



F.I.L.A. GROUP
INTERIM FINANCIAL REPORT
AT MARCH 31, 2023

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

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INTERIM DIRECTORS' REPORT
AT MARCH 31, 2023

I - Interim Directors' Report

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 (*)	Giorgina Gallo
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

Donatella Sciuto
Annalisa Matilde Barbera
Carlo Paris

Remuneration Committee

Carlo Paris
Annalisa Matilde Barbera
Giorgina Gallo

Board of Statutory Auditors

Chairperson	Gianfranco Consorti
Standing Auditor	Sonia Ferrero
Standing Auditor	Pietro Michele Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Gianna Luzzati

Independent Auditors

KPMG 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 March 31, 2023 operates through 25 production facilities and 33 subsidiaries across the globe and employs approx. 11,300 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 fine arts. In addition to these operations, on the conclusion of an initiative which began with the acquisition of a significant influence in 2011, control of the Indian company DOMS Industries Pvt Ltd. was acquired in 2015 (viii). In 2016, the F.I.L.A. Group focused upon development through strategic Art&Craft sector acquisitions, seeking to become the leading market player. On February 3, 2016, F.I.L.A. S.p.A. acquired control of the Daler-Rowney Lukas Group, an illustrious brand producing and distributing materials and accessories on the arts and crafts market since 1783, with a direct presence in the United Kingdom, the Dominican Republic, Germany and the USA (ix). In September 2016, the F.I.L.A. Group acquired the entire share capital of St. Cuthberts Holding Limited and the operating company St. Cuthberts Mill Limited, a highly-renowned English paper mill, founded in 1907, located in the south-west of England and involved in the production of high quality artist’s papers (x). In October 2016, F.I.L.A. S.p.A. acquired the Canson Group, founded in 1557 by the Montgolfier family, with headquarters in Annonay in France, production facilities in France and conversion and distribution centres in Italy, France, China, Australia and Brazil. Canson products are available in over 120 countries and the brand is the most respected globally involved in the production and distribution of high added value paper for the fine arts, design, leisure and schools, but also for artists’ editions and technical and digital drawing materials (xi).

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

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

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

Key events in the period

- ▶ On February 21, 2023, the Indian subsidiary DOMS Industries Private Limited acquired 30% of the toy manufacturer and associated company Clapjoy Innovation Private Limited, for a total value of INR 7,506 thousand (Euro 84 thousand). The Indian subsidiary expects that, with this acquisition, it may repeat its success in the stationery business and become a major player in the toy industry by leveraging the synergies between the two companies;
- ▶ On March 28, 2023, the Indian subsidiary DOMS Industries Private Limited divested at cost value its holdings in the associated companies Uniwrite Pens and Plastics Pvt Ltd, Fixy Adhesives Private Limited and Inxon Pens & Stationery Private;
- ▶ Activities are underway to conclude the 65% sale of the holding of the parent F.I.L.A. S.p.A. in the Russian subsidiary Fila Stationary O.O.O., and of the minority stake held by the parent company in the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co., both to the current managing directors of these companies;

▶ Impacts of events related to the conflict in Ukraine

As widely publicised, on February 24, 2022 Russia launched a military operation in the east of Ukraine, resulting in the current conflict, which is significantly broadening in scope.

The geo-political tensions involving Russia and Ukraine have prompted a major international humanitarian and social crisis, with significant impacts primarily for their populations, but also for internal economic activities and commercial trade in the area. These extraordinary events in terms of their nature and extent, added to those stemming from COVID-19, have had global repercussions on: i) supply chains, particularly with regard to raw material and energy supply and prices; ii) international market demand levels; iii) inflation and the consequent restrictive interest rate policies; iv) the strengthening of the dollar as a haven from risk and rising interest rates.

The operating and financial impacts of the conflict between Russia and Ukraine on the F.I.L.A. Group and on its Russian commercial subsidiary Fila Stationary O.O.O. are not considered significant, also in view of the fact that the revenue of the subsidiary accounts for approx. 0.2% of the Group's total. The F.I.L.A. Group does not have suppliers or production plant in the area. The Russian subsidiary has a net commercial exposure to third parties at March 31, 2023 of Euro 1,303 thousand, which takes into account the impairment made by the Group on the basis of assessments upon their recoverability. Group management continues to monitor the recoverability of the net exposure to third parties of the Russian subsidiary.

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 March 31, 2023.

At Group level, the effects and the criticalities generated by the inflation of raw and ancillary materials for production continue to be monitored, assessing the possibility of identifying alternative procurement sources where needed or undertaking adequate compensatory measures.

With reference to the valuations made for the purposes of the financial statements (recoverability of intangible assets, recoverability of deferred tax assets, fair value of financial instruments, liabilities for employee defined benefits etc.), the Directors consider that, given the information currently available, these factors of uncertainty are already included in the main sensitivity analyses provided with reference to the main financial statement captions subject to estimates. With particular reference to the uncertainties related to the developing conflict, it may not be excluded however that, should the crisis extend at an international level, the general economic consequences and specific consequences for the Group could be more severe than that envisaged at present, requiring a new estimate to be made, with a negative impact on the financial statement captions subject to estimate and in terms of the scenarios considered for the sensitivity analysis at March 31, 2023.

Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2023 are reported below:

	March 31, 2023	% revenue	March 31, 2022	% revenue	Change 2023 - 2022	Adjustments		
						IFRS 16 effects	Adjustments for Non-Recurring expenses	
<i>Euro thousands</i>								
Revenue	178,688	100.0%	166,020	100.0%	12,668	7.6%	-	-
Gross operating profit ⁽¹⁾	26,290	14.7%	26,027	15.7%	263	1.0%	4,111	(2,160)
Operating profit	15,390	8.6%	15,480	9.3%	(90)	(0.6%)	1,055	(2,160)
Net financial expense	(10,137)	(5.7%)	(5,012)	(3.0%)	(5,125)	(102.2%)	(1,482)	-
Total taxes	(2,365)	(1.3%)	(2,341)	(1.4%)	(24)	(1.0%)	105	317
F.I.L.A. Group Profit attributable to the owners of the Parent	1,255	0.7%	7,084	4.3%	(5,829)	(82.3%)	(304)	(1,842)
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	0.02		0.14				
	<i>diluted</i>	0.02		0.14				

	March 31, 2023	% revenue	March 31, 2022	% revenue	Change 2023 - 2022		
						IFRS 16 effects	Change 2023 - 2022
<i>ADJUSTED Net of Non-Recurring expenses and IFRS 16 effects - Euro thousands</i>							
Revenue	178,688	100.0%	166,020	100.0%	12,668	7.6%	
Gross operating profit ⁽¹⁾	24,339	13.6%	22,672	13.7%	1,667	7.4%	
Operating profit	16,494	9.2%	14,981	9.0%	1,513	10.1%	
Net financial expense	(8,655)	(4.8%)	(3,517)	(2.1%)	(5,138)	(146.1%)	
Total taxes	(2,787)	(1.6%)	(2,538)	(1.5%)	(249)	(9.8%)	
F.I.L.A. Group Profit attributable to the owners of the Parent	3,400	1.9%	7,868	4.7%	(4,468)	(56.8%)	
<i>Earnings per share (€ cents)</i>							
	<i>basic</i>	0.07		0.15			
	<i>diluted</i>	0.07		0.15			

	March 31, 2023	March 31, 2022	Change 2023 - 2022
<i>Euro thousands</i>			
Cash flows from operating activities	(31,850)	(17,802)	(14,048)
Net investments	(12,518)	(2,786)	(9,732)
% revenue	7.0%	1.7%	

	March 31, 2023	December 31, 2022	Change 2023 - 2022	IFRS 16 effects
<i>Euro thousands</i>				
Net capital employed	917,428	862,812	54,616	(1,726)
Net Financial debt ⁽²⁾	(490,413)	(435,159)	(55,254)	1,356
Equity	(427,015)	(427,653)	638	370

(1) The Gross Operating Margin (EBITDA) corresponds to the operating result before amortisation and depreciation and write-downs;

(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.

2023 Adjustments:

- The adjustments to the Q1 2023 “Gross Operating Profit” concern non-recurring operating costs of Euro 2.2 million regarding the reorganisation and restructuring charges for Euro 1.5 million, Group consultancy costs for Euro 0.6 million and the portion for the period concerning the medium/long-term “2022-2025 Performance Shares” incentive plan for Euro 0.1 million;

- ▶ The adjustment of the “Operating Profit” was Euro 2.2 million, resulting from the aforementioned effects on the “gross operating profit”;
- ▶ The adjustment to the Q1 2023 “Profit attributable to the owners of the parent” was Euro 1.8 million and principally concerns the above effects on the “Gross Operating Profit”, net of the tax effect.

2022 Adjustments:

- ▶ The adjustment on the Q1 2022 “Gross Operating Profit” concerns non-recurring operating costs of Euro 0.4 million, comprising reorganisation charges of Euro 0.2 million, restructuring charges of Euro 0.1 million and other Group consultancy costs of Euro 0.1 million;
- ▶ The adjustment of the “Operating Profit” was Euro 0.4 million, resulting from the aforementioned effects on the “Gross Operating Profit”;
- ▶ The adjustment to the Q1 2022 “Profit attributable to the owners of the parent” was Euro 0.3 million and principally concerns the above effects on the “Gross Operating Profit”, net of the tax effect.

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

The alternative performance measures used are illustrated below:

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

The table below presents a reconciliation of the profit for the period with the Gross Operating Profit or EBITDA:

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Profit attributable to non-controlling interests	1,633	1,043
Profit attributable to the owners of the parent	1,255	7,084
Profit for the year	2,888	8,126
Income taxes	2,365	2,341
<i>Current taxes</i>	3,189	3,022
<i>Deferred taxes</i>	(824)	(681)
Financial items	10,137	5,012
<i>Financial income</i>	(1,861)	(3,233)
<i>Financial expenses</i>	12,261	8,389
<i>Share of losses of equity-accounted investees</i>	(263)	(144)
Amortisation, depreciation and impairment losses	10,900	10,547
Gross operating profit	26,290	26,027

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

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

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Gross operating profit	26,290	26,027
Non-recurring expense	2,160	420
IFRS 16 effect	(4,111)	(3,775)
Adjusted gross operating profit	24,339	22,672

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

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

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Gross operating profit	26,290	26,027
Amortisation and depreciation	(10,477)	(10,249)
Impairment losses on trade receivables and other assets	(398)	(298)
Other impairment losses	(25)	-
Operating profit	15,390	15,480

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

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

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Operating profit	15,390	15,480
Non-recurring expense	2,160	420
IFRS 16 effect	(1,055)	(919)
Adjusted Operating profit	16,494	14,981

Group profit for the period: profit for the period, normalised for non-controlling interest items.

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

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

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Profit for the period attributable to the owners of the parent	1,255	7,084
Non-recurring expense	1,842	348
IFRS 16 effect	304	437
Adjusted Profit for the period attributable to the owners of the parent	3,400	7,868

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 March 31, 2023 and at December 31, 2022 respectively totalled Euro 2,144 thousand and Euro 1,990 thousand.

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

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

The F.I.L.A. Group Key Financial Highlights for Q1 2023 are reported below.

Adjusted financial performance

The Q1 2023 F.I.L.A. Group results report an increased adjusted Gross Operating Profit of 7.4% over the same period of the previous year:

<i>ADJUSTED</i> - Euro thousands	March 31, 2023	% revenue	March 31, 2022	% revenue	Change 2023 - 2022	
Revenue	178,688	100.0%	166,020	100.0%	12,668	7.6%
Income	2,482		2,205		277	12.6%
Total revenue	181,170		168,224		12,946	7.7%
Total operating costs	(156,831)	(87.8%)	(145,552)	(87.7%)	(11,279)	(7.8%)
Gross operating profit	24,339	13.6%	22,672	13.7%	1,667	7.4%
Amortisation, depreciation and impairment losses	(7,845)	(4.4%)	(7,691)	(4.6%)	(154)	(2.0%)
Operating profit	16,494	9.2%	14,981	9.0%	1,513	10.1%
Net financial expense	(8,655)	(4.8%)	(3,517)	(2.1%)	(5,138)	(146.1%)
Pre-tax profit	7,839	4.4%	11,465	6.9%	(3,626)	(31.6%)
Total taxes	(2,787)	(1.6%)	(2,538)	(1.5%)	(249)	(9.8%)
Profit for the year	5,052	2.8%	8,927	5.4%	(3,875)	(43.4%)
Profit for the year attributable to non-controlling interests	1,652	0.9%	1,059	0.6%	593	56.0%
F.I.L.A. Group Profit attributable to the owners of the Parent	3,400	1.9%	7,868	4.7%	(4,468)	(56.8%)

The main changes compared to Q1 2022 are illustrated below.

