%	3,994	18.4%	2,850	13.1%
Operating profit	53,055	15.9%	58,113	14.0%	(5,058)	-8.7%	(9,963)	-17.1%
Net financial expense	(9,898)	-3.0%	(20,274)	-4.9%	10,376	51.2%	56	0.3%
Pre-tax profit	43,156	12.9%	37,838	9.1%	5,318	14.1%	(9,907)	-26.2%
Total taxes	(10,603)	-3.2%	(10,142)	-2.4%	(461)	-4.6%	2,366	23.3%
Profit for the period	32,553	9.8%	27,697	6.7%	4,856	17.5%	(7,541)	-27.2%
Profit for the period attributable to non-controlling inter	539	0.2%	4,003	1.0%	(3,464)	-86.5%	(3,695)	-92.3%
Profit attributable to the Group F.I.L.A.	32,014	9.6%	23,694	5.7%	8,320	35.1%	(3,846)	-16.2%

The principal changes compared to H1 2023 are illustrated below.

“Revenue from sales and services” of Euro 333,283 thousand decreased on H1 2023 by Euro 82,323 thousand (-19.8%). Net of exchange losses of Euro 6,138 thousand (mainly concerning the Argentinian Peso and the Turkish Lyra, partially offset by the strengthening of the Mexican Peso), and of the revenue reported by the former Indian subsidiary DOMS Industries Limited for H1 2023 of Euro 63,860 thousand, the organic reduction was Euro 12,325 thousand (-3.5%).

At geographical area level, an organic contraction was reported in North America of Euro 18,742 thousand (-10.3% on the preceding period, impacted by the introduction of the SAP EWM module in March 2024) and in Asia for Euro 173 thousand (-2.5% on the preceding period), offset by organic growth in Central-South America for Euro 4,858 thousand (+11.1% on the preceding period), in Europe for Euro 1,659 thousand (+1.4% on the preceding period), and in the Rest of the World for Euro 71 thousand (+4.2% on the preceding period).

“Income” of Euro 4,145 thousand decreased by Euro 825 thousand compared to the preceding period,

mainly due to lower exchange gains on commercial transactions.

“Operating costs” in H1 2024 of Euro 266,599 thousand decreased Euro 74,095 thousand on the same period of 2023. This decrease mainly concerns the operating costs incurred in H1 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 51,373 thousand (net of Euro 6,952 thousand concerning Inter-company item eliminations), and the lower variable purchase and commercial costs due to the reduction in revenue.

The “Gross Operating Profit” amounts to Euro 70,829 thousand, decreasing Euro 9,052 thousand on the same period of 2023 (-11.3%), mainly due to the deconsolidation of the former Indian subsidiary DOMS Industries Limited for Euro 12,813 thousand. The organic margin improved from 19.1% in H1 2023 (excluding the former Indian subsidiary DOMS Industries Limited) to 21.3% in H1 2024.

“Amortisation, depreciation and impairment losses” decreased Euro 3,994 thousand, mainly due to the amortisation and depreciation incurred in H1 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 2,850 thousand, and the reduction of impairments and loss allowance accruals.

The “Financial Management Result” improved Euro 10,376 thousand, essentially due to lower net financial expense, mainly relating to the US subsidiary Dixon Ticonderoga Company, the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. and the parent F.I.L.A. S.p.A., in addition to the positive adjustment of the Carrying amount of F.I.L.A. S.p.A.’s investment in the Indian associate DOMS Industries Limited of Euro 1,446 thousand (concerning the latest approved results of the Indian company for Q1 2024), in accordance with the share of equity in the associate of 30.6%.

“Taxes” amounted to Euro 10,603 thousand, slightly 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 profit excluding net non-recurring charges in H1 2024 was Euro 32,014 thousand, compared to Euro 23,694 thousand in the same period of the previous year. The movement on the comparative period includes Euro 3,846 thousand concerning the former Indian subsidiary DOMS Industries Limited.

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. On the other hand, 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 2024 and 2023 are reported below.

	2024		2023			
	June 2024	March 2024	December 2023	June 2023	September 2023	March 2023
<i>Euro thousands</i>						
Revenue	333,283	131,898	779,183	614,153	415,606	178,688
<i>Full year portion</i>	100.0%	39.6%	100.0%	78.8%	53.3%	22.9%
Gross operating profit or EBITDA	68,356	20,432	122,253	113,998	76,862	26,290
<i>% revenue</i>	20.5%	15.5%	15.7%	18.6%	18.5%	14.7%
<i>Full year portion</i>	100.0%	29.9%	100.0%	93.2%	62.8%	21.5%
Gross operating profit or EBITDA excluded for non-recurring expense	70,829	21,116	136,066	119,433	79,882	28,262
<i>% revenue</i>	21.3%	16.0%	17.5%	19.4%	19.2%	15.8%
<i>Full year portion</i>	100.0%	29.8%	100.0%	87.8%	58.7%	20.8%
Gross operating profit or EBITDA excluded non-recurring expense and IFRS16	64,638	18,536	121,104	108,020	72,248	24,339
<i>% revenue</i>	19.4%	14.1%	15.5%	17.6%	17.4%	13.6%
<i>Full year portion</i>	100.0%	28.7%	100.0%	89.2%	59.7%	20.1%
Net Financial Debt - F.I.L.A. Group	(369,046)	(363,016)	(303,412)	(445,787)	(488,978)	(490,413)
Net Financial Debt - excluded non-recurring expense and IFRS16	(305,697)	(299,493)	(226,643)	(365,115)	(406,881)	(405,121)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at June 30, 2024 are reported below:

<i>Euro thousands</i>	June 30, 2024	December 31, 2023	Change 2024 - 2023
Intangible assets	378,566	378,031	535
Property, plant & equipment	109,795	123,325	(13,530)
Biological assets	1,253	1,241	12
Financial assets	163,127	161,149	1,978
Net Non-Current Assets	652,740	663,746	(11,006)
Other Non-Current Assets/ Liabilities	20,626	23,304	(2,678)
Inventories	266,357	264,375	1,981
Trade receivables and other assets	188,003	99,821	88,182
Trade payables and other liabilities	(107,641)	(105,656)	(1,985)
Other current assets and liabilities	(3,444)	4,476	(7,920)
Net working capital	343,274	263,016	80,258
Provisions	(72,651)	(72,702)	51
Net invested capital	943,989	877,364	66,625
Equity	(574,943)	(573,953)	(990)
Net financial debt excluded IFRS16 effect and MTM	(305,697)	(226,643)	(79,054)
IFRS16 Effect	(65,540)	(75,891)	10,352
<i>Mark to market hedging</i>	2,190	(877)	3,068
Net financial debt	(369,046)	(303,412)	(65,635)
Net funding sources	(943,989)	(877,364)	(66,625)

The F.I.L.A. Group's "Net Invested Capital" of Euro 943,989 thousand at June 30, 2024 was composed of "Non-current Assets" of Euro 652,740 thousand (Euro 663,746 thousand at December 31, 2023), "Net Working Capital" of Euro 343,274 thousand (increasing Euro 80,258 thousand on December 31, 2023) and "Other Non-current Assets/Liabilities" of Euro 20,626 thousand (decreasing Euro 2,678 thousand on December 31, 2023), net of "Provisions" of Euro 72,651 thousand (Euro 72,702 thousand at December 31, 2023).

“Intangible Assets” increased on December 31, 2023 by Euro 535 thousand, mainly due to exchange gains in the period of Euro 7,975 thousand and net investments of Euro 1,356 thousand, principally by the parent F.I.L.A. S.p.A. (Euro 1,342 thousand) to introduce the SAP system at a number of Group companies. The increase is partially offset by amortisation in the period of Euro 6,526 thousand.

“Property, plant and machinery” decreased on December 31, 2023 by Euro 13,530 thousand, mainly as a result of the reduction of “Property, Plant and Machinery Right-of-Use” of Euro 10,667 thousand and of “Property, Plant and Machinery” of Euro 2,863 thousand.

The decrease in the “Property, plant and machinery Right-of-use” is mainly due to the renegotiation of the lease contracts recognised in the period of Euro 5,866 thousand, mainly by the subsidiary Grupo FILA.-Dixon, S.A. de C.V. (Mexico) for Euro 5,176 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A) for Euro 2,689 thousand. The reduction is also due to depreciation in the period of Euro 5,228 thousand, and is offset by exchange gains of Euro 556 thousand.

The decrease in “Property, Plant and Machinery” was mainly due to depreciation in the period of Euro 5,650 thousand. This overall movement is mainly offset by investments in the period of Euro 2,550 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 664 thousand and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 608 thousand, in addition to the recognition of exchange gains of Euro 408 thousand.

“Biological Assets” increased Euro 12 thousand compared to December 31, 2023, 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” increased on December 31, 2023 by Euro 1,978 thousand, principally regarding the positive adjustment of the Carrying Amount of the investment of F.I.L.A. S.p.A. in the Indian associate DOMS Industries Limited of Euro 1,446 thousand (relating to the latest approved results of the Indian company for Q1 2024), in line with the share of equity held in the associate of 30.6%. The movement was also due to the increase in financial receivables of the Argentinian subsidiary FILA Argentina and of the Mexican subsidiary Grupo-F.I.L.A.-Dixon, S.A. de C.V..

The increase in “Net Working Capital” of Euro 80,258 thousand relates to the following:

- ▶ “Trade Receivables and Other Assets” - increasing Euro 88,182 thousand, mainly due to the seasonality of the F.I.L.A. Group’s business. The increase in particular concerns higher “Trade Receivables” of Euro 94,988 thousand, mainly relating to the US subsidiary Dixon Ticonderoga Company for Euro 36,702 thousand, the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 21,994 thousand and the parent F.I.L.A. S.p.A. for Euro 17,233 thousand. Exchange losses of Euro 1,002 thousand are also reported;
- ▶ “Inventories” - increasing Euro 1,981 thousand, due mainly to exchange gains of Euro 2,559 thousand and the impact of hyperinflation on the Argentinian subsidiary FILA Argentina S.A. for Euro 1,094 thousand, offset by a reduction in stock of Euro 2,500 thousand, mainly at the parent F.I.L.A. S.p.A. for Euro 2,164 thousand and the subsidiary Dixon Ticonderoga Company (U.S.A) for Euro 1,572 thousand.
- ▶ “Trade Payables and Other Liabilities” - increasing Euro 1,985 thousand, mainly due to the increase in “Trade Payables” for Euro 2,627 thousand, principally concerning the French subsidiary Canson SAS for Euro 1,543 thousand and the Canadian subsidiary Dixon Ticonderoga Art ULC for Euro 906 thousand. Negative currency conversion effects of Euro 350 thousand are in addition reported.

The decrease in “Provisions” on December 31, 2023 of Euro 51 thousand principally concerns:

- ▶ Reduction of “Employee benefits” for Euro 756 thousand, principally concerning the actuarial losses of the subsidiary Daler Rowney Ltd (United Kingdom) and of the subsidiary Canson SAS (France).
- ▶ Reduction in “Provisions for Risks and Charges” of Euro 130 thousand, principally due to the utilisation of the provision of the US subsidiary Dixon Ticonderoga Company and to the French subsidiary Canson SAS;
- ▶ Increase in “Deferred tax liabilities” of Euro 834 thousand, principally due to exchange losses;

The “Equity” of the F.I.L.A. Group, amounting to Euro 574,943 thousand, increased on December 31, 2023 by Euro 990 thousand. Net of the profit for the period of Euro 28,255 thousand (of which Euro 514 thousand attributable to non-controlling interests), the residual movement mainly concerned the increase of the “fair value hedge” of the IRS derivatives for Euro 2,647 thousand, to the “Actuarial Gains/Losses” reserve of Euro 802 thousand, to the increase in the translation reserve of Euro 4,755 thousand, to the accrual to the Share Based Premium reserve for Euro 452 thousand in relation to the 2022-2026 medium/long-term incentive plan, and to the impact of hyper-inflation on the hyper-inflated economies for a positive Euro 248 thousand. These movements were offset by the dividends settled for Euro 36,160 thousand, of which to the shareholders of F.I.L.A. S.p.A. for Euro 35,509 thousand, and for Euro 651 thousand to the minority shareholders of the subsidiaries.

F.I.L.A. Group “Net Financial Debt” at June 30, 2024 was Euro 369,046 thousand, increasing Euro 65,635 thousand on December 31, 2023.

For greater details, reference should be made to the Net financial debt and cash flows section.

Financial overview

The Group's Net Financial Debt at June 30, 2024 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, reference should be made to Consob's call to attention No. 5/21 of April 29, 2021, which cites the new ESMA guidelines in this regard.

The **F.I.L.A. Group Net Financial Debt** at June 30, 2024 was negative for Euro 369,046 thousand.

<i>Euro thousands</i>	June 30, 2024	December 31, 2023	Change 2024 - 2023
A Cash	157	206	(49)
B Cash equivalents	67,755	125,645	(57,890)
C Other current financial assets	4,080	1,162	2,918
D Liquidity (A + B + C)	71,992	127,012	(55,020)
E Current bank loans and borrowings	(72,319)	(40,848)	(31,471)
F Current portion of non-current bank loans and borrowings	(36,592)	(32,057)	(4,535)
G Current financial debt (E + F)	(108,910)	(72,905)	(36,005)
H Net current financial debt (G - D)	(36,919)	54,108	(91,027)
I Non-current bank loans and borrowings	(332,128)	(357,519)	25,391
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(332,128)	(357,519)	25,391
M Net financial debt (H + L)	(369,046)	(303,412)	(65,635)

The Net Financial Debt – F.I.L.A. Group comprises the Net Financial Debt excluding the IFRS16 and MTM effects for a debt of Euro 305,697 thousand (debt of Euro 226,643 thousand at December 31, 2023), the effect of IFRS16 for Euro 65,540 thousand and the Mark to Market Hedging for a positive Euro 2,190 thousand.

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 157 thousand) and "B - Cash equivalents" (Euro 67,755 thousand) are included in "Note 10 - Cash and cash equivalents" (Euro 67,912 thousand);
- caption "C - Other current financial assets" refers to "Note 3 - Current financial assets" (Euro 4,080 thousand);
- caption "G - Current financial debt" relates to "Note 13 - Current Financial Liabilities" (Euro 108,910 thousand) and contains caption "F - Current portion of non-current financial bank loans and borrowings" (Euro 36,592 thousand) which refers to the current portion of IFRS 16

Financial Liabilities (Euro 8,913 thousand) and to the current portion of long-term loans (Euro 27,678 thousand), and caption “E - Current bank loans and borrowings” for Euro 72,319 thousand;

- caption “I - Non-current bank loans and borrowings” (Euro 332,128 thousand) refers to “Note 13 - Non-Current Financial Liabilities” (Euro 334,318 thousand), including the long-term IFRS 16 Financial Liabilities of Euro 56,626 thousand, in addition to the financial hedge instrument (for a positive Euro 2,190 thousand), covered by “Note 3 - Non-Current Financial Assets”.