“Revenue” of Euro 178,688 thousand increased by Euro 12,668 thousand on Q1 2022 (+7.6%). Net of exchange gains of Euro 229 thousand (mainly concerning the US Dollar and the Mexican Peso, partially offset by the weakening of the Indian Rupee and the Argentinian Peso), organic growth was Euro 12,439 thousand (+7.5%).

At geographical area level, organic growth was reported in Asia of Euro 7,783 thousand (+29.1% on the preceding period), in Central and South America for Euro 4,399 thousand (+29.2% on the preceding period), in North America for Euro 1,687 thousand (+2.5% on the preceding period), in the Rest of the World for Euro 122 thousand (+13.6% on the preceding period), while Europe saw a contraction of Euro 1,551 thousand (-2.8% on the preceding period).

“Other income” of Euro 2,482 thousand increased by Euro 277 thousand, mainly due to higher exchange gains on commercial transactions.

“Operating Expense” in the period of Euro 156,831 thousand increased Euro 11,279 thousand on the same period of 2022. This increase mainly relates to variable purchase and commercial costs on the basis of higher revenue, in addition to the increase in personnel expense, mainly in India and Mexico.

The “Gross Operating Profit” of Euro 24,339 thousand increased by Euro 1,667 thousand on the same period of 2022 (+7.4%). At like-for-like exchange rates, the increase was 5.4% on the same period of the previous year.

“Amortisation, depreciation and impairment losses” increased Euro 154 thousand, mainly due to an increase in impairments and in the allowance for doubtful accounts, following the increase in revenues, the negative economic outlook and the increase in amortisation and depreciation linked to the slight recovery of investments previously slowed by the COVID-19 related uncertainty.

"Net Financial Expense" increased by Euro 5,138 thousand, essentially due to exchange losses on financial transactions, in addition to higher net financial charges, mainly arising from the increase in variable interest rates and the use of credit lines.

Adjusted Group “Taxes” amounted to Euro 2,787 thousand, slightly increasing on the same period of the previous year.

Net of the profit attributable to non-controlling interests, the F.I.L.A. Group adjusted result in Q1 2023 was a profit of Euro 3,400 thousand, compared to Euro 7,868 thousand in the previous year.

Business seasonality

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

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

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

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

The key highlights for Q1 2023 and 2022 are reported below.

	2022				2023
	First 3 mth. 2022	First 6 mth. 2022	First 9 mth. 2022	FY 2022	First 3 mth. 2023
<i>Euro thousands</i>					
Revenue	166,020	390,572	595,045	764,580	178,688
Full year portion	21.7%	51.1%	77.8%	100.0%	100.0%
Gross operating profit	26,027	71,838	102,874	119,231	26,290
% revenue from sales and services	15.7%	18.4%	17.3%	15.6%	14.7%
Full year portion	21.8%	60.3%	86.3%	100.0%	
Adjusted gross operating profit	22,672	64,810	95,540	110,253	24,339
% revenue from sales and services	13.7%	16.6%	16.1%	14.4%	13.6%
Full year portion	20.6%	58.8%	86.7%	100.0%	
Net Financial Debt	(473,058)	(524,749)	(510,949)	(435,159)	(490,413)

Statement of Financial Position

The statement of financial position of the F.I.L.A. Group at March 31, 2023 is reported below:

<i>Euro thousands</i>	March 31, 2023	December 31, 2022	Change 2023 - 2022
Intangible assets	439,605	446,497	(6,892)
Property, plant & equipment	172,103	166,185	5,918
Biological assets	1,788	1,817	(29)
Financial assets	4,625	4,160	465
Net Non-Current Assets	618,122	618,659	(537)
Other Non-Current Assets/ Liabilities	24,333	24,032	301
Inventories	327,759	307,076	20,683
Trade receivables and other assets	143,656	115,376	28,280
Trade payables and other liabilities	(118,969)	(122,375)	3,406
Other current assets and liabilities	4,469	2,833	1,636
Net working capital	356,915	302,909	54,006
Provisions	(81,942)	(82,788)	846
Net invested capital	917,428	862,812	54,616
Equity	(427,015)	(427,653)	638
Net financial debt	(490,413)	(435,159)	(55,254)
Net funding sources	(917,428)	(862,812)	(54,616)

The F.I.L.A. Group's "Net Invested Capital" of Euro 917,428 thousand at March 31, 2023 was composed of "Net Non-Current Assets" of Euro 618,122 thousand (decreasing by Euro 537 thousand on December 31, 2022), "Net Working Capital" of Euro 356,915 thousand (up by Euro 54,006 thousand on December 31, 2022) and "Other Non-Current Assets/Liabilities" of Euro 24,333 thousand (up by Euro 301 thousand on December 31, 2022), net of "Provisions" of Euro 81,942 thousand (Euro 82,788 thousand at December 31, 2022).

"Intangible Assets" decreased on December 31, 2022 by Euro 6,892 thousand, mainly due to the exchange losses in the period of Euro 3,980 thousand and amortisation of Euro 3,546 thousand, partially offset by net investments of Euro 633 thousand, principally by the parent F.I.L.A. S.p.A. (Euro 613 thousand) to introduce the SAP system at a number of Group companies.

"Tangible Assets" increased on December 31, 2022 by Euro 5,918 thousand, mainly due to the increase in "Property, Plant and Machinery" of Euro 7,749 thousand, partially offset by the decrease in the "Right-of-Use" of Euro 1,831 thousand.