Compared to December 31, 2023 (Euro 303,412 thousand), the Net Financial Debt increased Euro 65,635 thousand at June 30, 2024, as outlined below in the Statement of Cash Flows:

<i>Euro thousands</i>	June 30, 2024	June 30, 2023
Operating profit	68,356	76,862
Non-monetary adjustments net of IFRS 16 effect	55	4,370
IFRS16 operating cash flow	(6,829)	(7,999)
Income taxes	(686)	(5,200)
Cash Flows from Operating Activities Before Changes in NWC	60,896	68,032
Change in NWC	(89,491)	(81,336)
Change in Inventories	2,500	(612)
Change in Trade Receivables and Other Assets	(92,799)	(83,172)
Change in Trade Payables and Other Liabilities	1,362	3,006
Change in Other Current Assets/Liabilities	(554)	(557)
Net Cash Flows used in Operating Activities	(28,595)	(13,303)
Investments in Property, Plant and Equipment and Intangible assets	(3,855)	(17,852)
Financial income	405	345
Net Cash Flows used in Investing Activities	(3,450)	(17,508)
Change in Equity	(36,160)	(7,648)
Financial Expense	(11,190)	(15,555)
Financial Expense IFRS16	(1,900)	(2,827)
Net Cash Flows used in Financing Activities	(49,250)	(26,029)
Exchange differences and other variations	4,861	1,037
Total Net Cash Flows	(76,433)	(55,803)
Total Net Cash Flows to equity	(40,273)	(48,156)
Effect of exchange gains (losses)	(3,710)	(949)
Change in amortized cost	1,090	(318)
Mark to mark hedging adjustment	3,068	1,302
NFD change due to IFRS16	10,352	1,950
Change in Net Financial Debt - F.I.L.A. Group	(65,635)	(53,819)

The net cash flow used in "Operating activities" of Euro 28,595 thousand in the first half of 2024 (Euro 13,303 thousand in H1 2023), related to:

- ▶ Inflows of Euro 60,896 thousand (Euro 68,032 thousand in H1 2023) from operating profit, calculated as the difference of operating costs and revenue plus other operating items, excluding financial items;
- ▶ Outflows of Euro 89,491 thousand (outflow of Euro 81,336 thousand in H1 2023) attributable to "Working Capital movements", primarily related to the increases in "Trade Receivables and Other Assets", partially offset by the increase in "Trade Payables and Other Liabilities" and the reduction in "Inventories".

"Investing activities" used net cash flows of Euro 3,450 thousand (Euro 17,508 thousand in H1 2023), mainly due to the use of cash for Euro 3,855 thousand (Euro 17,852 thousand in H1 2023) for net property, plant and equipment and intangible asset investment, particularly regarding the parent F.I.L.A. S.p.A..

"Financing activities" absorbed net cash flows of Euro 49,250 thousand (Euro 26,029 thousand absorbed in H1 2023), concerning the dividends paid for a total of Euro 36,160 thousand (to the shareholders of F.I.L.A. S.p.A for Euro 35,509 thousand and to the non-controlling interest shareholders of the subsidiaries for Euro 651 thousand), the interest paid on loans and credit lines granted to the Group companies of Euro 11,190 thousand, mainly the parent F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), in addition to interest expense due to the application of IFRS 16 of Euro 1,900 thousand.

"Free Cash Flow to Equity" was a negative Euro 40,273 thousand (negative Euro 48,156 thousand at June 30, 2023), and is calculated as the difference between the Total Net Cash Flow for a negative Euro 76,433 thousand (negative Euro 55,803 thousand at June 30, 2023), and the changes to Equity of Euro 36,160 thousand (Euro 7,648 thousand at June 30, 2023).

Excluding exchange movements regarding the translation of the Net Financial Debt in currencies other than the Euro (negative for Euro 3,710 thousand), the movement in the Net Financial Debt due to the application of IFRS 16 for a positive Euro 10,352 thousand, the Mark to Market Hedging adjustment for a positive Euro 3,068 thousand and the "Amortised cost" movement for a positive Euro 1,090 thousand, the Net Financial Debt of the Group therefore increased Euro 65,635 thousand (increase of Euro 53,819 thousand at June 30, 2023).

Changes in net cash and cash equivalents are detailed below:

<i>Euro thousands</i>	June 30, 2024	December 31, 2023	June 30, 2023
Opening Cash and Cash Equivalents	124,807	107,546	107,546
Cash and cash equivalents	125,851	111,209	111,209
Current account overdrafts	(1,044)	(3,663)	(3,663)
Closing Cash and Cash Equivalents	63,573	124,807	65,287
Cash and cash equivalents	67,912	125,851	68,019
Current account overdrafts	(4,339)	(1,044)	(2,732)

Key events of the reporting period

- ▶ On January 22, 2024, the Shareholders' Meeting of F.I.L.A. S.p.A. resolved: (i) the distribution of an extraordinary dividend of Euro 0.58 for each (ordinary and special) F.I.L.A. share in circulation on the coupon date (net of treasury shares in portfolio on that date); (ii) the appointment of Deloitte & Touche S.p.A. to undertake the legally-required audit for the period 2024-2032, pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014. With regard to the distribution of the extraordinary dividend, considering the 51,058,297 F.I.L.A. shares outstanding at the date of the Shareholders' Meeting, net of the 330,766 treasury shares held by the Company, the maximum total amount of the dividend was Euro 29,421,967.98.
- ▶ In March 2024, the SAP EWM logistics software was installed at the US company Dixon Ticonderoga Company.
- ▶ On April 17, 2024, Steven D. Boyea was appointed as C.E.O. of Dixon Ticonderoga Company (U.S.A.) and of Dixon Ticonderoga ART ULC (Canada).
- ▶ On April 23, 2024, the Shareholders' Meeting of F.I.L.A. S.p.A. appointed the Board of Directors and the Board of Statutory Auditors for the coming 2024-2026 three-year period, with a mandate to run until the approval date of the consolidated and statutory financial statements for the year ended December 31, 2026.
- ▶ On June 14, 2024, the South African subsidiary FILA SA acquired the residual 0.57% minority shareholding of the third party company Lombard Vineyards Proprietary Limited for a total amount of Euro 8 thousand.

▶ Impacts of events related to the conflict in Ukraine and Israel

The operating and financial impacts of the conflict between Russia and Ukraine on the F.I.L.A. Group are not considered significant, also in view of the fact that the revenue of the Russian subsidiary FILA Stationary O.O.O. accounts for approximately 0.05% of Group revenue. The F.I.L.A. Group does not have suppliers or production plant in the area. In relation to the Russian subsidiary, we highlight that the net assets of the company have reduced to zero.

In light of these serious events, the Group is in addition monitoring the short-term situation so as to be ready to offset the impacts of all future decisions upon the presence in Russia.

There are no F.I.L.A. Group companies in Ukraine at June 30, 2024.

For further details, reference should be made to the “Key events in the year” section of the Annual Financial Report at December 31, 2023.

A military conflict involving Israel has been ongoing since October 7, 2023.

The operating and financial impacts of the conflict on the Israeli commercial subsidiary Fila Art and Craft Ltd are not considered significant, also in view of the fact that the revenue of the subsidiary accounts for approx. 0.5% of the Group’s total.

The F.I.L.A. Group does not have suppliers or production plant in the area.

The Israeli subsidiary has a net commercial exposure to third parties at June 30, 2024 of Euro 1,108 thousand. Group management continues to monitor the recoverability of the net exposure to third parties of the subsidiary, considering that no recoverability risks currently exist.

Events after the reporting period

On July 1, 2024, the US company Dixon Ticonderoga Company (U.S.A.) acquired from Fedrigoni Special Papers North America Inc. the “Strathmore” brand for USD 2,250 thousand, with the brand previously utilised under license by the F.I.L.A. Group US company.

Outlook

We confirm that the full-year 2024 results shall be impacted by a challenging macroeconomic environment in view of the elections held in June in Mexico, and the upcoming election in the United States and in India.

The Group’s forecast operating growth over the coming months shall continue to be driven by strong performances in Mexico, and the ongoing recovery in Europe. The logistics software to boost operating efficiency in the United States has been fully rolled out, resulting in slower order fulfilment in H1 2024, with an impact on revenues. The associated “learning curve” is steadily improving.

The coming months will see the F.I.L.A. Group engaged in an organisational streamlining project to support cost-cutting and to be developed over the coming years, alongside operational and process optimisation activities.

Expectations for 2024, in line with that previously announced by the company, are for substantial revenue stability, in addition to cash generation in line with the last five financial years, thanks to

increasingly efficient working capital management and a reduction in financial expense, in addition to an improved margin on 2023.

Treasury shares

On June 30, 2024, the Group held 330,776 treasury shares, for a total value of Euro 2,966 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

It should be noted that the treasury shares currently held are largely allocated to serve the 2022-2026 Performance Shares Plan, which, in the event of reaching the related targets, calls for the assignment of a minimum number of shares (equal to approx. 165,000-170,000 shares for each of the three three-year cycles).

Related party transactions

For the procedures adopted in relation to transactions with related parties, also in accordance with Article 2391-*bis* of the 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 of the Notes to the Condensed Interim Consolidated Financial Statements of the F.I.L.A. Group.

Reconciliation between Parent and Group Equity

	Equity December 31, 2023	Changes in equity	Profit for June 2024	Equity June 30, 2024
F.I.L.A. S.p.A. financial statements	338,670	(33,709)	18,670	323,631
Consolidation effect of the financial statements of subsidiaries	239,135	2,340	9,071	250,546
Translation reserve	(7,935)	4,822	-	(3,113)
F.I.L.A. group consolidated financial statements	569,870	(26,548)	27,741	571,064
Equity attributable to non-controlling interests	4,082	(718)	514	3,879
Consolidated financial statements	573,953	(27,266)	28,255	574,943



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2024

Condensed Consolidated Half-Year Financial Statements as at and for the six months ended June 30, 2024

Consolidated Financial Statements

Statement of Financial Position

<i>Euro thousands</i>		June 30, 2024	December 31, 2023
Assets		1,204,279	1,191,009
Non-current assets		675,770	687,245
Intangible assets	Note 1	378,566	378,031
Property, plant and equipment	Note 2	109,795	123,325
Biological assets	Note 11	1,253	1,241
Non-current financial assets	Note 3	3,467	746
Equity-accounted investments	Note 4	161,824	160,377
Other equity investments	Note 5	26	26
Deferred tax assets	Note 6	20,796	23,454
Other receivables	Note 9	45	45
Current assets		528,509	503,764
Current financial assets	Note 3	4,080	1,162
Current tax assets	Note 7	2,158	12,556
Inventories	Note 8	266,357	264,375
Trade receivables and other assets	Note 9	188,003	99,821
Cash and cash equivalents	Note 10	67,912	125,851
Liabilities and equity		1,204,279	1,191,009
Equity		574,943	573,953
Share capital		46,986	46,986
Negative reserve for treasury shares in portfolio		(2,966)	(2,966)
Reserves		139,388	130,426
Retained earnings		359,914	224,775
Profit for the period/year		27,741	170,648
Equity attributable to the owners of the parent		571,064	569,870
Equity attributable to non-controlling interests		3,879	4,082
Non-current liabilities		406,363	429,490
Non-current financial liabilities	Note 13	334,318	356,642
Financial instruments	Note 17	-	877
Employee benefits	Note 14	9,322	10,078
Provision for risks and charges	Note 15	870	895
Deferred tax liabilities	Note 16	61,638	60,803
Other liabilities	Note 19	214	195
Current liabilities		222,974	187,566
Current financial liabilities	Note 13	108,910	72,905
Current provision for risks and charges	Note 15	821	926
Current tax liabilities	Note 18	5,602	8,080
Trade payables and other liabilities	Note 19	107,641	105,656

The notes from pages 50 to 106 are an integral part of these consolidated financial statements

Statement of Comprehensive Income

<i>Euro thousands</i>		June 30, 2024	June 30, 2023
Revenue	Note 20	333,283	415,606
Income	Note 21	4,830	4,969
Total revenue		338,114	420,575
Raw materials, consumables, supplies and goods	Note 22	(142,936)	(194,657)
Services and use of third party assets	Note 23	(53,445)	(61,569)
Other costs	Note 24	(2,611)	(4,791)
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(1,691)	(2,526)
Personnel expense	Note 25	(69,075)	(80,170)
Amortisation and depreciation	Note 26	(17,404)	(20,661)
Impairment losses on trade receivables and other assets	Note 27	252	(1,095)
Other Assets impairment losses	Note 28	(2,641)	(13)
Total operating costs		(289,550)	(365,482)
Operating profit		48,563	55,093
Financial income	Note 29	5,943	4,097
Financial expense	Note 30	(17,288)	(24,882)
Share of profit of equity-accounted investments	Note 32	1,446	510
Net financial expense		(9,898)	(20,274)
Pre-tax profit		38,665	34,819
Income taxes		(8,734)	(11,178)
Deferred taxes		(1,675)	1,637
Total taxes	Note 33	(10,410)	(9,541)
Profit for the period		28,255	25,278
<i>Attributable to:</i>			
Non-controlling interests		514	4,002
Owners of the parent		27,741	21,276
Other comprehensive income (expense) which may be reclassified subsequently to Profit or Loss		7,402	(37)
Net exchange gains (losses)		4,755	(1,362)
Hedging reserve		3,072	1,324
Taxes		(425)	-
Other comprehensive income (expense) which may not be reclassified subsequently to Profit or Loss		802	106
Net actuarial gains		1,044	123
Taxes		(242)	(17)
Other comprehensive income (expense), net of tax effect		8,203	69
Comprehensive income (expense)		36,456	25,346
<i>Non-controlling interests</i>		456	3,605
<i>Owners of the parent</i>		36,003	21,741
Earnings per share:			
<i>basic</i>		0.55	0.42
<i>diluted</i>		0.53	0.41

The notes from pages 50 to 106 are an integral part of these 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, 2022	46,986	(1,794)	9,396	154,614	(975)	(21,818)	(17,874)	205,562	25,271	399,369	23,280	5,004	28,284	427,653
Profit for the year									170,648	170,648		7,988	7,988	178,637
Other comprehensive income (expense)					(694)	(3,831)	(695)			(5,220)	4,616		4,616	(604)
Other changes		(1,172)				1,669	10,634	47		11,178	(34,915)		(34,915)	(23,737)
Profit for the year and gains (losses) recognised directly in equity	-	(1,172)	-	-	(694)	(2,162)	9,939	47	170,648	176,606	(30,300)	7,988	(22,311)	154,295
Allocation of the 2022 profit								25,271	(25,271)	-	5,004	(5,004)	-	-
Dividends								(6,105)		(6,105)	(1,890)		(1,890)	(7,995)
December 31, 2023	46,986	(2,966)	9,396	154,614	(1,670)	(23,980)	(7,935)	224,775	170,648	569,870	(3,906)	7,988	4,082	573,953
<i>Euro thousands</i>														
December 31, 2023	46,986	(2,966)	9,396	154,614	(1,670)	(23,980)	(7,935)	224,775	170,648	569,870	(3,906)	7,988	4,082	573,953
Profit for the period									27,741	27,741		514	514	28,255
Other comprehensive income (expense)					794	2,647	4,822			8,262	(59)		(59)	8,203
Other changes						700	-			700	(8)		(8)	692
Profit for the period and gains (losses) recognised directly in equity	-	-	-	-	794	3,347	4,822	-	27,741	36,703	(67)	514	447	37,150
Allocation of the 2023 profit								170,648	(170,648)	-	7,988	(7,988)	-	-
Dividends								(35,509)		(35,509)	(651)		(651)	(36,160)
June 30, 2024	46,986	(2,966)	9,396	154,614	(876)	(20,633)	(3,113)	359,914	27,741	571,064	3,364	514	3,879	574,943

Note:

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

The notes from pages 50 to 106 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

<i>Euro thousands</i>	June 30, 2024	June 30, 2023
Profit for the period	28,255	25,278
Non-monetary and other adjustments:	39,648	57,068
Amortisation and depreciation of intangible assets and property, plant and equipment	12,176	14,801
Depreciation of right-of-use assets	5,228	5,860
Net impairment losses on intangible assets and property, plant and equipment	2,641	13
Net impairment losses on trade receivables and write-downs of inventories	(1,061)	4,232
Accruals for post-employment and other employee benefits	916	1,287
Net exchange gains (losses) on foreign currency trade receivables and payables	(508)	1,114
Net gains on the sale of intangible assets and property, plant and equipment	(51)	(55)
Net financial expense	11,345	20,785
Net gains on equity investments	(1,446)	(510)
Taxes	10,410	9,541
Addition for:	(415)	(7,505)
Income taxes paid	(686)	(5,200)
Net unrealised exchange gains/losses on foreign currency assets and liabilities	454	(1,294)
Net realised exchange gains/losses on foreign currency assets and liabilities	(183)	(1,011)
Cash flows from operating activities before changes in net working capital	67,488	74,841
Changes in net working capital:	-89,491	-81,336
Change in inventories	2,500	(612)
Change in trade receivables and other assets	(92,799)	(83,172)
Change in trade payables and other liabilities	1,362	3,006
Change in other assets and liabilities	(119)	(42)
Change in post-employment and other employee benefits	(435)	(515)
Net cash flows used in operating activities	(22,003)	(6,495)
Net increase/decrease in intangible assets	(1,356)	(1,143)
Net increase/decrease in property, plant and equipment	(2,499)	(16,710)
Net increase/decrease in equity investments measured at cost	(1,867)	(1,229)
Interest collected	405	345
Net cash flows used in investing activities	(5,317)	(18,737)
Change in equity	(36,160)	(7,648)
Financial expense	(11,190)	(15,555)
Interest paid on right-of-use assets	(1,900)	(2,827)
Net increase/decrease in loans and borrowings and other financial liabilities	17,871	13,437
Net increase/decrease in right-of-use lease liabilities	(5,146)	(5,249)
Net cash flows from (used in) financing activities	(36,525)	(17,841)
Net exchange gains/losses	4,755	(1,362)
Other non-monetary changes	(2,144)	2,175
Net cash flows for the period	(61,234)	(42,260)
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year (merger contribution)	124,807	107,546
Closing cash and cash equivalents net of current account overdrafts	63,573	65,287

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, 2024	December 31, 2023	June 30, 2023
Opening cash and cash equivalents	124,807	107,546	107,546
Cash and cash equivalents	125,851	111,209	111,209
Current account overdrafts	(1,044)	(3,663)	(3,663)
Closing cash and cash equivalents	63,573	124,807	65,287
Cash and cash equivalents	67,912	125,851	68,019
Current account overdrafts	(4,339)	(1,044)	(2,732)

The notes from pages 50 to 106 are an integral part of these 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, 2024	<i>of which:</i> Related Parties	December 31, 2023	<i>of which:</i> Related Parties
Assets		1,204,279	-	1,191,009	-
Non-current assets		675,770	-	687,245	-
Intangible assets	Note 1	378,566		378,031	
Property, plant and equipment	Note 2	109,795		123,325	
Biological assets	Note 11	1,253		1,241	
Non-current financial assets	Note 3	3,467		746	
Equity-accounted investees	Note 4	161,824		160,377	
Other equity investments	Note 5	26		26	
Deferred tax assets	Note 6	20,796		23,454	
Other receivables		45		45	
Current assets		528,509	-	503,764	-
Current financial assets	Note 3	4,080		1,162	
Current tax assets	Note 7	2,158		12,556	
Inventories	Note 8	266,357		264,375	
Trade receivables and other assets	Note 9	188,003		99,821	
Cash and cash equivalents	Note 10	67,912		125,851	
Liabilities and equity		1,204,279	732	1,191,009	286
Equity	Note 12	574,943	-	573,953	-
Share capital		46,986		46,986	
Negative reserve for treasury shares in portfolio		(2,966)		(2,966)	
Reserves		139,388		130,426	
Retained earnings		359,914		224,775	
Profit for the period/year		27,741		170,648	
Equity attributable to the owners of the parent		571,064		569,870	
Equity attributable to non-controlling interests		3,879		4,082	
Non-current liabilities		406,363	-	429,490	-
Non-current financial liabilities	Note 13	334,318		356,642	
Financial instruments	Note 17	-		877	
Employee benefits	Note 14	9,322		10,078	
Provisions for risks and charges	Note 15	870		895	
Deferred tax liabilities	Note 16	61,638		60,803	
Other liabilities	Note 19	214		195	
Current liabilities		222,974	732	187,566	286
Current financial liabilities	Note 13	108,910		72,905	
Current provisions for risks and charges	Note 15	821		926	
Current tax liabilities	Note 18	5,602		8,080	
Trade payables and other liabilities	Note 19	107,641	732	105,656	286

The notes from pages 50 to 106 are an integral part of these 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, 2024	of which: Related Parties	of which: Non- recurring	June 30, 2023	of which: Related Parties	of which: Non- recurring
<i>Euro thousands</i>							
Revenue	Note 20	333,283			415,606		
Income	Note 21	4,830		686	4,969		
Total revenue		338,114	-	686	420,575		-
Raw materials, consumables, supplies and goods	Note 22	(142,936)	(935)	(831)	(194,657)	(525)	(1,186)
Services and use of third party assets	Note 23	(53,445)	(76)	(1,148)	(61,569)	(8)	(1,009)
Other costs	Note 24	(2,611)		-	(4,791)		(185)
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(1,691)			(2,526)		
Personnel expense	Note 25	(69,075)		(1,180)	(80,170)		(1,006)
Amortisation and depreciation	Note 26	(17,404)			(20,661)		
Impairment losses on trade receivables and other assets	Note 27	252		511	(1,095)		
Other impairment losses	Note 28	(2,641)		(2,528)	(13)		
Total operating costs		(289,550)	(1,012)	(5,177)	(365,482)	(533)	(3,020)
Operating profit		48,563	(1,012)	(4,491)	55,093	(533)	(3,020)
Financial income	Note 29	5,943			4,097		
Financial expense	Note 30	(17,288)			(24,882)		
Share of profits of equity-accounted investees	Note 32	1,446			510		
Net financial expense		(9,898)			(20,274)		
Pre-tax profit		38,665	(1,012)	(4,491)	34,819	(533)	(3,020)
Income taxes		(8,734)		477	(11,178)		600
Deferred taxes		(1,675)		(254)	1,637		
Total taxes	Note 33	(10,410)		193	(9,541)	-	600
Profit for the period		28,255	(1,012)	(4,298)	25,278	(533)	(2,420)
Non-controlling interests		514		(25)	4,002		(2)
Owners of the parent		27,741		(4,273)	21,276		(2,418)
Other comprehensive income (expense) which may be reclassified subsequently to profit or loss		7,402			(37)		
Net exchange gains (losses)		4,755			(1,362)		
Hedging reserve		3,072			1,324		
Tax effect		(425)			-		
Other comprehensive income (expense) which may not be reclassified subsequently to profit or loss		802			106		
Net actuarial gains (losses)		1,044			123		
Taxes		(242)			(17)		
Other comprehensive income (expense), net of tax effect		8,203			69		
Comprehensive income (expense)		36,459			25,346		
<i>Attributable to:</i>							
Non-controlling interests		456			3,605		
Owners of the parent		36,003			21,741		
Earnings per share:							
<i>basic</i>		0.55			0.42		
<i>diluted</i>		0.53			0.41		

The notes from pages 50 to 106 are an integral part of these 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 Company 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, 2024 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, 2023 (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 6, 2024.

Accounting policies

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, 2024.

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, 2024

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on October 31, 2022 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the amendments is to clarify how to classify payables and other short or long-term liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least 12

months is subject to meeting certain parameters (i.e. covenants). The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

On September 22, 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognise income or losses relating to the retained right of use. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

On May 25, 2023, the IASB published an amendment entitled "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: *Disclosures: Supplier Finance Arrangements*". This requires an entity to provide additional information on reverse factoring arrangements to enable users of financial statement to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

With reference to the standards and interpretations applicable from the year beginning January 1, 2024, there is no 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, not yet mandatory and not adopted early by the Group.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB published the document “Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7”. This clarifies a number of problematic issues emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e., green bonds). Specifically, the changes aim to:

- Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
- Determine that the date of settlement of liabilities through electronic payment systems is when the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with respect to investments in equity instruments designated to FVOCI in particular.

The amendments will be applicable to financial statements for periods beginning January 1, 2026. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB published a new standard - IFRS 18 Presentation and Disclosure in Financial Statements - which will replace IAS 1 Presentation of Financial Statements. The new standard seeks to improve the presentation of key financial statement formats and introduces important changes to the income statement format. Specifically, the new standard requires that:

- Revenues and expenses are classified into three new categories (operating section, investment section, and financial section), in addition to the tax and discontinued operations categories already in the income statement;
- Two new sub-totals are presented: operating income and earnings before interest and taxes (i.e., EBIT).

The new standard also:

- Requires more information on the performance indicators defined by management;
- Introduces new criteria for aggregation and disaggregation of information; and,
- introduces a number of changes to the format of the cash flow statement, including a requirement that operating income is used as the starting point for the presentation of the cash flow statement prepared using the indirect method and that certain classification options are eliminated for some existing items (such as interest paid, interest received, dividends paid and dividends received).

The standard will be effective from January 1, 2027, although advance application is permitted.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On August 15, 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology in order to ascertain whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The amendment will be applicable from 1 January 2025, although advance application is permitted. The Directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

Share-based payment arrangement

2022-2026 Performance Shares Plan

In accordance with IFRS 2 - Share-based payments, the key data regarding the "2022-2026 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 Share 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 "2022-2026 Performance Shares Plan" represents a medium/long-term incentive system based on the free allocation of company shares and subject to the achievement of specific performance objectives, in addition to continued employment with the Group. In particular, the free allocation of shares is linked

(i) partly to the achievement of the performance objectives calculated for all beneficiaries of the “2022-2026 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 “2022-2026 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 maximum total number of shares to be allocated to beneficiaries of the “2022-2024 LTI first cycle” was set at 183,000 shares, that of the “2023-2025 LTI second cycle” was 167,750 shares, while that of the “2024-2026 LTI third cycle” is 169,500 shares. These shares shall derive from the treasury shares from purchases made pursuant to Articles 2357 and 2357-ter of the Civil Code. Against a maximum 183,000 ordinary F.I.L.A. S.p.A. shares for the “2022-2024 LTI first cycle”, 167,750 ordinary F.I.L.A. S.p.A. shares for the “2023-2025 LTI second cycle” and 169,500 ordinary F.I.L.A. S.p.A. shares for the “2024-2026 LTI third cycle” 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 (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) 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 deadlines and methods established by the Plan and, in particular, not beyond 60 calendar days from the approval of the consolidated financial statements for the final year of each Vesting period.

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 for the “2022-2024 first LTI cycle”:

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.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used for the “2023-2025 second LTI cycle”:

Expected share price at the allocation date: Euro 7.08

Risk free interest rate (based on iBoxx Euro Sovereign): 3.1%;

Expected volatility (expressed as average weighted volatility): 32.6%;

Duration of the option: 3 years;

Expected dividends: 1.45% per year.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used for the “2024-2026 LTI third cycle”:

Expected share price at the allocation date: Euro 7.95

Risk free interest rate (based on iBoxx Euro Sovereign): 3.2%;

Expected volatility (expressed as average weighted volatility): 28.8%;

Duration of the option: 3 years;

Expected dividends: 2.46% per year.

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

IAS 29 - Hyperinflationary Economies

The IFRS standard 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 in October 2023, Turkey and Argentina are among the countries with hyperinflationary economies. For this reason, the Company adopts IAS 29 for its Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. and its Argentine subsidiary FILA Argentina S.A..

Fair value measurement

For measuring the fair value of an asset or a liability, the Group as far as possible refers 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 observable (prices) or indirectly (derived from the prices) on the market;
- ▶ Level 3: input which is 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.

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 year. 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	Closing Exchange Rates
	June 30, 2024	June 30, 2024
Argentinean Peso	929.378	975.388
Australian Dollar	1.642	1.608
Brazilian Real	5.495	5.892
Canadian Dollar	1.469	1.467
Swiss Franc	0.962	0.963
Chilean Peso	1,016.770	1,021.540
Renminbi Yuan	7.801	7.775
Dominican Peso	63.628	63.242
Euro	1.000	1.000
Pound	0.855	0.846
Indonesian Rupiah	17,207.010	17,487.210
Shekel	3.994	4.020
Indian Rupee	89.980	89.250
Mexican Peso	18.518	19.565
Polish Zloty	4.317	4.309
Russian Ruble	98.151	92.067
Swedish Krona	11.389	11.360
Singapore Dollar	1.456	1.451
Turkish Lira	34.254	35.187
US Dollar	1.081	1.071
South Africa Rand	20.247	19.497

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, 2024 and December 31, 2023, are reported below:

June 30, 2024	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	131,082	218,934	944	55	-	27,551	378,566
Property, plant & equipment	59,459	34,739	13,392	2,134	390	(319)	109,795
Biological Assets	-	-	-	1,253	-	-	1,253
Total non-current assets	190,541	253,673	14,336	3,442	390	27,232	489,614
<i>of which Intragroup</i>	<i>(76)</i>						
Inventories	111,307	112,322	39,813	13,061	1,701	(11,847)	266,357
Trade receivables and Other assets	95,264	77,043	53,933	9,035	1,358	(48,630)	188,003
Trade payables and Other liabilities	(75,655)	(37,800)	(32,154)	(8,794)	(1,867)	48,629	(107,641)
Other Current Assets and Liabilities	(2,143)	(1,415)	292	(156)	(22)	-	(3,444)
Net Working Capital	128,773	150,150	61,884	13,146	1,170	(11,848)	343,274
<i>of which Intragroup</i>	<i>(15,070)</i>	<i>(11,179)</i>	<i>13,184</i>	<i>(359)</i>	<i>1,577</i>		
Net Financial Debt	(146,192)	(191,224)	(29,717)	11,159	(5,299)	(7,773)	(369,046)
<i>of which Intragroup</i>	<i>(55,050)</i>	<i>30,139</i>	<i>11,578</i>		<i>5,560</i>		
December 31, 2023							
<i>Euro thousands</i>							
Intangible Assets	131,949	217,114	1,059	63	-	27,846	378,031
Property, plant & equipment	60,788	39,123	20,075	2,878	461	-	123,325
Biological Assets	-	-	-	1,241	-	-	1,241
Total non-current assets	192,737	256,237	21,134	4,182	461	27,846	502,597
<i>of which Intragroup</i>	<i>(76)</i>						
Inventories	109,173	110,164	40,750	13,815	1,648	(11,175)	264,375
Trade Receivables and other assets	62,867	24,982	36,937	7,467	1,246	(33,678)	99,821
Trade payables and other liabilities	(65,494)	(36,589)	(22,710)	(8,892)	(1,495)	29,524	(105,656)
Other Current Assets and Liabilities	337	4,107	(109)	162	(21)	-	4,476
Net Working Capital	106,883	102,664	54,868	12,552	1,378	(15,329)	263,016
<i>of which Intragroup</i>	<i>(19,149)</i>	<i>538</i>	<i>2,456</i>	<i>(428)</i>	<i>1,254</i>		
Net Financial Position (Debt)	(110,949)	(170,912)	(30,742)	9,571	(5,322)	4,942	(303,412)
<i>of which Intragroup</i>	<i>(24,978)</i>	<i>11,244</i>	<i>13,154</i>		<i>5,522</i>		

Business Segments – Statement of comprehensive income

The Group's key income statement figures broken down by geographical segment for the six months ended June 30, 2024 and June 30, 2023, are reported below:

June 30, 2024	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	161,335	169,104	57,841	16,874	1,722	(73,593)	333,283
<i>of which Infragroup</i>	(43,683)	(5,535)	(14,045)	(10,330)	(1)	-	-
Gross operating profit (loss)	21,613	36,072	9,071	2,312	89	(801)	68,356
Operating profit (loss)	8,976	27,532	7,461	1,511	(27)	3,110	48,563
Net financial income (expense)	13,121	(5,128)	(3,834)	(10)	(213)	(13,834)	(9,898)
<i>of which Infragroup</i>	(14,845)	397	421	-	192	-	-
Profit (loss) for the period	19,257	17,144	2,822	1,235	(240)	(11,963)	28,255
Profit (loss) attributable to Non-controlling interests	24	216	-	109	-	165	514
Profit (loss) attributable to the owners of the Parent	19,233	16,928	2,822	1,126	(240)	(12,128)	27,741

June 30, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	161,148	188,337	57,930	89,464	1,699	(82,972)	415,606
<i>of which Infragroup</i>	(44,212)	(5,921)	(14,157)	(18,679)	(2)	-	-
Gross operating profit (loss)	19,306	33,712	8,708	16,190	(70)	(984)	76,862
Operating profit (loss)	10,432	26,818	6,841	12,455	(193)	(1,260)	55,093
Net financial income (expense)	63	(8,089)	(3,935)	(111)	(288)	(7,914)	(20,274)
<i>of which Infragroup</i>	(7,476)	(671)	76	28	129	-	-
Profit (loss) for the period	9,448	14,127	1,498	9,501	(480)	(8,816)	25,278
Profit (loss) attributable to Non-controlling interests	102	119	-	3,782	(1)	-	4,002
Profit (loss) attributable to the owners of the Parent	9,348	14,008	1,498	5,719	(479)	(8,816)	21,276

Business Segments – Other Information

The “Other information”, i.e. the Group companies’ property, plant and equipment and intangible assets broken down by geographical segment for the periods ended June 30, 2024 and June 30, 2023, are reported below:

June 30, 2024	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	1,353	-	3	-	-	1,356
Property, plant and equipment	1,045	741	742	11	11	2,550
Net investments	2,398	741	745	11	11	3,906

June 30, 2023	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	1,143	-	-	-	-	1,143
Property, plant and equipment	1,909	679	949	13,211	17	16,765
Net investments	3,052	679	949	13,211	17	17,908

Note 1 - Intangible Assets

Intangible Assets at June 30, 2024 amount to Euro 378,566 thousand (Euro 378,031 thousand at December 31, 2023) and comprise for Euro 139,271 thousand intangible assets with indefinite useful lives – goodwill (“Note 1.B - Goodwill”) and for Euro 239,295 thousand of intangible assets with finite useful lives (“Note 1.C – Intangible Assets with finite useful lives”).