The increase in "Property, Plant and Machinery" is mainly due to the investments in the period of Euro 11,894 thousand, principally by the subsidiary DOMS Industries Pvt Ltd (India) for Euro 10,026 thousand, Daler Rowney Ltd (United Kingdom) for Euro 474 thousand and Dixon Ticonderoga Company (U.S.A) for Euro

429 thousand. The overall movement is mainly offset by depreciation in the period of Euro 3,876 thousand and exchange losses of Euro 261 thousand.

The decrease in “Right-of-use” was mainly due to depreciation in the period of Euro 3,055 thousand. The investments in the period of Euro 1,123 thousand were principally at Dixon Ticonderoga Company (U.S.A) for Euro 589 thousand and Canson Australia Ltd (Australia) for Euro 236 thousand, for the renewal of production site and local logistics contracts. The movement is also due to exchange gains of Euro 102 thousand.

“Biological Assets” decreased Euro 29 thousand compared to December 31, 2022, entirely due to exchange losses. 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, 2022 by Euro 465 thousand, principally regarding the two associated company investments held by DOMS Industries Pvt Ltd (India), whose Carrying Amount was adjusted in line with the share of equity of the associated companies for Euro 312 thousand. The increase in the caption was also due to the movement in financial receivables of Euro 153 thousand.

The increase in “Net Working Capital” of Euro 54,006 thousand relates to the following:

- ▶ “Inventories” - increasing Euro 20,683 thousand, mainly due to the seasonality of the business which features higher stock on the approach of the schools’ campaign. The net increase in stock at the F.I.L.A. Group of Euro 22,461 thousand particularly concerns the subsidiary Dixon Ticonderoga Company (U.S.A) for Euro 8,926 thousand, the subsidiary Grupo Fila-Dixon, S.A. de C.V. (Mexico) for Euro 7,217 thousand and the subsidiary Canson SAS (France) for Euro 4,645 thousand. Exchange losses were also recorded of Euro 1,415 thousand;
- ▶ “Trade Receivables and Other Assets” - increasing Euro 28,280 thousand, mainly due to the seasonality of the F.I.L.A. Group’s business, and concerning in particular higher “Trade Receivables” for Euro 28,916 thousand, mainly at the US subsidiary Dixon Ticonderoga Company and the parent F.I.L.A. S.p.A., in addition to exchange gains of Euro 555 thousand;
- ▶ “Trade and Other Payables” - decreasing Euro 3,406 thousand, mainly due to the decrease in “Trade Payables” for Euro 7,094 thousand, recognised by the parent F.I.L.A. S.p.A., by the Mexican subsidiary Grupo Fila- Dixon, S.A. de C.V. and by the UK subsidiary Daler Rowney Ltd. The decrease is offset by the increase in employee payables and the recognition of accrued liabilities and deferred income. Exchange gains of Euro 32 thousand are in addition reported.

The decrease in “Provisions” on December 31, 2022 of Euro 846 thousand principally concerns the:

- ▶ Decrease in “Deferred tax liabilities” of Euro 911 thousand, principally due to exchange gains of Euro 693 thousand;
- ▶ Decrease in “Provisions for Risks and Charges” of Euro 19 thousand;
- ▶ Increase in “Employee benefits” for Euro 84 thousand, mainly due to the exchange losses of Euro 45 thousand.

The “Equity” attributable to owners of the Parent, amounting to Euro 427,015 thousand, decreased on December 31, 2022 by Euro 638 thousand. Net of the profit for the period of Euro 2,888 thousand (of which a profit of Euro 1,633 thousand attributable to non-controlling interests), the residual movement mainly concerned the decrease in the currency reserve of Euro 2,534 thousand, the fair value losses on IRSs for Euro 1,286 thousand, in addition to the distribution of dividends to Group minority shareholders for Euro 682 thousand. These movements were offset by the increase in the “Actuarial Gains/Losses” reserve of Euro 496 thousand.

The F.I.L.A. Group “Net Financial Debt” at March 31, 2023 was Euro 490,413 thousand, increasing Euro 55,254 thousand on December 31, 2022.

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 March 31, 2023 and cash flows for the year then ended are summarised in the following table to complete the discussion about its financial position and financial performance.

For the definition of the Net Financial Debt from the condensed consolidated interim financial statements at June 30, 2021, 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 March 31, 2023 was Euro 490,413 thousand:

<i>Euro thousands</i>	March 31, 2023	December 31, 2022	Change 2023 - 2022
A Cash	195	130	65
B Cash equivalents	70,132	111,078	(40,946)
C Other current financial assets	2,414	873	1,541
D Liquidity (A + B + C)	72,741	112,082	(39,341)
E Current bank loans and borrowings	(123,127)	(105,492)	(17,635)
F Current portion of non-current bank loans and borrowings	(29,328)	(29,351)	23
G Current financial debt (E + F)	(152,455)	(134,843)	(17,612)
H Net current financial (position) debt (G - D)	(79,715)	(22,761)	(56,954)
I Non-current bank loans and borrowings	(410,698)	(412,398)	1,700
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(410,698)	(412,398)	1,700
M Net financial debt (H + L)	(490,413)	(435,159)	(55,254)
N Long term loans issued	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(490,413)	(435,159)	(55,254)

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

- ▶ captions "A - Liquidity" (Euro 195 thousand) and "B - Cash equivalents" (Euro 70,132 thousand) are included in "Cash and cash equivalents" (Euro 70,327 thousand);
- ▶ caption "C - Other current financial assets" refers to "Current financial assets" (Euro 2,414 thousand);
- ▶ caption "G - Current financial debt" relates to "Current Financial Liabilities" (amounting to Euro 152,455 thousand) and contains caption "F - Current portion of non-current financial debt" (Euro 29,328 thousand) which refers to the current portion of IFRS 16 Financial Liabilities (Euro 10,223 thousand) and to the current portion of long-term loans (for Euro 19,106 thousand);
- ▶ caption "I - Non-current financial debt" (Euro 410,698 thousand) refers to "Non-Current Financial Liabilities" (Euro 412,573 thousand), while also including the financial hedge instrument (positive

Euro 1,875 thousand), covered by “Non-Current Financial Assets”.