The changes of the year 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, 2022	172,808	200	158,498	206,659	3,576	541,741
Increases	-	-	63	3,038	(1,010)	2,091
Increases (Investments)	-	-	47	1,163	881	2,091
Transfers from assets under development	-	-	16	1,875	(1,891)	-
Decreases	(35,890)	-	(16,172)	(17,218)	(2)	(69,282)
Change in consolidation scope	(33,263)	-	(16,242)	(13,000)	-	(62,505)
Net exchange gains (losses)	(2,627)	-	70	(4,218)	(2)	(6,777)
	-	-	-	-	-	-
Historical cost at December 31, 2023	136,918	200	142,388	192,480	2,565	474,551
Increases	2,353	-	1,957	6,971	(563)	10,719
Increases (Investments)	-	-	5	952	399	1,356
Transfers from assets under development	-	-	2	961	(963)	-
Net exchange gains (losses)	2,353	-	1,950	5,057	1	9,362
Other decreases	-	-	-	1	-	1
Decreases	-	-	(2,209)	(62)	-	(2,271)
Write Down	-	-	(2,209)	(62)	-	(2,271)
Historical cost at June 30, 2023	139,271	200	142,135	199,391	2,001	482,998

<i>Euro thousands</i>	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and	Other	Assets under development	Total
Accumulated amortisation at December 31, 2022	-	(190)	(45,102)	(49,952)	-	(95,244)
Increases	-	(4)	(5,221)	(9,346)	-	(14,572)
Amortisation	-	(4)	(5,147)	(9,346)	-	(14,498)
Net exchange gains (losses)	-	-	(74)	-	-	(74)
Decreases	-	-	4,304	8,993	-	13,297
<i>Change in consolidation scope</i>	-	-	4,664	8,279	-	12,943
Reclassifications	-	-	(360)	714	-	354
Accumulated amortisation at December 31, 2023	-	(194)	(46,020)	(50,305)	-	(96,519)
Increases	-	(2)	(2,636)	(5,275)	-	(7,913)
Amortisation	-	(2)	(2,295)	(4,229)	-	(6,526)
Net exchange gains (losses)	-	-	(341)	(1,046)	-	(1,387)
Accumulated amortisation at June 30, 2024	-	(196)	(48,656)	(55,581)	-	(104,433)
Carrying amount at December 31, 2022	172,808	10	113,396	156,707	3,576	446,497
Carrying amount at December 31, 2023	136,918	6	96,368	142,175	2,565	378,031
Carrying amount at June 30, 2024	139,271	4	93,479	143,810	2,001	378,566
Change	2,353	(2)	(2,889)	1,635	(563)	535

Intangible Assets with Indefinite Useful Lives

Intangible Assets with Indefinite Useful Lives are comprised entirely of goodwill for a total amount of Euro 139,271 thousand (Euro 136,918 thousand at December 31, 2023). The movement compared to December 31, 2023 is mainly due to exchange gains of Euro 2,353 thousand, relating to the strengthening against the Euro of the US Dollar for Euro 2,288 thousand and of the main currencies of the Central-South America area for Euro 65 thousand.

Goodwill is not amortised but subject 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) and at least on an annual basis subject to recoverability analysis through an impairment test.

The cash generating units are 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, 2023.

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

NOTE 1.B GOODWILL BY CASH GENERATING UNIT

	June 30, 2024	December 31, 2023	Change	Exchange gains (losses)
<i>Euro thousands</i>				
Nord America (2)	102,567	100,279	2,288	2,288
Gruppo Canson (4)	17,015	17,015	-	-
Gruppo Daler - Rowney (5)	5,922	5,922	-	-
Fila Arches	5,473	5,473	-	-
Gruppo Dixon - Centro/Sud America (1)	2,045	1,980	65	65
Fila Hellas (Grecia)	1,932	1,932	-	-
Industria Maimeri S.p.A. (Italia)	1,695	1,695	-	-
St. Cuthberts Holding (Regno Unito) (6)	1,323	1,323	-	-
Gruppo Lyra (3)	1,217	1,217	-	-
FILA SA (Sud Africa)	83	83	-	-
Total	139,271	136,918	2,353	2,353

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

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

(3) - Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany); FILA Nordic AB (Sweden); PT. Lyra Akrelux (Indonesia); Daler Rowney 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); Bridesshore 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, 2023 did not reveal any impairment of the goodwill recognised to the financial statements. At June 30, 2024, an analysis was developed to highlight the presence of any indicators of impairment. The analysis carried out at June 30, 2024 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, 2023, 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, 2023 in order to better appreciate the impacts these changes could generate in determining the recovery value 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, 2024 of “Intangible Assets with Finite Useful Lives” are reported below:

Note 1.C - 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, 2022	200	158,498	206,659	3,576	368,933
Increases	-	63	3,038	(1,010)	2,091
Increases (Investments)	-	47	1,163	881	2,091
Transfers from assets under development	-	16	1,875	(1,891)	-
Decreases	-	(16,172)	(17,218)	(2)	(33,392)
Change in consolidation scope	-	(16,242)	(13,000)	-	(29,242)
Net exchange gains (losses)	-	70	(4,218)	(2)	(4,150)
Historical cost at December 31, 2023	200	142,388	192,480	2,565	337,633
Increases	-	1,957	6,971	(563)	8,366
Increases (Investments)	-	5	952	399	1,356
Transfers from assets under development	-	2	961	(963)	-
Net exchange gains (losses)	-	1,950	5,057	1	7,009
Other increases	-	-	1	-	1
Decreases	-	(2,209)	(62)	-	(2,271)
Write-off	-	(2,209)	(62)	-	(2,271)
Historical cost at June 30, 2024	200	142,135	199,391	2,001	343,727
<i>Euro thousands</i>					
	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
Accumulated amortisation at December 31, 2022	(190)	(45,102)	(49,952)	-	(95,244)
Increases	(4)	(5,221)	(9,346)	-	(14,572)
Amortisation	(4)	(5,147)	(9,346)	-	(14,498)
Other increases	-	(74)	-	-	(74)
Decreases	-	4,304	8,993	-	13,297
Change in consolidation scope	-	4,664	8,279	-	12,943
Net exchange gains (losses)	-	(360)	714	-	354
Accumulated amortisation at December 31, 2023	(194)	(46,020)	(50,305)	-	(96,519)
Increases	(2)	(2,636)	(5,275)	-	(7,913)
Amortisation	(2)	(2,295)	(4,229)	-	(6,526)
Net exchange gains (losses)	-	(341)	(1,046)	-	(1,387)
Accumulated amortisation at June 30, 2024	(196)	(48,656)	(55,581)	-	(104,433)
Carrying amount at December 31, 2022	10	113,396	156,707	3,576	273,689
Carrying amount at December 31, 2023	6	96,368	142,175	2,565	241,114
Carrying amount at June 30, 2024	4	93,479	143,810	2,001	239,295
Change	(2)	(2,889)	1,635	(564)	(1,819)

“Industrial Patents and Intellectual Property Rights” amount to Euro 4 thousand at June 30, 2024 (Euro 6 thousand at December 31, 2023).

The average residual useful life of the “Industrial Patents and Intellectual Property Rights”, recognised at June 30, 2024, is 5 years.

“Concessions, Licences, Trademarks and Similar Rights” amount to Euro 93,479 thousand at June 30, 2024 (Euro 96,368 thousand at December 31, 2023).

The carrying amount decreased on December 31, 2023 by Euro 2,889 thousand, mainly due to amortisation of Euro 2,295 thousand and impairments of Euro 2,209 thousand concerning the US subsidiary Dixon Ticonderoga Company. These changes are offset by exchange gains of Euro 1,609 thousand and increases in investments for Euro 5 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 regards 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).

The average useful life of the “Concessions, Licenses, Trademarks and Similar Rights”, recognised at June 30, 2024, 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 143,810 thousand at June 30, 2024 (Euro 142,175 thousand at December 31, 2023). The change on the previous year of Euro 1,635 thousand is mainly due to (i) exchange gains of Euro 4,011 thousand, (ii) the entry into service of fixed assets under development for Euro 961 thousand and net investments of Euro 952 thousand, which mainly involved the implementation and roll-out of ERP to certain Group companies and F.I.L.A. S.p.A, (iii) decreases due to amortisation of Euro 4,229 thousand referring in particular to the value of “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, 2024, is 30 years.

“Assets under development” totalled Euro 2,001 thousand (Euro 2,565 thousand at December 31, 2023), entirely concerning F.I.L.A. S.p.A. and relating to investments for the installation of the ERP (Enterprise Resource Planning) system.

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

Note 2 - Property, Plant and Equipment

“Property, Plant and Equipment” at June 30, 2024 amount to Euro 109,795 thousand (Euro 123,325 thousand at December 31, 2023), comprising Euro 61,744 thousand of Property, Plant and Equipment (“Note 2.A - Property, Plant and Equipment”) and Euro 48,050 thousand of Right of Use assets (“Note 2.B - Right-of-Use assets”).

The changes of the year 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, 2022	13,027	68,060	156,022	23,067	11,604	4,131	275,911
Increases	8,523	3,597	15,645	144	1,374	1,199	30,482
Increases (Investments)	8,105	2,879	12,036	559	1,292	4,308	29,179
Transfers from assets under construction	-	200	2,898	9	31	(3,138)	-
Reclassifications	-	-	-	(281)	281	-	-
Net exchange gains (losses)	418	518	505	(143)	(394)	29	933
Other increases	-	-	206	-	164	-	370
Decreases	(12,315)	(11,343)	(39,758)	(271)	(4,450)	(920)	(69,056)
Decreases (Disinvestments)	-	(11)	(895)	(270)	(185)	(767)	(2,127)
Impairment losses	-	-	(5)	(1)	(5)	-	(11)
<i>Change in consolidation scope</i>	<i>(12,315)</i>	<i>(11,332)</i>	<i>(38,858)</i>	-	<i>(4,260)</i>	<i>(152)</i>	<i>(66,918)</i>
Historical cost at December 31, 2023	9,235	60,315	131,909	22,940	8,528	4,410	237,337
Increases	100	642	3,221	409	767	(724)	4,415
Increases (Investments)	-	78	820	208	416	1,443	2,965
Transfers from assets under construction	-	533	1,525	6	159	(2,223)	-
Reclassifications	-	-	(16)	16	-	-	-
Net exchange gains (losses)	100	31	662	179	12	56	1,040
Other increases	-	-	230	-	180	-	410
Decreases	-	(134)	(623)	(47)	(286)	(4)	(1,094)
Decreases (Disinvestments)	-	(83)	(623)	(47)	(96)	(4)	(853)
Write-off	-	(51)	-	-	(190)	-	(241)
Historical cost at June 30, 2024	9,335	60,822	134,507	23,302	9,011	3,682	240,659

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Accumulated depreciation at December 31, 2022	-	(42.130)	(112.748)	(19.029)	(9.079)	-	(182.986)
Increases	-	(2.361)	(11.161)	(1.280)	(1.240)	-	(16.042)
Depreciation	-	(2.403)	(10.961)	(1.500)	(910)	-	(15.774)
Reclassifications	-	-	(25)	219	(194)	-	-
Other increases	-	42	(175)	1	(136)	-	(268)
Decreases	-	2.890	19.692	361	3.356	-	26.299
Decreases (Disinvestments)	-	11	809	269	159	-	1.248
Change in consolidation scope	-	3.048	19.095	-	2.902	-	25.045
Net exchange gains (losses)	-	(169)	(212)	92	295	-	6
Accumulated depreciation at December 31, 2023	-	(41.601)	(104.217)	(19.948)	(6.963)	-	(172.730)
Increases	-	(899)	(4.449)	(861)	(414)	-	(6.623)
Depreciation	-	(868)	(3.820)	(700)	(262)	-	(5.650)
Exchange gains	-	(31)	(422)	(161)	(18)	-	(632)
Other increases	-	-	(207)	-	(134)	-	(341)
Decreases	-	83	244	46	65	-	438
Decreases (Disinvestments)	-	83	244	46	65	-	438
Accumulated depreciation at June 30, 2024	-	(42.417)	(108.422)	(20.764)	(7.311)	-	(178.914)
Carrying amount at December 31, 2022	13.027	25.930	43.274	4.038	2.526	4.131	92.926
Carrying amount at December 31, 2023	9.235	18.713	27.691	2.991	1.567	4.410	64.607
Carrying amount at June 30, 2024	9.335	18.405	26.084	2.538	1.700	3.682	61.744
Change	100	(308)	(1.607)	(453)	133	(728)	(2.863)

“Land” at June 30, 2024 amounts to Euro 9,335 thousand (Euro 9,235 thousand at December 31, 2023) 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 Daler Rowney Ltd (United Kingdom) and by Canson SAS (France). The increase in the period of Euro 100 thousand is due entirely to exchange gains.

“Buildings” at June 30, 2024 amount to Euro 18,405 thousand (Euro 18,713 thousand at December 31, 2023) and principally concern the buildings of the Group production facilities. The decrease on December 31, 2023 was Euro 308 thousand. Depreciation of Euro 868 thousand particularly concerns Canson SAS (France), F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.).

Net investments totalled Euro 78 thousand and mainly concerned the French subsidiary Canson SAS (Euro 38 thousand) and relate to the expansion plan for the storage and production sites, while capitalisations of fixed assets totalled Euro 533 thousand, and mainly concerned the US Dixon Ticonderoga Company.

“Plant and Machinery” amount to Euro 26,084 thousand (Euro 27,691 thousand at December 31, 2023). Compared to the previous year, this caption decreased Euro 1,607 thousand. The main movements in

this category concern depreciation in the period of Euro 3,820 thousand, net investments of Euro 441 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 326 thousand and by Grupo F.I.L.A.-Dixon S.A. de C.V. (Mexico) for Euro 292 thousand. In addition, assets under construction of Euro 1,525 thousand were capitalised, principally by Dixon Ticonderoga Company (U.S.A.) for Euro 1,111 thousand and exchange gains of Euro 240 thousand.

“Industrial and Commercial Equipment” amount to Euro 2,538 thousand at June 30, 2024 (Euro 2,991 thousand at December 31, 2023). The decrease of Euro 453 thousand is mainly due to depreciation in the period of Euro 700 thousand. The reduction is partially offset by net investments of Euro 208 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 73 thousand and Canson SAS (France) for Euro 71 thousand, in addition to exchange gains of Euro 18 thousand.