Compared to December 31, 2022 (Euro 435,159 thousand), the Net Financial Debt at March 31, 2023 increased Euro 55,254 thousand, as outlined below in the Statement of Cash Flows:

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Operating profit net of IFRS 16 effect	14,334	14,561
Non-monetary adjustments net of IFRS 16 effect	9,502	8,537
Income taxes	(4,790)	(3,915)
Cash Flows from Operating Activities Before Changes in NWC	19,046	19,183
Change in NWC	(53,996)	(42,627)
Change in Inventories	(22,461)	(26,202)
Change in Trade Receivables and Other Assets	(29,205)	(25,626)
Change in Trade Payables and Other Liabilities	(2,319)	9,633
Change in Other Current Assets/Liabilities	(11)	(432)
Net Cash Flows used in Operating Activities	(34,950)	(23,443)
Investments in Property, Plant and Equipment and Intangible assets	(12,518)	(2,786)
Financial income	119	36
Net Cash Flows used in Investing Activities	(12,400)	(2,750)
Change in Equity	(682)	(1,743)
Financial Expense	(7,620)	(3,982)
Net Cash Flows used in Financing Activities	(8,302)	(5,725)
Exchange differences and other variations	(492)	651
Total Net Cash Flows	(56,144)	(31,267)
Effect of exchange gains (losses)	1,193	(3,868)
Change in amortized cost	(359)	(1,380)
Mark to mark hedging adjustment	(1,300)	7,704
NFD change due to IFRS16 FTA	1,356	(5,273)
NFD from M&A Transactions (Change in Consolidation Scope)	-	(1,721)
Change in Net Financial Debt - F.I.L.A. Group	(55,254)	(35,805)

Net cash outflow in Q1 2023 from “Operating Activities” of Euro 34,950 thousand (outflow of operating cash in Q1 2022 of Euro 23,443 thousand) concerns:

- ▶ Inflows of Euro 19,046 thousand (Euro 19,183 thousand in Q1 2022) from “Operating profit”, based on the difference of the “Value” and the “Costs of Cash Generation” and the remaining ordinary income components, excluding financial management;
- ▶ Outflow of Euro 53,996 thousand (outflow of Euro 42,627 thousand in Q1 2022) attributable to “Working Capital movements”, primarily related to the increases in “Trade Receivables and Other Assets”, of “Inventories” and of “Trade Payables and Other Liabilities”.

“Investing activities” reported outflows of Euro 12,400 thousand (Euro 2,750 thousand in Q1 2022), mainly due to the use of cash for Euro 12,518 thousand (Euro 2,786 thousand in Q1 2022) for net tangible asset investment, particularly regarding the Indian subsidiary DOMS Industries Pvt Ltd.

Net cash flow from “Financing Activities” reports outflows of Euro 8,302 thousand (outflows of Euro 5,725 thousand in Q1 2022), due to interest paid on loans and credit facilities granted to Group companies, amounting to Euro 7,620 thousand, mainly concerning 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 dividends paid to the Group's minority shareholders for Euro 682 thousand.

Excluding exchange losses regarding the translation of the Net Financial Debt in currencies other than the Euro (positive for Euro 1,193 thousand), the movement in the Net Financial Debt due to the application of IFRS 16 for a positive Euro 1,356 thousand, the Mark to Market Hedging adjustment for a negative Euro 1,300 thousand, the “Amortised cost” movement for a negative Euro 359 thousand, the Net Financial Debt of the F.I.L.A. Group therefore was Euro 55,254 thousand (Euro 35,805 thousand at March 31, 2022).

Changes in net cash and cash equivalents are detailed below:

<i>Euro thousands</i>	March 31, 2023	December 31, 2022
Opening Cash and Cash Equivalents	107,546	137,226
Cash and cash equivalents	111,209	145,985
Current account overdrafts	(3,663)	(8,759)
Closing Cash and Cash Equivalents	65,265	107,546
Cash and cash equivalents	70,327	111,209
Current account overdrafts	(5,062)	(3,663)

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 key statement of financial position figures for the F.I.L.A. Group by geographical area, at March 31, 2023 and December 31, 2022, are reported below:

March 31, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	135,299	225,035	1,071	17,360	-	60,840	439,605
Property, plant & equipment	61,667	44,702	20,885	44,232	617	-	172,103
Biological Assets	-	-	-	1,788	-	-	1,788
Total non-current assets	196,966	269,737	21,956	63,380	617	60,840	613,496
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	118,839	138,671	50,210	31,312	1,702	(12,975)	327,759
Trade receivables and Other assets	85,345	45,191	41,889	17,271	1,119	(47,159)	143,656
Trade payables and Other liabilities	(77,302)	(39,252)	(19,797)	(23,691)	(2,457)	43,530	(118,969)
Other Current Assets and Liabilities	(542)	5,373	262	(602)	(22)	-	4,469
Net Working Capital	126,340	149,983	72,564	24,290	342	(16,604)	356,915
<i>of which Infragroup</i>	<i>(19,012)</i>	<i>2,175</i>	<i>1,993</i>	<i>(3,932)</i>	<i>2,172</i>		
Net Financial (Position) Debt	(203,177)	(226,416)	(49,475)	(5,333)	(4,136)	(1,876)	(490,413)
<i>of which Infragroup</i>	<i>3,605</i>	<i>(4,574)</i>	<i>(5,309)</i>	<i>152</i>	<i>4,250</i>		