“Other Assets” amount to Euro 1,700 thousand at June 30, 2024 (Euro 1,567 thousand at December 31, 2023) and include furniture and office equipment, EDP and motor vehicles. The increase of Euro 133 thousand mainly concerns net investments of Euro 385 thousand, mainly by F.I.L.A. S.p.A. for Euro 198 thousand, in addition to capitalisations of assets under construction for Euro 159 thousand. These increases were offset by depreciation of Euro 262 thousand and exchange losses of Euro 6 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, 2024 was Euro 3,682 thousand, decreasing compared to the previous period by Euro 728 thousand, due to transfer of assets of Euro 2,223 thousand, mainly by the US subsidiary Dixon Ticonderoga Company (Euro 1,560 thousand), by the French subsidiary Canson SAS (Euro 468 thousand) and by the parent F.I.L.A. S.p.A. (Euro 159 thousand), offset by net investments in the period of Euro 1,443 thousand, mainly by the US subsidiary Dixon Ticonderoga Company (Euro 718 thousand), the French subsidiary Canson SAS (Euro 264 thousand) and the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Euro 254 thousand). Exchange gains amounted to Euro 56 thousand.

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

Right-of-Use assets

The changes of the year are shown below:

Nota 2.B 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, 2022	-	108,208	672	741	4,044	-	113,665
Increases	-	4,016	343	206	1,259	-	5,824
Increases (Investments)	-	4,016	343	206	1,259	-	5,824
Decreases	-	(12,674)	(8)	(87)	(1,227)	-	(13,996)
Decreases (Disinvestments)	-	(442)	(1)	(88)	(1,217)	-	(1,748)
Write-off	-	(873)	-	-	-	-	(873)
Change in consolidation scope	-	(11,136)	-	-	-	-	(11,136)
Net exchange losses	-	(223)	(7)	1	(10)	-	(239)
Historical cost at December 31, 2023	-	99,550	1,006	860	4,076	-	105,493
Increases	-	2,557	78	182	395	-	3,213
Increases (Investments)	-	1,580	64	169	396	-	2,209
Net exchange gains (losses)	-	977	14	13	(1)	-	1,004
Decreases	-	(9,897)	(31)	(273)	(243)	-	(10,444)
Decreases (Disinvestments)	-	(9,788)	(10)	(273)	(243)	-	(10,315)
Write-off	-	(109)	(21)	-	-	-	(129)
Historical cost at June 30, 2024	-	92,209	1,054	769	4,229	-	98,261
Accumulated depreciation at December 31, 2022	-	(37,070)	(317)	(449)	(2,570)	-	(40,406)
Increases	-	(10,337)	(98)	(171)	(1,042)	-	(11,648)
Depreciation	-	(10,337)	(98)	(171)	(1,042)	-	(11,648)
Decreases	-	3,760	5	87	1,427	-	5,279
Decrease (Disposal)	-	442	1	88	1,411	-	1,942
Decrease due Consolidation's Area Change	-	2,645	-	-	-	-	2,645
Net exchange gains	-	673	4	(1)	16	-	692
Accumulated depreciation at December 31, 2023	-	(43,647)	(410)	(534)	(2,184)	-	(46,775)
Increases	-	(4,972)	(121)	(108)	(474)	-	(5,676)
Depreciation	-	(4,543)	(116)	(99)	(470)	-	(5,228)
Net exchange losses	-	(429)	(5)	(9)	(4)	-	(448)
Decreases	-	1,716	9	251	264	-	2,240
Decreases (Disinvestments)	-	1,716	9	251	264	-	2,240
Accumulated depreciation at June 30, 2024	-	(46,903)	(522)	(391)	(2,395)	-	(50,211)
Carrying amount at December 31, 2022	-	71,139	355	292	1,473	-	73,259
Carrying amount at December 31, 2023	-	55,903	596	326	1,892	-	58,718
Carrying amount at June 30, 2024	-	45,306	533	378	1,834	-	48,050
Change	-	(10,597)	(64)	52	(58)	-	(10,667)

The Group adopted IFRS 16 Leasing 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 it applied the recognition and measurement exemptions under IFRS 16.

“Buildings” at June 30, 2024 amounted to Euro 45,306 thousand (Euro 55,903 thousand at December 31, 2023), decreasing Euro 10,597 thousand on the previous year. The movement mainly concerns the renegotiation of leasing contracts, which resulted in a decrease of Euro 6,492 thousand, by the subsidiary Grupo F.I.L.A.- Dixon, S.A. de C.V. (Mexico) for Euro 5,176 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 2,689 thousand, in addition to depreciation in the period of Euro 4,543 thousand. This movement was offset by exchange gains of Euro 548 thousand.

“Plant and Machinery” amounted to Euro 533 thousand at June 30, 2024 (Euro 596 thousand at December 31, 2023). The decrease of Euro 64 thousand is mainly due to depreciation in the period of Euro 116 thousand, offset by net investments of Euro 64 thousand, exclusively concerning the UK subsidiary Daler Rowney Ltd and exchange gains of Euro 9 thousand.

“Industrial and Commercial Equipment” amount to Euro 378 thousand at June 30, 2024 (Euro 326 thousand at December 31, 2023). The increase of Euro 52 thousand is mainly due to net investments of Euro 147 thousand, mainly by the subsidiary Industria Maimeri for Euro 166 thousand, offset by depreciation in the period of Euro 99 thousand.

“Other Assets” referred mainly to vehicles at June 30, 2024 and amounted to Euro 1,834 thousand (Euro 1,892 thousand at December 31, 2023). Compared to the preceding period, this caption decreased by Euro 58 thousand, mainly as a result of depreciation in the period of Euro 470 thousand and exchange losses of Euro 5 thousand. The decrease was offset by net investments of Euro 417 thousand, mainly by the French subsidiary Canson SAS for Euro 244 thousand and by the parent F.I.L.A. S.p.A. for Euro 81 thousand.

Note 11 - Biological Assets

"Biological Assets" amounted to Euro 1,253 thousand at June 30, 2024 (Euro 1,241 thousand at December 31, 2023) and exclusively includes 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". The increase of Euro 12 thousand compared to the previous year is entirely due to exchange gains.

Note 3 – Financial Assets

“Current and Non-Current Financial Assets” amount to Euro 7,547 thousand at June 30, 2024 (Euro 1,908 thousand at December 31, 2023):

Note 3.A - FINANCIAL ASSETS					
	Loans and Financial assets measured through profit or loss	Financial instruments measured through profit or loss	Loans and Receivables	Other financial assets	Total
<i>Euro thousands</i>					
December 31, 2023	-	-	-	1,908	1,908
non-current portion	-	-	-	746	746
current portion	-	-	-	1,162	1,162
June 30, 2024	2	3,216	35	4,294	7,547
non-current portion	-	-	-	3,467	3,467
current portion	2	3,216	35	827	4,080
Change	2	3,216	35	2,386	5,639
non-current portion	-	-	-	2,721	2,721
current portion	2	3,216	35	(335)	2,918

Financial Instruments measured through P&L

This account amounts to Euro 3,216 thousand and relates to short term banking products of a financial nature held by the Chinese subsidiary Fila Dixon Stationery Kunshan.

Other Financial Assets

“Other Financial Assets” totalled Euro 4,294 thousand (Euro 1,908 thousand at December 31, 2023), of which Euro 3,467 thousand the non-current portion and Euro 827 thousand the current portion, reporting an overall increase of Euro 2,386 thousand. The amount mainly refers to the fair value of the derivatives on the loan (hedged instrument) issued in favour of F.I.L.A. S.p.A for Euro 947 thousand and Dixon Ticonderoga Company (U.S.A.), for Euro 1,176 thousand. Canson SAS (France) also entered into a derivative to hedge borrowings (hedged instrument) agreed by the company in support of investments relating to the implementation of the Annonay logistics hub of Euro 67 thousand.

The caption comprises also the deposits paid for guarantee purposes on goods and service supply contracts of the various Group companies, including in particular Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 475 thousand, current financial assets recognised by the Argentinian subsidiary Fila

Argentina (Euro 721 thousand) and the financial receivable of the parent F.I.L.A. S.p.A. from the Indian associate DOMS Industries Limited (Euro 554 thousand).

The increase is mainly attributable to the change in derivative instruments (positive for Euro 3,072 thousand), which were recognised as a liability among “Financial instruments” in 2023, whereas in 2024 they have been recognised as “Other financial assets” given their positive performance.

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

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 4 - Equity-accounted investments

Note 4.A EQUITY-ACCOUNTED INVESTMENTS

<i>Euro thousands</i>	Inv. in associates
December 31, 2022	2,144
Increases	169,503
Increase (Investments)	8,185
Changes in equity investments	161,318
Decreases	(11,268)
Exchange losses	(11)
Decrease (Disinvestments)	(2)
<i>Change in consolidation scope</i>	<i>(11,255)</i>
December 31, 2023	160,377
Increases	1,447
Changes in equity investments	1,446
Exchange gain	1
June 30, 2024	161,824
Change	1,447

Equity-accounted investments amount to Euro 161,824 thousand (Euro 160,377 thousand at December 31, 2023) and refer exclusively to the investment held by F.I.L.A. S.p.A. in the Indian company DOMS Industries Limited for Euro 161,824 thousand. The movement in the period concerns the adjustment to the Carrying amount (concerning the latest approved results of the Indian company for Q1 2024) of this

investment, in line with the share of equity held in the associate of 30.6%.

At the date of the preparation of this half-year report, the process of determining the fair value of the assets and liabilities of the associate DOMS Industries Limited, identifiable in application of IFRS 3, is to be considered provisional in accordance with the revised IFRS3, which allows for the recognition of any additional items that should be found to be recognisable for up to 12 months following the transaction.

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 the share capital, and in the consortiums Conai, Energia Elettrica Zona Mugello and Energia Elettrica Milano at June 30, 2024.

Note 6 – Deferred Tax Assets

“Deferred Tax Assets” amount to Euro 20,796 thousand at June 30, 2024 (Euro 23,454 thousand at December 31, 2023).

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, 2024:

Note 6.A - CHANGES IN DEFERRED TAX ASSETS

<i>Euro thousands</i>	
December 31, 2022	24,185
Increase	5,199
Utilisation	(5,417)
Net exchange gains	88
Increase recognised in equity	251
<i>Change in consolidation scope</i>	<i>(852)</i>
December 31, 2023	23,454
Increase	2,281
Utilisation	(4,827)
Net exchange gains	157
Increase recognised in equity	(270)
June 30, 2024	20,796
Change	(2,658)

The decrease in the period mainly concerns the reduction to zero of the deferred tax assets of the subsidiary FILA Stationary O.O.O. (Russia) for Euro 809 thousand and the reduction of those of the parent F.I.L.A. S.p.A. for Euro 531 thousand, the elimination of inventory margins for Euro 104 thousand, the accrual for the tax effects of the right-of-use of Euro 11 thousand and exchange gains of Euro 157 thousand.

Deferred tax assets accounted for through an equity reserve of Euro 270 thousand relate to the change in the IAS 19 reserve for Euro 72 thousand and to the change in the cash flow hedge reserve for Euro 198 thousand.

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, 2024, the caption includes tax assets, relating to income tax, which amounted overall to Euro 2,158 thousand (Euro 12,556 thousand at December 31, 2023), mainly concerning the subsidiaries Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 841 thousand, the parent F.I.L.A. S.p.A. for Euro 839 thousand and Fila Canson do Brasil Ltda (Brazil) for Euro 252 thousand.

Note 8 - Inventories

Inventories at June 30, 2024 amount to Euro 266,357 thousand (Euro 264,375 thousand at December 31, 2023):

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, 2023	58,437	29,174	176,764	264,375
June 30, 2024	55,672	29,399	181,286	266,357
Change	(2,765)	225	4,522	1,981

The increase of Euro 1,981 thousand mainly concerns the exchange gains of Euro 2,559 thousand, and the impact of hyper-inflation on the Argentinian company FILA Argentina S.A. for Euro 1,094 thousand, offset by the reduction in stock of Euro 2,500 thousand, mainly by the parent F.I.L.A. S.p.A.

for Euro 2,164 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A) for Euro 1,572 thousand.

Inventories are presented net of the allowance for inventory write-downs for raw materials (Euro 2,423 thousand), work-in-progress (Euro 386 thousand) and finished goods (Euro 6,709 thousand). The provisions 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, 2021	2,004	614	4,025	6,643
Accruals	974	253	3,260	4,487
Utilisation	(255)	(320)	(92)	(667)
Release	-	(49)	(28)	(77)
Net exchange gains (losses)	(3)	2	(38)	(39)
December 31, 2022	2,720	500	7,127	10,347
Accruals	222	-	453	675
Utilisation	(389)	(46)	(425)	(860)
Release	(114)	(67)	(441)	(622)
Net exchange gains (losses)	(16)	(1)	(4)	(22)
June 30, 2023	2,423	386	6,709	9,518
Change	(297)	(114)	(418)	(829)

Note 9 – Trade receivables and other assets

Trade receivables and other assets amount to Euro 188,003 thousand at June 30, 2024 (Euro 99,821 thousand at December 31, 2023):

Note 9.A - TRADE RECEIVABLES AND OTHER ASSETS

<i>Euro thousands</i>	June 30, 2024	December 31, 2023	Change
Trade receivables	179,393	88,527	90,866
Trade receivables to subsidiaries	133	292	(159)
Tax assets	1,882	2,436	(554)
Other	2,003	3,168	(1,165)
Prepayments and accrued income	4,592	5,398	(806)
Total	188,003	99,821	88,182

Trade receivables increased on December 31, 2023 for Euro 90,866 thousand as a result of the seasonality of the F.I.L.A. Group's business. This increase is mainly due to the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 36,702 thousand, the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 21,994 thousand and the parent F.I.L.A. S.p.A. for Euro 17,233 thousand. This movement is offset by exchange losses of Euro 1,102 thousand.

The changes in the loss allowance to cover doubtful positions are illustrated in the table below:

Note 9.B - CHANGES IN THE LOSS ALLOWANCE

<i>Euro thousands</i>	
December 31, 2022	8,747
Accruals	1,155
Utilisation	(889)
Release	(609)
Change in consolidation scope	(326)
Net exchange gains	(18)
December 31, 2023	8,060
Accruals	466
Utilisation	(182)
Release	(3,738)
Net exchange gains	12
June 30, 2024	4,618
Change	(3,442)

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 historic Group experience, to assess the asset - in addition to information indicative of expected developments - is included. Allowances on receivables amounted to Euro 466 thousand, mainly concerning the German subsidiary Lyra KG for Euro 111 thousand. In addition, a release from the provision of Euro 3,738 thousand is reported, principally concerning the Russian subsidiary FILA Stationary O.O.O. for Euro 3,520 thousand against the recognition of an impairment on receivables of Euro 3,010 thousand.

“Trade receivables from associates” amounted to Euro 133 thousand and refer solely to the trade receivable from the Indian company DOMS Industries Limited.

At June 30, 2024, “Tax Assets” totalled Euro 1,882 thousand (Euro 2,436 thousand at December 31, 2023) and include VAT assets (Euro 1,154 thousand) and other tax assets for local taxes other than direct income taxes (Euro 728 thousand). The decrease on the previous year mainly relates to the Russian subsidiary FILA Stationary O.O.O. for Euro 235 thousand.

“Other Assets” amount to Euro 2,003 thousand at June 30, 2024 (Euro 3,168 thousand at December 31, 2023) and mainly concern advances paid to suppliers (Euro 790 thousand), receivables from employees (Euro 100 thousand), and from social security institutions (Euro 15 thousand). The carrying amount of “Other assets” represents the fair value at the reporting date.

All of the above assets are due within 12 months.

With regards to other non-current receivables, at June 30, 2024 they amounted to Euro 45 thousand and concerned exclusively the French subsidiary Lodi 12.

Note 10 - Cash and cash equivalents

“Cash and Cash Equivalents” at June 30, 2024 amount to Euro 67,912 thousand (Euro 125,851 thousand at December 31, 2023):

Note 10 - CASH AND CASH EQUIVALENTS

<i>Euro thousands</i>	Bank and postal deposits	Cash in hand and other cash equivalents	Total
December 31, 2023	125,645	206	125,851
June 30, 2024	67,755	157	67,912
Change	(57,890)	(49)	(57,939)

"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 5,722 thousand and current accounts of the subsidiaries for Euro 62,033 thousand, in particular: Dixon Ticonderoga Company (U.S.A.) for Euro 30,174 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 5,695 thousand, Fila Dixon Stationary Kunshan (China) for Euro 3,418 thousand, Daler Rowney Ltd United Kingdom) for Euro 2,973 thousand.