December 31, 2022	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	135,866	230,933	1,060	17,980	-	60,658	446,497
Property, plant & equipment	62,552	46,473	20,421	36,284	455	-	166,185
Biological Assets	-	-	-	1,817	-	-	1,817
Total non-current assets	198,418	277,406	21,481	56,081	455	60,658	614,499
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	110,134	132,846	41,871	31,544	1,994	(11,313)	307,076
Trade Receivables and other assets	75,809	29,360	34,918	15,835	1,271	(41,817)	115,376
Trade payables and other liabilities	(75,946)	(35,379)	(21,982)	(22,866)	(3,429)	37,227	(122,375)
Other Current Assets and Liabilities	(623)	4,157	92	(770)	(23)	-	2,833
Net Working Capital	109,374	130,984	54,899	23,743	(187)	(15,903)	302,909
<i>of which Infragroup</i>	<i>(17,502)</i>	<i>160</i>	<i>2,400</i>	<i>(4,078)</i>	<i>3,117</i>		
Net Financial (Position) Debt	(186,330)	(211,749)	(33,092)	395	(3,236)	(1,147)	(435,159)
<i>of which Infragroup</i>	<i>5,316</i>	<i>(4,677)</i>	<i>(5,456)</i>	<i>29</i>	<i>3,641</i>		

Business Segments – Income Statement

The income statement for the F.I.L.A. Group by geographical area for Q1 2023 and Q1 2022 is reported below:

March 31, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	73,305	75,726	26,331	42,644	972	(40,290)	178,688
<i>of which Infragroup</i>	(21,212)	(2,495)	(7,062)	(9,521)	-	-	-
Gross operating profit (loss)	7,091	10,138	3,643	7,145	(28)	(1,699)	26,290
Operating profit (loss)	2,618	6,589	2,720	5,149	(89)	(1,597)	15,390
Net financial income (expense)	(3,332)	(4,221)	(1,686)	(68)	(195)	(635)	(10,137)
<i>of which Infragroup</i>	(289)	(347)	(74)	14	61	-	-
Profit (loss) for the year	(1,072)	1,842	599	3,877	(283)	(2,075)	2,888
Profit (loss) attributable to Non-controlling interests	(30)	55	-	1,608	-	-	1,633
Profit (loss) attributable to the owners of the Parent	(1,042)	1,787	599	2,268	(283)	(2,075)	1,255
March 31, 2022							
<i>Euro thousands</i>							
Revenue	78,527	72,142	23,911	33,621	897	(43,078)	166,020
<i>of which Infragroup</i>	(23,921)	(3,434)	(8,867)	(6,856)	-	-	-
Gross operating profit (loss)	9,815	10,681	3,192	4,300	139	(2,100)	26,027
Operating profit (loss)	5,885	6,904	2,365	2,317	86	(2,077)	15,480
Net financial income (expense)	(1,260)	(2,892)	(482)	(169)	128	(337)	(5,012)
<i>of which Infragroup</i>	(600)	(20)	239	16	28	-	-
Profit (loss) for the year	4,020	3,066	1,571	1,630	197	(2,358)	8,126
Profit (loss) attributable to Non-controlling interests	208	178	-	657	-	-	1,043
Profit (loss) attributable to the owners of the Parent	3,814	2,888	1,571	973	197	(2,358)	7,084

Business Segments – Other Information

The “Other Information”, concerning tangible and intangible fixed asset investments of Group companies by geographical area for March 31, 2023 and March 31, 2022 is reported below:

March 31, 2023	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	633	-	-	-	-	633
Property, plant and equipment	1,136	439	272	10,035	11	11,894
Right-of-use assets	281	589	-	16	236	1,123
Net investments	2,050	1,028	272	10,051	247	13,650

March 31, 2022	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	491	-	-	-	-	491
Property, plant and equipment	1,460	37	189	596	27	2,308
Right-of-use assets	3,338	2,298	(66)	-	276	5,847
Net investments	5,289	2,335	123	596	303	8,646

Subsequent events

There were no subsequent events other than those reported in the section “Key Events in the period”.

Outlook

As highlighted by the first quarter performance, the entire 2023 is expected to be impacted by the general macroeconomic environment. In particular, the significant increase in the cost of money shall lead clients to take a more prudent approach and to focus more on stocking policies, lengthening the period in which the F.I.L.A. Group is affected by seasonality, with order fulfilment more concentrated in the second and third quarters of the year.

On the other hand, procurement costs have showed signs of reduction and the increased prices applied at the beginning of 2023 are supporting the recovering margin, although further impacted in the quarter by the inflation seen in preceding months.

The Group’s expected operating growth over the coming months shall continue to be driven by strong performances in India - which has seen significant investment to support growth - in Mexico and in the United States.

The expectations for 2023, in line with that previously announced by the company, are for improved cash generation and margins compared to 2022, despite continued consumer weakness, particularly in Europe.

Treasury shares

On March 31, 2023, the Group held 186,891 treasury shares, for a total value of Euro 1,794 thousand, equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated shareholders’ equity.

Accounting policies

The Interim Financial Statements of the F.I.L.A. Group at March 31, 2023, drawn up by the Board of Directors of F.I.L.A. S.p.A., were prepared in accordance with the accounting standards and methods adopted for the annual financial report, based on the historic cost principle and the going concern assumption.

II - Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2023

Consolidated Financial Statements

Statement of Financial Position

<i>Euro thousands</i>	March 31, 2023	December 31, 2022
Assets	1,202,229	1,193,601
Non-current assets	644,714	646,020
Intangible assets	439,605	446,497
Property, plant and equipment	172,103	166,185
Biological assets	1,788	1,817
Non-current financial assets	4,019	5,166
Equity-accounted investments	2,456	2,144
Other equity investments	26	26
Deferred tax assets	24,717	24,185
Current assets	557,515	547,581
Current financial assets	2,414	873
Current tax assets	13,358	13,048
Inventories	327,759	307,076
Trade receivables and other assets	143,656	115,376
Cash and cash equivalents	70,327	111,209
Liabilities and equity	1,202,229	1,193,601
Equity	427,015	427,653
Share capital	46,986	46,986
Negative reserve for treasury shares in portfolio	(1,794)	(1,794)
Reserves	120,888	123,343
Retained earnings	230,834	205,562
Profit for the period	1,255	25,271
Equity attributable to the owners of the parent	398,169	399,369
Equity attributable to non-controlling interests	28,846	28,284
Non-current liabilities	493,704	497,312
Non-current financial liabilities	412,573	415,574
Financial instruments	-	-
Employee benefits	9,928	9,844
Provision for risks and charges	883	896
Deferred tax liabilities	69,934	70,846
Other liabilities	384	153
Current liabilities	281,510	268,636
Current financial liabilities	152,455	134,843
Current provision for risks and charges	1,196	1,203
Current tax liabilities	8,890	10,215
Trade payables and other liabilities	118,969	122,375