“Cash in hand and other cash equivalents” amount to Euro 157 thousand, of which Euro 5 thousand relates to the Parent F.I.L.A. S.p.A and Euro 152 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, 2024 was Euro 369,046 thousand, up Euro 65,635 thousand on December 31, 2023.

<i>Euro thousands</i>	June 30, 2024	December 31, 2023	Change
A Cash	157	206	(49)
B Cash equivalents	67,755	125,645	(57,890)
C Other current financial assets	4,080	1,162	2,918
D Liquidity (A + B + C)	71,992	127,012	(55,020)
E Current bank loans and borrowings	(72,319)	(40,848)	(31,471)
F Current portion of non-current bank loans and borrowings	(36,592)	(32,057)	(4,535)
G Current financial debt (E + F)	(108,910)	(72,905)	(36,005)
H Net current financial debt (G - D)	(36,919)	54,108	(91,027)
I Non-current bank loans and borrowings	(332,128)	(357,519)	25,391
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(332,128)	(357,519)	25,391
M Net financial debt (H + L)	(369,046)	(303,412)	(65,635)

Reference should be made to the “Statement of Financial Position” of the Directors’ Report 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, 2024 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, 2024	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, 2024, 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	

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

On June 30, 2024, the Group held 330,766 treasury shares, for a total value of Euro 2,966 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

Legal reserve

At June 30, 2024, this caption amounted to Euro 9,396 thousand and was unchanged on the previous year.

Share premium reserve

The reserve at June 30, 2024 amounts to Euro 154,614 thousand and did not change on December 31, 2023.

IAS 19 reserve

Following the application of IAS 19, the equity reserve is positive for Euro 876 thousand, decreasing by Euro 794 thousand limited to the share of the F.I.L.A. Group.

Other reserves

At June 30, 2024, the "Other reserves" are positive for Euro 20,633 thousand, decreasing Euro 3,347 thousand on December 31, 2023. The changes concern the following events:

- ▶ The “Cash Flow Hedge” reserve recognises the fair value of the 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, 2024 the reserve was Euro 2,469 thousand, an increase of Euro 2,647 thousand compared to December 31, 2023 (negative for Euro 178 thousand) due to the adjustment of the financial instruments. The change in the value of financial instruments relates to the fair value adjustment of the derivative of the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 1,313 thousand, to the fair value adjustment of the derivative of F.I.L.A. S.p.A for Euro 1,346 thousand and a negative Euro 13 thousand to the fair value adjustment of the derivative of Canson SAS (France). For further information, reference should be made to “Note 3 - Non-Current Financial Assets”.
- ▶ The impact of hyperinflation on hyperinflationary economies for an increase of Euro 248 thousand due to adoption of IAS 29 by the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. and the Argentine subsidiary FILA Argentina S.A.;
- ▶ “Share-Based Premium” reserve of Euro 1,225 thousand, increasing Euro 452 thousand (Euro 773 thousand at December 31, 2023) due to the portion for the period of the 2022-2026

medium-/long-term incentive plan set up for 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 2024 are illustrated below (limited to the share regarding Group Equity):

TRANSLATION RESERVE	
<i>Euro thousands</i>	
December 31, 2023	(7,935)
Changes	
Difference between the average rate for the period and the closing rate	(270)
Difference between the historical rate and the closing rate	5,091
June 30, 2024	(3,113)
Change	4,822

Retained earnings

The reserve totalled Euro 359,914 thousand and increased on the previous year-end by Euro 135,139 thousand, relating to the allocation of the 2023 profit of Euro 170,648 thousand and to the distribution of the dividends approved by the Shareholders’ Meetings of the Parent F.I.L.A. S.p.A. of January 22, 2024 and April 23, 2024.

Total Equity attributable to non-controlling interests

Non-controlling interest equity decreased Euro 204 thousand, principally due to:

- Distribution of dividends to non-controlling interests of Euro 651 thousand.
- Exchange losses of Euro 67 thousand;
- Reclassification of the 0.57% of the non-controlling interest equity to the equity of the subsidiary FILA SA PTY Ltd. (South Africa) following the purchase of treasury shares by the latter for Euro 8 thousand.
- Profit for the period attributable to non-controlling interests of Euro 514 thousand;
- IAS 19 reserve attributable to non-controlling interests of Euro 8 thousand;

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

Basic and diluted earnings per share

The Basic Earnings/(Loss) per share is calculated by dividing the Profit attributable to the owners of the parent by the average weighted number of outstanding ordinary shares during the period, excluding any treasury shares in portfolio.

The Diluted Earnings/(Loss) per share is calculated by dividing the Profit attributable to the owners of the parent by the average weighted number of outstanding ordinary shares during the period and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

<i>Euro thousands</i>	June 30, 2024	December 31, 2023
Earnings of the period/year, attributable to shareholders (i) - €0,000	27,741	170,648

Average weighted number of ordinary shares (basic)	June 30, 2024	December 31, 2023
Average ordinary shares of the period/year	51,058,297	51,129,643
Treasury shares effect in portfolio	(330,766)	(330,766)
Average weighted number of ordinary shares (basic) (iii)	50,727,531	50,798,877
Earnings of the period/year per share (basic)	0.55	3.36

Average weighted number of ordinary shares (diluted)	June 30, 2024	December 31, 2023
Average ordinary shares of the period/year	51,058,297	51,129,643
Treasury shares effect in portfolio	(330,766)	(330,766)
Potential shares	1,210,250	1,040,750
Average weighted number of ordinary shares (diluted) (iii)	51,937,781	51,839,627
Earnings of the period/year per share (diluted)	0.53	3.29

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, 2023 between the Parent's Equity and F.I.L.A. Group Equity

Euro thousands

F.I.L.A. S.p.A. equity	323,631
Elimination of infragroup profits and other consolidation entries	(3,860)
Consolidation effect FILA Art and Craft (Israel)	910
Consolidation effect Dixon Ticonderoga Group	111,913
Consolidation effect Lyra Group	4,604
Consolidation effect FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	(1,766)
Consolidation effect FILA Stationary O.O.O. (Russia)	(5,088)
Consolidation effect FILA Hellas (Greece)	915
Consolidation effect Industria Maimeri S.p.A. (Italy)	(568)
Consolidation effect FILA S.A. (South Africa)	(2,153)
Consolidation effect Fila Polska Sp. Z.o.o (Poland)	1,363
Consolidation effect DOMS Industries Pvt Ltd (India)	124,765
Consolidation effect Daler-Rowney Group	(14,938)
Consolidation effect St. Cuthberts Holding (England)	540
Consolidation effect FILA Iberia S.L. (Spain)	4,963
Consolidation effect Canson Group	19,239
Consolidation effect FILA Art Product AG (Switzerland)	544
Consolidation effect Pacon Group	9,298
Consolidation effect Fila Arches	631
Total equity	574,943
Consolidation effects attributable to non-controlling interests	3,879
F.I.L.A. group equity	571,064

Reconciliation at June 30, 2024 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	18,670
Profit for the period of the subsidiaries of the Parent	21,548
Elimination of the effects of transactions between consolidated companies:	
Dividends	(16,283)
Net Inventory Margins	(411)
Adjustments to Group accounting policies:	
Stock Option Plan recognised by the Parent to the Subsidiaries	(158)
FTA of IFRS 9	(175)
Write-off of assets of subsidiary Fila Fila Stationary O.O.O. (Russia)	2,615
F.I.L.A. S.p.A. - Impairment gains on equity investments in DOMS Industries Limited	1,446
F.I.L.A. S.p.A. - Impairment gains on equity investments in Industria Maimeri S.p.A.	521
F.I.L.A. S.p.A. - Impairment gains on IC financial receivables in F.I.L.A. S.p.A. e Lyra KG	482
Total profit for the period	28,255
Profit for the period attributable to non-controlling interests	514
Profit for the period attributable to the owners of the parent	27,741

Note 13 - Financial liabilities

The balance at June 30, 2024 amounts to Euro 443,228 thousand (Euro 429,547 thousand at December 31, 2023), of which Euro 334,318 thousand non-current and Euro 108,910 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, 2024 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, 2023	353,900	(2,191)	351,710	877	(48)	829	1,044	73	1,117	75,891	-	75,891	429,547
non-current portion	292,211	(2,831)	289,380	427	(48)	379	-	-	-	66,883	-	66,883	356,642
current portion	61,690	640	62,330	450	-	450	1,044	73	1,117	9,008	-	9,008	72,905
June 30, 2024	376,489	(3,621)	372,868	436	(15)	421	4,339	61	4,400	65,539	-	65,539	443,228
non-current portion	281,528	(3,920)	277,608	95	(11)	84	-	-	-	56,626	-	56,626	334,318
current portion	94,961	299	95,260	341	(4)	337	4,339	61	4,400	8,913	-	8,913	108,910
Change	22,588	(1,430)	21,158	(441)	33	(408)	3,295	(12)	3,283	(10,352)	-	(10,352)	13,681
non-current portion	(10,683)	(1,089)	(11,772)	(332)	37	(295)	-	-	-	(10,257)	-	(10,257)	(22,324)
current portion	33,271	(341)	32,930	(109)	(4)	(113)	3,295	(12)	3,283	(95)	-	(95)	36,005

Bank Loans and Borrowings

With reference to “Bank loans and borrowings”, the total exposure of the Group amounts to Euro 372,868 thousand, of which Euro 95,260 thousand considered as current (Euro 62,330 thousand at December 31, 2023) and Euro 277,608 thousand as non-current (Euro 289,380 thousand at December 31, 2023).

“Bank interest liabilities” amounting to Euro 3,621 thousand (Euro 2,191 thousand at December 31, 2023) include a positive Euro 3,920 thousand (Euro 2,831 thousand at December 31, 2023) regarding the amortised cost for the non-current financial liabilities in the period and Euro 299 thousand principally 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.), not yet settled.

The decrease in the non-current portion of Euro 11,772 thousand mainly concerns:

- Decreases due to reclassifications of the short-term portion of loans of Euro 13,719 thousand, concerning the structured loans recognised by the US subsidiary Dixon Ticonderoga Company (Euro 6,943 thousand), the Parent F.I.L.A. S.p.A. (Euro 6,563 thousand) and the French subsidiary Canson SAS (Euro 214 thousand);
- Decreases due to the change in amortised cost, net of currency effects of Euro 1,197 thousand;

- ▶ Net exchange losses of Euro 2,631 thousand;
- ▶ Increases of Euro 512 thousand, due to the signing of a new loan by the French subsidiary Canson SAS.

Capital bank borrowings at June 30, 2024, amounting to Euro 376,489 thousand (Euro 353,900 thousand at December 31, 2023) mainly comprise the structured loan taken out by F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) for Euro 332,926 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 A1	72,188	-	72,188
Facility A2	-	61,654	61,654
Facility B1	106,846	-	106,846
Facility B2	-	30,814	30,814
Facility B3	-	33,400	33,400
RCF	-	28,024	28,024
Total	179,033	153,892	332,926

**carrying amounts translated at the rate for the period*

Facility A1 (Euro 72,188 thousand) and Facility A2 (Euro 61,654 thousand) stipulate a residual repayment plan consisting of 6 half-yearly instalments, of which 2 instalments classified as current, as scheduled for December 31, 2024 and for June 30, 2025, Facility B1 (Euro 106,846 thousand) and Facility B2 (Euro 30,814 thousand) and Facility B3 (Euro 33,400 thousand) are Bullet loans, with fixed single repayment respectively on July 23, 2027 and July 25, 2027.

The Revolving Credit Facility stipulates the issue of short-term tranches of 1, 3 or 6 months, for a maximum amount of Euro 75,000 thousand, currently utilised for Euro 28,024 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 31, 2024	Facility A1, A2	6,563	6,943	13,506
June 30, 2025	Facility A1, A2	6,563	6,943	13,506
Current portion		13,125	13,886	27,011
December 31, 2025	Facility A1, A2	6,563	6,943	13,506
June 30, 2026	Facility A1, A2	10,938	11,572	22,509
December 31, 2026	Facility A1, A2	10,938	11,572	22,509
July 23, 2027	Facility A1, A2	30,625	17,682	48,307
Total - Facility A1, A2		72,188	61,654	133,842
Bullet Loan - July 23, 2027	Facility B1	106,846	-	106,846
Total - Facility B1		106,846	-	106,846
Bullet Loan - July 23, 2027	Facility B2	-	30,814	30,814
Total - Facility B2		-	30,814	30,814
Bullet Loan - July 25, 2027	Facility B3	-	33,400	33,400
Total - Facility B3		-	33,400	33,400
Bullet Loan - July 23, 2027	RCF	-	28,024	28,024
Total - RCF		-	28,024	28,024
Grand Total		179,033	153,892	332,926

*carrying amounts translated 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 2024 of the amortised cost method on the structured loan is interest expense of Euro 1,191 thousand (of which interest expense of Euro 769 thousand concerning F.I.L.A. S.p.A. and interest income of Euro 422 thousand concerning the US 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 827 thousand.

In addition to the loan described above, at June 30, 2024, capital bank borrowings, including Euro 43,564 thousand broken down into current (Euro 39,926 thousand) and non-current (Euro 3,638 thousand), are 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 Sabadell S.A., Scotiabank Inverlat S.A., Banco Nacional de Mexico, S.A. and Banbajio to Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for a total of Euro 15,026 thousand. During the period, the total amount decreased by Euro 235 thousand, including Euro 687 thousand due to exchange gains which further reduced the exposure;
- ▶ Short-term loans of the subsidiary Dixon Ticonderoga Company (U.S.A.) contracted with Unicredit New York amounting to Euro 12,144 thousand;
- ▶ Short-term “hot money” financing obtained by the Parent F.I.L.A. S.p.A. from four banks totalling Euro 12,000 thousand (BNL for Euro 4,000 thousand, BPER for Euro 3,000 thousand, BPM for Euro 3,000 thousand and Credem for Euro 2,000 thousand) in order to access a source of immediate funding at much lower cost than opening a line of credit in a current account;
- ▶ The current portion of the non-current loan contracted by Canson SAS (France) with Banca Intesa for Euro 532 thousand;
- ▶ Short-term loans granted to Fila Argentina from Banco Provincia for Euro 113 thousand;
- ▶ Short-term loans granted to Fila Art and Craft Ltd (Israel) from Bank Leumi for Euro 112 thousand;

Non-current bank debt amounts to Euro 3,638 thousand and principally relates to the non-current portion of the loans granted to:

- ▶ Canson SAS (France) from Intesa Sanpaolo and BNP for Euro 2,810 thousand;
- ▶ The fair value of the negotiation charges related to the derivative instruments subscribed by the parent F.I.L.A. S.p.A. of Euro 581 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A.) of Euro 246 thousand.

Covenants

The F.I.L.A. Group, against the debt undertaken with leading credit institutions (BNP Paribas, Intesa Sanpaolo, Banco BPM, BPER, Credit Agricole, Mediobanca, Unicredit, Cassa Depositi e Prestiti, JP Morgan, BNL Paribas), is subject to commitments and “covenants”.

Covenants are verified half-yearly and annually. Specifically, the covenants are calculated taking into account the following indicators: Net Financial Debt (NFD), gross operating profit (loss) (EBITDA) calculated on the basis of the F.I.L.A. Group’s half-year and annual consolidated financial statements prepared in accordance with the IFRS.

The criteria for the calculation of the NFD and gross operating profit (loss) are established by the related loan contract. The covenants for the loan undertaken by F.I.L.A. S.p.A. and Dixon Ticonderoga

Company (U.S.A.) are outlined below, applied to June 30, 2024:

June 2024 Leverage Ratio: NFD / EBITDA < 4.20

As required by CONSOB Communication No. DEM/6064293 of 28/07/2006, we report that the impact of non-compliance with the covenants as established by the underlying contracts essentially concerns the possibility that the lending banks may revoke the loan contract and/or declare forfeiture of the repayment conditions upon all or part of the loans.

At June 30, 2024, the F.I.L.A Group had complied with the above covenants.