Statement of Comprehensive Income

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Revenue	178,688	166,020
Income	2,482	2,205
Total revenue	181,170	168,224
Raw materials, consumables, supplies and goods	(104,656)	(102,574)
Services and use of third party assets	(29,928)	(26,922)
Other costs	(2,481)	(1,403)
Change in raw materials, semi-finished products, work in progress and finished goods	21,576	26,048
Personnel expense	(39,392)	(37,345)
Amortisation and depreciation	(10,477)	(10,249)
Impairment losses on trade receivables and other assets	(398)	(298)
Other impairment losses	(25)	-
Total operating costs	(165,780)	(152,745)
Operating profit	15,390	15,480
Financial income	1,861	3,233
Financial expense	(12,261)	(8,389)
Share of profit of equity-accounted investments	263	144
Net financial expense	(10,137)	(5,012)
Pre-tax profit	5,253	10,468
Income taxes	(3,189)	(3,022)
Deferred taxes	824	681
Total taxes	(2,365)	(2,341)
Profit from continuing operations	2,888	8,126
Profit for the year	2,888	8,126
<i>Attributable to:</i>		
Non-controlling interests	1,633	1,043
Owners of the parent	1,255	7,084
Other comprehensive income (expense) which may be reclassified subsequently to Profit or Loss	(3,821)	12,838
Net exchange gains (losses)	(2,534)	4,719
Hedging reserve	(1,286)	8,118
Other comprehensive income (expense) which may not be reclassified subsequently to Profit or Loss	496	409
Net actuarial gains	653	523
Taxes	(157)	(114)
Other comprehensive income (expense), net of tax effect	(3,324)	13,247
Comprehensive income (expense)	(436)	21,373
<i>Attributable to:</i>		
Non-controlling interests	1,244	1,079
Owners of the parent	(1,680)	20,294
Earnings per share:		
<i>basic</i>	0.02	0.14
<i>diluted</i>	0.02	0.14

Statement of changes in Shareholders' 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, 2021	46,986	(488)	8,737	154,646	22	(32,766)	(21,504)	178,769	38,014	372,416	24,299	1,411	25,710	398,127
Profit for the year									25,271	25,271		5,004	5,004	30,276
Other comprehensive income (expense)					(998)	13,511	3,631			16,144	(1,285)		(1,285)	14,859
Other changes		(1,306)		(32)		(1,904)		479		(2,764)	-		-	(2,764)
Profit for the year and gains (losses) recognised directly in equity	-	(1,306)	-	(32)	(998)	11,607	3,631	479	25,271	38,652	(1,285)	5,004	3,719	42,371
Allocation of the 2021 profit			659			(659)		38,014	(38,014)	-	1,411	(1,411)	-	-
Dividends								(11,699)		(11,699)	(1,146)		(1,146)	(12,845)
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
<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									1,255	1,255		1,633	1,633	2,888
Other comprehensive income (expense)					496	(1,286)	(2,145)			(2,935)	(389)		(389)	(3,324)
Other changes						481				481			-	481
Profit for the year and gains (losses) recognised directly in equity	-	-	-	-	496	(806)	(2,145)	-	1,255	(1,200)	(389)	1,633	1,244	44
Allocation of the 2022 profit								25,271	(25,271)	-	5,004	(5,004)	-	-
Dividends										-	(682)		(682)	(682)
March 31, 2023	46,986	(1,794)	9,396	154,614	(479)	(22,624)	(20,019)	230,834	1,255	398,169	27,213	1,633	28,846	427,015

Consolidated statement of cash flows

<i>Euro thousands</i>	March 31, 2023	March 31, 2022
Profit for the period	2,888	8,126
Non-monetary and other adjustments:	25,792	18,747
Amortisation and depreciation of intangible assets and property, plant and equipment	7,422	7,392
Amortisation and depreciation of right-of-use assets	3,055	2,857
Net impairment losses on intangible assets and property, plant and equipment	25	-
Impairment gains/losses on trade receivables and write-downs of inventories	1,282	452
Accruals for post-employment and other employee benefits	781	706
Net exchange losses on foreign currency trade receivables and payables	733	-
Net gains on the sale of intangible assets and property, plant and equipment	(9)	(13)
Net financial expense	10,400	5,156
Net gains on equity investments	(263)	(144)
Taxes	2,365	2,341
Addition for:	(6,535)	(2,050)
Income taxes paid	(4,790)	(3,915)
Net unrealised exchange gains/losses on foreign currency assets and liabilities	(1,133)	2,021
Net realised exchange gains/losses on foreign currency assets and liabilities	(612)	(155)
Cash flows from operating activities before changes in net working capital	22,145	24,824
Changes in net working capital:	(53,996)	(42,627)
Change in inventories	(22,461)	(26,202)
Change in trade receivables and other assets	(29,205)	(25,626)
Change in trade payables and other liabilities	(2,319)	9,633
Change in other assets and liabilities	215	(96)
Change in post-employment and other employee benefits	(226)	(336)
Net cash flows from operating activities	(31,850)	(17,803)
Net increase/decrease in intangible assets	(633)	(491)
Net increase/decrease in property, plant and equipment	(11,885)	(2,295)
Net increase/decrease in right-of-use assets	(1,123)	(5,847)
Net increase/decrease in equity investments measured at cost	-	(1,185)
Net increase/decrease in other financial assets	(1,432)	763
Interest collected	119	36
Net cash flows used in investing activities	(14,954)	(9,019)
Change in equity	(682)	(1,743)
Financial expense	(7,620)	(3,982)
Interests paid on right-of-use assets	(1,482)	(1,496)
Net increase/decrease in loans and borrowings and lease liabilities	15,529	(8,646)
Net increase/decrease in right-of-use lease liabilities	(1,502)	3,536
Net cash flows from (used in) financing activities	4,243	(12,330)
Net exchange gains/losses	(2,534)	4,719
Other non-monetary changes	2,814	(6,456)
Net cash flows for the period	(42,281)	(40,890)
Opening cash and cash equivalents net of current account overdrafts	107,546	137,226
Opening cash and cash equivalents net of current account overdrafts (change in consolidation scope)	-	(536)
Closing cash and cash equivalents net of current account overdrafts	65,265	95,800

- 1) Cash and cash equivalents at March 31, 2023 totalled Euro 70,327 thousand; current account overdrafts amounted to Euro 5,062 thousand net of relative interest.
- 2) Cash and cash equivalents at December 31, 2022 totalled Euro 111,209 thousand; current account overdrafts amounted to Euro 3,663 thousand net of relative interest.
- 3) The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects of non-monetary items were eliminated (including the translation of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the caption "Other non-monetary changes".