Financial liabilities - Other loans and borrowings

“Financial Liabilities – Other Loans and Borrowings” at June 30, 2024 totalled Euro 421 thousand (Euro 829 thousand at December 31, 2023), with the current portion totalling Euro 337 thousand (Euro 450 thousand at December 31, 2023) and mainly concerning the factoring payables of the parent F.I.L.A. S.p.A..

Financial Liabilities - Current Account Overdrafts

“Current account overdrafts” amounted to Euro 4,400 thousand (Euro 1,117 thousand at December 31, 2023) and mainly concern the overdrafts of the French subsidiary Canson SAS (Euro 4,339 thousand) and the parent F.I.L.A. S.p.A. for Euro 61 thousand.

IFRS 16

“Financial liabilities” at June 30, 2024 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 a decrease of Euro 10,352 thousand as at June 30, 2024, of which Euro 10,257 thousand as the non-current portion and Euro 95 thousand as the current portion.

Liabilities at fair value at June 30, 2024 and December 31, 2023 are broken down as follows by hierarchy level:

<i>Euro thousands</i>	June 30, 2024	Measurement model	Level 1	Level 2	Level 3
Bank Loans and Borrowings	372,868	<i>Amortised cost</i>			
Other Loans and Borrowings	421	<i>Amortised cost</i>			
Current account overdrafts	4,400	<i>Amortised cost</i>			
Trade Payables and Other Liabilities	107,641	<i>Amortised cost</i>			
Total Financial Liabilities	485,330		-	-	-

<i>Euro thousands</i>	December 31, 2023	Measurement model	Level 1	Level 2	Level 3
Bank Loans and Borrowings	351,710	<i>Amortised cost</i>			
Other Loans and Borrowings	829	<i>Amortised cost</i>			
Current account overdrafts	1,117	<i>Amortised cost</i>			
Financial instruments	877	<i>Fair Value</i>		877	
Trade Payables and Other Liabilities	105,656	<i>Amortised cost</i>			
Total Financial Liabilities	460,189		-	877	-

Fair value is divided into the following hierarchy levels:

- Level 1: listed prices (not adjusted) on active markets for identical assets or liabilities;
- Level 2: input data other than listed prices (included in Level 1) which are observable for assets or liabilities, both directly (as in the case of prices) and indirectly (as derived from prices);
- Level 3: input data concerning assets or liabilities which are not based on observable market data.

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 recognised 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), 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, 2024 were as follows:

Note 14.A - POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

	Post-employment benefits	Other employee benefits	Total
<i>Euro thousands</i>			
December 31, 2022	5,287	4,557	9,844
Benefits paid	(952)	(500)	(1,452)
Interest cost	200	200	400
Service cost	972	607	1,579
IAS 19 Reserve	395	632	1,027
Change in consolidation scope	-	(1,450)	(1,450)
Exchange (gains) losses	-	130	130
December 31, 2023	5,902	4,176	10,078
Benefits paid	(383)	(52)	(435)
Interest cost	165	79	244
Service cost	271	193	464
IAS 19 Reserve	(261)	(798)	(1,059)
Exchange (gains) losses	-	30	30
June 30, 2024	5,694	3,628	9,322
Change	(208)	(548)	(756)

Actuarial losses accrued in the period totalled Euro 1,059 thousand and were recorded, net of the tax effect, to the statement of comprehensive income and are mainly attributable to the subsidiary Daler Rowney Ltd (United Kingdom) for Euro 729 thousand and to the subsidiary Canson SAS (France) for Euro 280 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, 2024	December 31, 2023
Present value of obligations not covered by plan assets	5,694	5,902
	5,694	5,902
Present value of obligations covered by plan assets	32,588	34,501
Fair value of plan assets relating to the obligations	(28,960)	(30,325)
	3,628	4,176
Total	9,322	10,078

The financial assets at June 30, 2024 invested by the F.I.L.A. Group to cover financial liabilities arising from “Employee benefits” amount to Euro 28,960 thousand (Euro 30,325 thousand at December 31, 2023) and relate to Daler Rowney Ltd (United Kingdom) for Euro 25,353 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 2,110 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 1,496 thousand. The financial investments have an average return of 4.95% on invested capital.

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

2. Cost recognised in profit or loss (averages)	June 30, 2024	December 31, 2023
Service cost	464	1,579
Interest cost	244	400
Cost recognised in profit or loss (averages)	708	1,979

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, 2024	December 31, 2023
Annual technical discount rate	3.8%	3.6%
Increase in cost of living index	3.3%	3.3%
Future salaries increase	1.6%	1.6%
Future pensions increase	1.9%	1.9%

Note 15 - Provisions for Risks and Charges

“Provisions for Risks and Charges” at June 30, 2024 amounts to Euro 1,691 thousand (Euro 1,821 thousand at December 31, 2023), of which Euro 870 thousand (Euro 895 thousand at December 31, 2023) concerning the non-current portion and Euro 821 thousand (Euro 926 thousand at December 31, 2023) 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, 2023	24	805	364	628	1,821
non-current portion	-	805	-	90	895
current portion	24	-	364	538	926
June 30, 2024	20	821	212	638	1,691
non-current portion	-	821	-	49	870
current portion	20	-	212	589	821
Change	(4)	16	(152)	10	(130)
non-current portion	-	16	-	(41)	(25)
current portion	(4)	-	(152)	51	(105)

The changes in “Provisions for Risks and Charges” at June 30, 2024 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, 2022	157	711	255	976	2,099
Utilisation	(154)	-	(122)	(262)	(538)
Accruals	14	58	231	77	380
Release	-	-	-	(156)	(156)
Discounting	-	37	-	-	37
Net exchange gains	6	-	-	(6)	-
December 31, 2023	24	805	364	628	1,821
Utilisation	(4)	(30)	(161)	(171)	(366)
Accruals	-	30	-	225	255
Release	-	-	-	(43)	(43)
Discounting	-	15	-	-	15
Net exchange gains (losses)	-	-	9	-	9
June 30, 2024	20	821	212	638	1,691
Change	(4)	16	(152)	10	(130)

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 provision, compared to the previous year, decreased by Euro 4 thousand and amounts to Euro 20 thousand, entirely concerning the German subsidiary Lyra KG.

Pension and similar provisions

The caption includes the agent supplementary indemnity provision at June 30, 2024 of the Parent F.I.L.A. S.p.A. and of the Italian subsidiary Industria Maimeri S.p.A.. The actuarial gains in H1 2024 amount to Euro 15 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 212 thousand at June 30, 2024, decreasing Euro 152 thousand. The plans involve in particular the reorganisation of the North American strategic segment beginning in 2019, which led to total utilisations of Euro 161 thousand by the US subsidiary Dixon Ticonderoga Company (U.S.A.).

Other provisions

The total provision amounts to Euro 638 thousand, increasing Euro 10 thousand. The main movement in the period concerns the provisions made of Euro 225 thousand and regarding the subsidiary Canson SAS (France) for Euro 200 thousand. In addition, other movements mainly concern the utilisation of the provisions for Euro 160 thousand by the same French subsidiary Canson SAS.

Note 16 - Deferred Tax Liabilities

“Deferred Tax Liabilities” amount to Euro 61,638 thousand at June 30, 2024 (Euro 60,803 thousand at December 31, 2023):

Note 16.A CHANGES IN DEFERRED TAX LIABILITIES

<i>Euro thousands</i>	
December 31, 2022	70,846
Increase	286
Utilisation	(1,813)
Change in consolidation scope	(7,097)
Net exchange gains	(1,025)
Decrease recognised in equity	(179)
Other net decreases	(213)
December 31, 2023	60,803
Increase	228
Utilisation	(1,098)
Change in consolidation scope	1,307
Decrease recognised in equity	397
June 30, 2024	61,638
Change	834

The movement on the previous year totalled Euro 834 thousand and mainly concerned exchange losses of Euro 1,307 thousand and utilisations of the provision for Euro 1,098 thousand. Against the gradual amortisation and depreciation of the assets so calculated, the Parent gradually releases the related deferred taxes.

The change recognised in Equity (Euro 397 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 for Euro 170 thousand, and the change in the cash flow hedge reserve for Euro 227 thousand.

Note 17 - Financial instruments

“Financial Instruments” at June 30, 2024 were not valued as the fair value of the derivative hedging instruments is positive and recorded to “Other Non-Current Financial Assets”.

Nota 18 - Current Tax Liabilities

“Current Tax Liabilities” total Euro 5,602 thousand at June 30, 2024 (Euro 8,080 thousand at December 31, 2023), and mainly concern the US subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 1,396 thousand, the parent F.I.L.A. S.p.A. for Euro 872 thousand, the subsidiary Fila Iberia for Euro 567 thousand and the subsidiary Canson SAS (France) for Euro 549 thousand.

Note 19 - Trade payables and other liabilities

“Trade payables and Other Liabilities” at June 30, 2024 amount to Euro 107,641 thousand (Euro 105,656 thousand at December 31, 2023). 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, 2024	December, 2023	Change
Trade payables	72,045	69,009	3,036
Trade payables to subsidiaries	1,151	1,439	(288)
Tax liabilities	8,331	9,059	(728)
Other	22,299	22,685	(386)
Accrued expenses and deferred income	3,815	3,464	351
Total	107,641	105,656	1,985

The increase in “Trade Payables” was Euro 3,036 thousand and principally concerned the French subsidiary Canson SAS for Euro 1,543 thousand and the Canadian subsidiary Dixon Ticonderoga Art ULC for Euro 906 thousand, in addition to exchange losses of Euro 411 thousand.

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

The trade payables reported above are due within 12 months.

“Trade payables from associates” solely includes the trade payable from the associate DOMS Industries Limited for Euro 1,151 thousand.

“Tax Liabilities” to third parties amount to Euro 8,331 thousand at June 30, 2024 (Euro 9,059 thousand at December 31, 2023), of which Euro 6,047 thousand VAT liabilities and Euro 2,283 thousand concerning tax liabilities other than current taxes, primarily recognised by F.I.L.A. S.p.A. (Euro 280 thousand) and relating to liabilities in connection with independent contractors. The residual amount mainly concerns Canson SAS (France) for Euro 531 thousand and Dixon Ticonderoga Company

(U.S.A.) for Euro 382 thousand.

“Other Payables” amount to Euro 22,299 thousand at June 30, 2024 (Euro 22,685 thousand at December 31, 2023) and primarily includes:

- ▶ Employee salaries of Euro 13,385 thousand (Euro 12,948 thousand at December 31, 2023);
- ▶ Social security contributions to be paid of Euro 6,466 thousand (Euro 5,578 thousand at December 31, 2023);
- ▶ Payables for agent commissions of Euro 730 thousand (Euro 204 thousand at December 31, 2023);
- ▶ Residual liabilities of Euro 1,718 thousand mainly concerning advances to clients (Euro 3,955 thousand at December 31, 2023).

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

With regards to other non-current payables, at June 30, 2024 they amounted to Euro 214 thousand (Euro 195 thousand at December 31, 2023) and concern the parent F.I.L.A. S.p.A. for Euro 195 thousand and the Swiss subsidiary Fila Art Products AG for Euro 19 thousand.

Note 20 – Revenue

Revenue in the first half of 2024 amounted to Euro 333,283 thousand (Euro 415,606 thousand in H1 2023):

Note 20.A - REVENUE

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Revenue	353,076	440,429	(87,353)
Sales adjustments	(19,793)	(24,823)	5,030
<i>Returns on Sales</i>	(4,102)	(4,524)	422
<i>Discounts, Allowances and Bonuses</i>	(15,691)	(20,299)	4,608
Total	333,283	415,606	(82,323)

“Revenue from Sales and Services” of Euro 333,283 thousand decreased by Euro 82,323 thousand on the same period of the previous year (-19.8%). Net of exchange losses of Euro 6,138 thousand (mainly concerning the Argentinian Peso and the Turkish Lira, partially offset by the strengthening of the Mexican Peso), and of the revenue reported by the former Indian subsidiary DOMS Industries Limited for H1 2023 of Euro 63,860 thousand, the organic reduction was Euro 12,325 thousand (-3.5%).

Note 20.B - REVENUE BY GEOGRAPHICAL SEGMENT

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Europe	117,652	116,934	718
North America	163,569	182,416	(18,847)
Central - South America	43,797	43,773	24
Asia	6,544	70,785	(64,241)
Other	1,721	1,698	23
Total	333,283	415,606	(82,323)

As noted, the significant reduction in revenue from the Asia geographical segment regards the exit from the consolidation scope of the Indian company DOMS Industries Limited following its stock market listing and the consequent reduction of Fila S.p.A.’s holding.

Note 21 – Income

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

“Income” in H1 2024 amounted to Euro 4,830 thousand (Euro 4,969 thousand in H1 2023):

Note 21 - INCOME			
<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Gains on Sale of Property, Plant and Equipment	51	56	(5)
Unrealised Exchange Gains on Commercial Transactions	1,840	1,651	189
Realised Exchange Gains on Commercial Transactions	1,082	1,678	(596)
Other Revenue and Income	1,857	1,585	272
Total	4,830	4,969	(139)

“Other Revenue and Income” of Euro 1,857 thousand in H1 2024 principally includes income from the sale of production waste by the Group companies, insurance compensation received by the company Canson SAS (France), and income on the subleasing and sale of pallets by Dixon Ticonderoga Company (U.S.A.).

For further details on exchange differences, reference should be made to “Note 31 - Foreign currency transactions”.

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

This account includes all purchases of raw materials, semi-finished products, transport for purchases, goods and consumables for operating activities.

The caption totalled Euro 142,936 thousand in H1 2024 (Euro 194,657 thousand in H1 2023).

The relative detail is shown below:

Note 22 - RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Raw materials, Consumables, Supplies and Goods	(123,807)	(162,605)	38,798
Transport costs	(7,580)	(8,126)	546
Packaging	(729)	(10,701)	9,972
Import Charges and Customs Duties	(4,316)	(5,351)	1,035
Other purchase costs	(6,614)	(7,323)	709
Maintenance Materials	-	(804)	804
Adjustments to Purchases	108	251	(143)
Returns on purchases	14	7	7
Discounts, rebates and rewards on purchases	94	244	(150)
Total	(142,936)	(194,657)	51,721

The decrease in “Costs for Raw Materials, Ancillary, Consumables and Goods” in H1 2024 was Euro 51,721 thousand. This decrease mainly concerns the operating costs incurred in H1 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 44,327 thousand and lower variable costs due to the reduction in revenue.

The decreases in inventories in H1 2024 totalled Euro 1,691 thousand, of which:

- Decrease of “Raw Materials, Ancillary, Consumables and Goods” for Euro 2,945 thousand (increase of Euro 158 thousand in H1 2023);
- Increase in “Contract Work in Progress and Semi-Finished products” of Euro 14 thousand (increase of Euro 3,802 thousand in H1 2023);
- Increase in “Finished Products” of Euro 1,240 thousand (decrease of Euro 6,486 thousand in H1 2023).

For further details, reference should be made to the “Normalised financial performance” section of the Interim Directors’ Report.

Note 23 - Services and Use of Third-Party Assets

“Services and Use of Third-Party Assets” amounted in H1 2024 to Euro 53,445 thousand (Euro 61,569 thousand in H1 2023).

Services are broken down as follows:

The decrease in “Services and Use of Third-Party Assets” compared to H1 2023 was Euro 8,124 thousand.

The general decrease in service costs is mainly due to the costs incurred in H1 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 5,879 thousand, which mainly affected utilities and transport.

Note 23 - SERVICES AND USE OF THIRD-PARTY ASSETS

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Sundry services	(3,475)	(4,441)	966
Transport	(10,147)	(15,623)	5,476
Warehousing	(723)	(1,220)	497
Maintenance	(7,605)	(7,212)	(393)
Utilities	(4,053)	(7,730)	3,677
Consulting fees	(5,667)	(5,447)	(220)
Directors' and Statutory Auditors' Fees	(2,268)	(2,774)	506
Advertising, Promotions, Shows and Fairs	(2,594)	(2,442)	(152)
Cleaning	(597)	(568)	(29)
Bank Charges	(480)	(613)	133
Agents	(4,174)	(4,937)	763
Travel, accommodation and sales representatives	(1,788)	(2,259)	471
Sales Commissions	(3,388)	(1,055)	(2,333)
Insurance	(1,566)	(1,590)	24
Other Services	(2,159)	(1,721)	(438)
Rent	(2,490)	(1,614)	(876)
Royalties and Patents	(271)	(323)	52
Total	(53,445)	(61,569)	8,124

Note 24 – Other Costs

These totalled Euro 2,611 thousand in H1 2024 (Euro 4,791 thousand in H1 2023).

This caption principally includes realised and unrealised exchange losses on commercial transactions for Euro 2,414 thousand. 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, 2024	June 30, 2023	Change
Unrealised Exchange Losses on Commercial Transactions	(1,205)	(2,178)	973
Realised Exchange Losses on Commercial Transactions	(1,209)	(2,266)	1,057
Other Operating Costs	(197)	(347)	150
Total	(2,611)	(4,791)	2,180

“Other operating charges” of Euro 197 thousand in H1 2024 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 69,075 thousand in H1 2024 (Euro 80,170 thousand in H1 2023).

These costs are broken down as follows:

Note 25 – PERSONNEL EXPENSE

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Wages and Salaries	(52,926)	(60,981)	8,055
Social Security Charges	(14,101)	(15,598)	1,497
Employee Benefits	(193)	(376)	183
Post-Employment Benefits	(271)	(674)	403
Other	(1,584)	(2,541)	957
Total	(69,075)	(80,170)	11,095

“Personnel expense” decreased Euro 11,095 thousand on H1 2023. The decrease was due to the deconsolidation of the former Indian subsidiary DOMS Industries Limited, which resulted in a reduction in personnel expense of Euro 9,053 thousand and a decrease in the number of employees of

93

8,423 compared to December 31, 2023.

The following table reports the breakdown of the F.I.L.A. Group workforce at June 30, 2024 and December 31, 2023 by geographical segment:

	Europe	North America	Central - South America	Asia	Rest of the World	Total
December 31, 2023	1,077	526	1,391	8,778	22	11,794
Increase	44	30	143	5	1	223
Decrease	(65)	(5)	(43)	(44)	-	(157)
<i>Change in consolidation area</i>				(8,423)		(8,423)
June 30, 2024	1,057	551	1,491	316	23	3,438
Change	(21)	25	100	(8,462)	1	(8,357)

For further details, reference should be made to the “Adjusted financial performance” section of the Interim Directors’ Report.

Note 26 – Amortisation and Depreciation

“Amortisation and Depreciation” in H1 2024 amounted to Euro 17,404 thousand (Euro 20,661 thousand in H1 2023). Amortisation and depreciation in 2024 and 2023 are reported below:

Note 26 – AMORTISATION AND DEPRECIATION

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Depreciation of Property, plant and equipment	(5,650)	(7,763)	2,113
Amortisation of Intangible assets	(6,526)	(7,038)	512
Depreciation of Right-of-use assets	(5,228)	(5,860)	632
Total	(17,404)	(20,661)	3,257

Amortisation and depreciation decreased mainly as a result of the amounts incurred under this caption in H1 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 2,850 thousand.

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 Gains (Losses) on Trade Receivables and Other Assets” reported net gains of Euro 252 thousand in H1 2024 (net losses of Euro 1,095 thousand in H1 2023):

Note 27 - IMPAIRMENT GAINS (LOSSES) ON TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Net impairment losses on trade receivables and other assets	252	(1,095)	1,347
Total	252	(1,095)	1,347

The decrease in “Net Impairment Gains (Losses) on Trade Receivables and Other assets” is mainly due to lower impairments and loss allowance accruals.

Note 28 – Other Net Impairment Gains (Losses)

Total “Other net impairment gains (losses)” amount to net losses of Euro 2,641 thousand in H1 2024 (net losses of Euro 13 thousand in H1 2023):

Note 28 – OTHER IMPAIRMENT GAINS (LOSSES)			
<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Net impairment gains (losses) on Property, Plant and Equipment	(370)	(15)	(355)
Net impairment gains on Intangible Assets	(2,271)	2	(2,273)
Total	(2,641)	(13)	(2,628)

The movement in the period principally concerns the adjustment to fair value for Euro 2,209 thousand of the intangible assets of the US company Dixon Ticonderoga Company.

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

Note 29 – Financial Income

The caption amounted to Euro 5,943 thousand in H1 2024 (Euro 4,097 thousand in H1 2023).

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

Note 29 – FINANCIAL INCOME			
<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Interest income on Bank Deposits	418	553	(135)
Other Financial Income	1,656	290	1,366
Unrealised Exchange Gains on Financial Transactions	3,823	3,146	677
Realised Exchange Gains on Financial Transactions	46	108	(62)
Total	5,943	4,097	1,846

The main changes concern the “Other Financial Income” captions, which include the financial income related to the current financial assets of the Argentinian subsidiary FILA Argentina for Euro 1,226 thousand.

Note 30 – Financial Expense

The caption amounted to Euro 17,288 thousand in H1 2024 (Euro 24,882 thousand in H1 2023).

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, 2024	June 30, 2023	Change
Interest on current account Overdrafts	(110)	(298)	188
Interest on Bank Loans and borrowings	(10,461)	(14,469)	4,008
Interest on Other loans and borrowings	(302)	(402)	100
Other Financial Expense	(409)	(2,441)	2,032
Unrealised Exchange Losses on Financial Transactions	(4,004)	(3,914)	(90)
Realised Exchange Losses on Financial Transactions	(102)	(531)	429
Lease interest expense - <i>Right of use</i>	(1,900)	(2,827)	927
Total	(17,288)	(24,882)	7,594

The decrease in “Financial Expense” in H1 2024 of Euro 7,594 thousand mainly concerns the reduced net financial expense, principally at the US subsidiary Dixon Ticonderoga Company, the Mexican subsidiary Grupo FILA.-Dixon, S.A. and the parent F.I.L.A. S.p.A..

The portion of Amortised Cost accruing in 2024 was Euro 1,191 thousand (Euro 200 thousand in H1 2023) and was mainly matured on the loan undertaken by F.I.L.A. S.p.A. for Euro 769 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 422 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 2024 are reported below:

Note 31 - FOREIGN CURRENCY TRANSACTIONS			
<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Unrealised Exchange Gains on Commercial Transactions	1,840	1,651	189
Realised Exchange Gains on Commercial Transactions	1,082	1,679	(597)
Unrealised Exchange Losses on Commercial Transactions	(1,205)	(2,178)	973
Realised Exchange Losses on Commercial Transactions	(1,209)	(2,266)	1,057
Net exchange gains (losses) on commercial transactions	508	(1,114)	1,622
Unrealised Exchange Gains on Financial Transactions	3,823	3,146	677
Realised Exchange Gains on Financial Transactions	46	108	(62)
Unrealised Exchange Losses on Financial Transactions	(4,004)	(3,914)	(90)
Realised Exchange Losses on Financial Transactions	(102)	(531)	429
Net exchange gains (losses) on financial transactions	(237)	(1,191)	954
Net exchange gains (losses)	270	(2,305)	2,575

Exchange rate differences in H1 2024 arose from transactions against the Euro, in addition to the movement in the period 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 1,446 thousand (profit of Euro 510 thousand in H1 2023) deriving from the positive adjustment of the Carrying amount of the investment of F.I.L.A. S.p.A. in the Indian associate DOMS Industries Limited of Euro 1,446 thousand (relating to the latest approved results of the Indian company for Q1 2024), in line with the share of equity held in the associate of 30.6%.

Note 33 - Income Taxes

“Income taxes” overall in the first half of 2024 amounted to Euro 10,410 thousand (Euro 9,541 thousand in H1 2023) and comprised current taxes of Euro 8,734 thousand (Euro 11,178 thousand in H1 2023) and net deferred tax charges of Euro 1,675 thousand (net income of Euro 1,637 thousand in H1 2023).

Note 33.A – Current Taxes

The relative detail is shown below:

Note 33.A - CURRENT TAXES			
<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Current Italian taxes	(351)	(125)	(226)
Current foreign taxes	(8,383)	(11,053)	2,670
Total	(8,734)	(11,178)	2,444

Current Italian taxes concern F.I.L.A. S.p.A. and Industria Maimeri S.p.A.

The breakdown of foreign current taxes is illustrated below:

Note 33.A.1 - FOREIGN INCOME TAXES

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
F.I.L.A. S.p.A.	(165)	(332)	167
Dixon Ticonderoga Company (U.S.A.)	(4,468)	(4,646)	179
Dixon (China)	(21)	-	(21)
Dixon Canadian Holding Inc.	(1)	-	(1)
Dixon (Mexico)	(166)	(157)	(9)
FILA (Chile)	(8)	(45)	37
FILA (Argentina)	(40)	(421)	382
Lyra KG (Germany)	(207)	(372)	164
Fila Nordic (Scandinavia)	(83)	(67)	(16)
Lyra Akrelux (Indonesia)	(25)	(24)	(1)
FILA (Turkey)	(251)	(218)	(33)
DOMS Industries Limited (India)	-	(2,611)	2,611
FILA Hellas (Grecia)	(92)	(97)	5
Fila Dixon (Kunshan)	(81)	(333)	251
FILA Benelux	(139)	(135)	(4)
Daler Rowney Ltd (UK)	(6)	-	(6)
Brideshore srl (Dominican Republic)	(72)	(57)	(15)
FILA (Polonia)	(69)	(60)	(9)
FILA (Yixing)	(23)	33	(55)
St.Cuthberts Mill Limited Paper (UK)	(56)	(51)	(5)
FILA Hiberia	(716)	(673)	(43)
Canson Bresil (Brazil)	(266)	(176)	(90)
Canson SAS (France)	(689)	-	(689)
FILA Art Products AG	(10)	(7)	(4)
Fila Art and Craft Ltd	(41)	(29)	(12)
Dixon Ticonderoga Art ULC	(418)	(454)	36
Princeton Hong Kong	(81)	(107)	27
Fila Arches	(190)	(13)	(177)
Total	(8,384)	(11,053)	2,669

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 165 thousand).

Nota 33.B – Deferred Taxes

The relative detail is shown below:

Note 33.B - DEFERRED TAXES

<i>Euro thousands</i>	June 30, 2024	June 30, 2023	Change
Change in deferred tax liabilities	881	802	79
Change in deferred tax assets	(2,556)	684	(3,240)
Change in deferred tax assets on Right-of-use assets	-	151	(151)
Total	(1,675)	1,637	(3,312)

Annexes

Attachment 1 - Related party transactions

For the procedures adopted in relation to transactions with related parties, also in accordance with Article 2391-*bis* of the 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 2024:

F.I.L.A. GROUP RELATED PARTY TRANSACTIONS - 2024													
		June 30, 2024						June 30, 2024					
		Statement of Financial Position						Statement of comprehensive income					
		ASSETS			LIABILITIES			REVENUE			COSTS		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Bank loans and borrowings	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	-	-	-	-	-	729	-	-	-	757	-	-
Pynturas y Texturizados S.L	Trade Supplier	-	-	-	-	-	-	-	-	-	178	-	-
Pinal CG	Trade Supplier	-	-	-	-	-	-	-	-	-	-	6	-
Susana Cespedes Creixell Vidett (first HR Trustees, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	-	-	-	-	-	59	-
		-	-	-	-	-	3	-	-	-	-	10	-
Total		-	-	-	-	-	732	-	-	-	935	75	-

F.I.L.A. GROUP RELATED PARTY TRANSACTIONS - 2023													
		December 31, 2023						June 30, 2023					
		Statement of Financial Position						Statement of comprehensive income					
		ASSETS			LIABILITIES			REVENUE			COSTS		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Bank loans and borrowings	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	-	-	-	-	-	282	-	-	-	525	-	-
Studio Legale Salonia e Associati	Legal Consultancy	-	-	-	-	-	-	-	-	-	-	-	-
Vidett (first HR Trustees, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	5	-	-	-	-	8	-
Total		-	-	-	-	-	286	-	-	-	525	8	-

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.

Pinturas y Texturizados S.A. de C.V.

Pinturas y Texturizados S.A. de C.V., a shareholder of which is related to the management of a F.I.L.A. Group company, is a company specialised in the production and sale of paint, coating paints and anti-corrosion products.

VIDETT

VIDETT (previously called “HR Trustees” and thereafter “Punter Southall Governance Services”), 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.

Pixal CG

Pixal CG, a shareholder of which is related to the management of a F.I.L.A. Group company, is a Mexican based company specialised in the provision of marketing services.

Susana Cespedes Creixell

Susana Cespedes Creixell is related to the management of a F.I.L.A. Group company as a provider of leasing services in Mexico.

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	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Fila Stationary O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Industria Maimeri 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 Tconderoga 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 Tconderoga 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 Tconderoga Company	Line-by-Line	0.00%
F.I.L.A. Chile Ltda	Chile	CSA	2000	0.79%	99.21%	100.00%	Dixon Tconderoga 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 Tconderoga 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 Tconderoga 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 Akrelax	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%	0.57%	100.00%	FILA S.p.A. FILA SA PTY LTD	Line-by-Line	0.00%
Carson 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%
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	Domenican 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%
Carson SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Carson Do Brasil Produtos de Artes e Escolar Ltda	Brazil	CSA	2016	0.04%	99.96%	100.00%	Carson 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%
Carson Australia PTY LTD	Australia	RM	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Carson Qingdao Paper Products Co., Ltd.	China	AS	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 Tconderoga ART ULC	Canada	NA	2018	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Tconderoga Company	Line-by-Line	0.00%
Princeton HK Co., Limited	Hong Kong	AS	2018	0.00%	100.00%	100.00%	Dixon Tconderoga 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 Tconderoga 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%
DOMS Industries Limited	India	AS	2015	30.60%	0.00%	30.60%	FILA S.p.A.	Equity method	69.40%

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

Transactions relating to Atypical and/or Unusual Operations

In accordance with CONSOB Communication of July 28, 2006, it is noted that during H1 2024 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



Fabbrica Italiana Lapis ed Affini

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

August 6, 2024

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 Cristian Nicoletti, 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:

- the adequacy in relation to the characteristics of the group and
- 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, 2024 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, 2024:
 - 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;
 - matches the underlying accounting records and books;
 - 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, 2024 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.

Sede Legale, Amministrativa e Commerciale:

Via XXV Aprile, 5 20016 Pero (MI)

Cod. Fisc. / P.IVA 08391050963

P.I. internazionale CEE IT 08391050963

Tel. +39 02 36105.1 Fax +39 02 3538546

E-Mail: fila@fila.it - Web: www.fila.it

Capitale Sociale

Euro46.985.772,68 int. versato

C.C.I.A.A. Milano n. Rea 2022589

Stabilimento di Rufino (Firenze):

Via Meucci 50068 Loc. Scopeti

Tel. +39 055 83501

Fax +39 055 8350440

C.C.I.A.A. Firenze n. 12/01



Informativa Privacy ai sensi GDPR 679/2016 su sito internet www.fila.it

Independent Auditors' Report pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010



Deloitte & Touche S.p.A.
Via Santa Sofia, 28
20122 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
F.I.L.A. (Fabbrica Italiana Lapis ed Affini) S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of F.I.L.A. (Fabbrica Italiana Lapis ed Affini) S.p.A. and subsidiaries (the "F.I.L.A. Group"), which comprise the statement of financial position as of June 30, 2024 and statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed [consolidated] financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the F.I.L.A. Group] as at June 30, 2024 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.338.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03048660166 - R.E.A. n. MI-1720239 | Partita IVA: IT03048660166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

Deloitte.

2

Other Matter

The consolidated financial statements of F.I.L.A Group for the period ended as of December 31, 2023 and the half-yearly condensed consolidated financial statements as at June 30, 2023 have been respectively audited and reviewed by other auditors that on March 28, 2024 and on August 4, 2023 expressed an unmodified opinion and an unmodified conclusion on those consolidated financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Raffo
Partner

Milan, Italy
August 7, 2024

*This report has been translated into the English language solely for the convenience of international readers.
Accordingly, only the original text in Italian language is authoritative.*