<i>Euro thousands</i>	March 31, 2023	December 31, 2022
Opening cash and cash equivalents	107,546	137,226
Cash and cash equivalents	111,209	145,985
Current account overdrafts	(3,663)	(8,759)
Closing cash and cash equivalents	65,265	107,546
Cash and cash equivalents	70,327	111,209
Current account overdrafts	(5,062)	(3,663)

Attachments

Attachment 1 - List of companies included in the consolidation scope and other equity investments

Company	Country	Segment IFRS 8 ¹	Year of acquisition	% Held directly (F.L.L.A. S.p.A.)	% Held indirectly	% Held F.L.L.A. Group	Held By	Recognition	Non controlling interests
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany	EU	2008	99.53%	0.47%	100.00%	FILA S.p.A. Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-Line	0.00%
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany	EU	2008	0.00%	100.00%	100.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	0.00%
F.I.L.A. Nordic AB ²	Sweden	EU	2008	0.00%	50.00%	50.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	50.00%
Fila Stationary and Office Equipment Industry Ltd. Co.	Turkey	EU	2011	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Stationary O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Industria 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 Ticonderoga Company	U.S.A.	NA	2005	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Dixon Canadian Holding Inc.	Canada	NA	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico	CSA	2005	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0.00%
F.I.L.A. Chile Ltda	Chile	CSA	2000	0.79%	99.21%	100.00%	Dixon Ticonderoga Company FILA S.p.A.	Line-by-Line	0.00%
FILA Argentina S.A.	Argentina	CSA	2000	0.00%	100.00%	100.00%	F.I.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-Line	0.00%
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	AS	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
PT. Lyra Akrelux	Indonesia	AS	2008	0.00%	52.00%	52.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	48.00%
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	AS	2013	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
FILA SA PTY LTD	South Africa	RM	2014	99.43%	0.00%	99.43%	FILA S.p.A.	Line-by-Line	0.57%
Canson Art & Craft Yixing Co., Ltd.	China	AS	2015	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
DOMS Industries Pvt Ltd	India	AS	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Renoir Topco Ltd	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Renoir Midco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Topco Ltd	Line-by-Line	0.00%
Renoir Bidco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Midco Ltd	Line-by-Line	0.00%
FILA Benelux SA	Belgium	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
Brideshore srl	Dominican Republic	CSA	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
St. Cuthberts Holding Limited	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
St. Cuthberts Mill Limited	U.K.	EU	2016	0.00%	100.00%	100.00%	St. Cuthberts Holding Limited	Line-by-Line	0.00%
Fila Iberia S. L.	Spain	EU	2016	96.77%	0.00%	96.77%	FILA S.p.A.	Line-by-Line	3.23%
Canson SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Canson Do Brasil Produtos de Artes e Escolar Ltda	Brazil	CSA	2016	0.04%	99.96%	100.00%	Canson SAS FILA S.p.A.	Line-by-Line	0.00%
Lodi 12 SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Canson Australia PTY LTD	Australia	RM	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Canson Qingdao Paper Productos Co., Ltd.	China	AS	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Canson Italy S.r.l	Italy	EU	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
FILA Art Products AG	Switzerland	EU	2017	52.00%	0.00%	52.00%	FILA S.p.A.	Line-by-Line	48.00%
FILA Art and Craft Ltd	Israel	AS	2018	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Dixon Ticonderoga ART ULC	Canada	NA	2018	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0.00%
Princeton HK Co., Limited	Hong Kong	AS	2018	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Fila Arches SAS	France	EU	2019	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Specialty Paper LLC	U.S.A.	NA	2019	0.00%	50.00%	50.00%	Dixon Ticonderoga Company	Line-by-Line	50.00%
Creative Art Products Limited	U.K.	EU	2022	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
Pioneer Stationery Pvt Ltd.	India	AS	2015	0.00%	51.00%	51.00%	DOMS Industries Pvt Ltd	Equity method	49.00%
Clapjoy Innovations Private Limited	India	AS	2023	0.00%	30.00%	30.00%	DOMS Industries Pvt Ltd	Equity method	70.00%

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

Transactions relating to Atypical and/or Unusual Operations

In accordance with Consob Communication of July 28, 2006, during Q1 2023 the F.I.L.A. Group did not undertake any atypical and/or unusual operations 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 company's assets and the protection of non-controlling shareholders.

The Board of Directors
THE CHAIRPERSON
MR. GIOVANNI GORNO TEMPINI

Statement of the Manager in Charge - Interim Financial Report

GIOTTO GLOTTO_{DE-DE} TROFITO DAS_{DE} GAB LYRA MAIMERI DALER ROWNEY LUKAS PRINCETON ARTIST BRUSH ST CUTHBERTS MILL CANSON Strathmore



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

May 15, 2023

Declaration of the Executive Officer – Interim Report (ref. Article 154-bis, paragraph 2)

The undersigned Cristian Nicoletti, Executive Officer responsible for the preparation of the financial statements of F.I.L.A. S.p.A.,

declares

in accordance with paragraph 2 of Article 154bis of Legislative Decree No. 58 of February 24, 1998 that the accounting information contained in the present Interim Report at March 31, 2023 corresponds to the underlying accounting records.

The Executive Officer responsible
for the preparation of the financial statements
Cristian Nicoletti

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

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