



**F.I.L.A. GROUP
INTERIM FINANCIAL REPORT
AT MARCH 31, 2019**

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

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Contents

I - Directors' Report	4
Board of Directors.....	4
Overview of the F.I.L.A. Group.....	5
Significant events in the first quarter	7
Key Financial Highlights	8
F.I.L.A Group Key Financial Highlights	10
Normalised operating performance.....	10
Business seasonality.....	13
Statement of Financial Position	14
Financial overview.....	17
Segment reporting.....	20
Business Segments – Statement of Financial Position.....	21
Business Segments – Statement of Comprehensive Income.....	22
Business Segments – Other Information.....	23
Events after the reporting period.....	24
Treasury shares	24
II - Consolidated Interim Financial Statements of the F.I.L.A. Group as at and for the three months ended March 31, 2019	25
Consolidated Financial Statements	25
Statement of Financial Position	25
Statement of Comprehensive Income	26
Statement of Changes in Equity.....	27
Condensed Consolidated Statement of Cash Flows.....	28
Attachments	30
List of companies included in the consolidation and other investments.....	30
Change of accounting standards	31
Transactions relating to Atypical and/or Unusual Operations	35
Statement of the manager in charge of financial reporting	36



DIRECTORS' REPORT

AT MARCH 31, 2019

I - Directors' Report

Board of Directors

Board of Directors

Chairman	Gianni Mion
Honorary Chairman	Alberto Candela
Chief Executive Officer	Massimo Candela
Executive Director	Luca Pelosin
Director (**)	Annalisa Barbera
Director (*) (**)	Filippo Zabban
Director (*) (**) (***)	Gerolamo Caccia Dominioni
Director (*) (**)	Francesca Prandstraller
Director (*) (**)	Paola Bonini
Director (*) (**)	Alessandro Potestà

(*) Independent director in accordance with Article 148 of the CFA and Article 3 of the Self-Governance Code.

(**) Non-Executive Director.

(***) Lead Independent Director.

Control and Risks and Related Parties Committee

Gerolamo Caccia Dominioni
Paola Bonini
Filippo Zabban
Alessandro Potestà

Remuneration Committee

Francesca Prandstraller
Annalisa Barbera
Filippo Zabban
Paola Bonini

Board of Statutory Auditors

Chairman	Gianfranco Consorti
Statutory Auditor	Elena Spagnol
Statutory Auditor	Pietro Michele Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Sonia Ferrero

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

The F.I.L.A. Group operates in the creativity tools market, producing 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, 2019 operates through 21 production facilities and 35 subsidiaries across the globe and employs approx. 9,500, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, DAS, LYRA, Canson, Maimeri, Daler & Rowney Lukas, Ticonderoga, Pacon, Strathmore and Princeton.

Founded in Florence in 1920 by two noble Tuscan families, della Gherardesca and Antinori, F.I.L.A. has achieved strong international growth in the past 20 years, supported by a series of strategic acquisitions. Over the years, the Company acquired: (i) the Italian firm Adica Pongo in 1994, a leading children's modelling clay manufacturer; (ii) the Spanish firm Spanish Fila Hispania S.L. (ex 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 manufacturer and distributor of pencils in the Americas with subsidiaries based in Canada, Mexico, China and Europe; (v) the German LYRA Group in 2008, allowing the FILA Group to enter the German, Scandinavian and East Asian market; (vi) the business unit operated by Lapiceria Mexicana in 2010, one of the Group's largest local competitors in the budget colored and graphite pencils segment; and (vii) the Maimeri S.p.A. business unit, 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 minority stake in 2011, control was acquired in 2015 of the Indian company DOMS Industries Pvt Ltd. (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. 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. 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, the USA, 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.

Significant events in the first quarter

- ▶ On January 11, 2019, a partial repayment of Euro 100 million was made on one of the various medium/long-term credit lines granted for the acquisition of the Pacon Group (line of Euro 125 million with bullet repayment at 5 years);
- ▶ In January 2019, a number of corporate reorganisation operations were undertaken in the US. Specifically:
 - ▶ merger between Dixon Ticonderoga (U.S.A.) and Eurholdham (U.S.A.) - January 1, 2019;
 - ▶ merger between Pacon Corporation (U.S.A.) and Canson Inc. (U.S.A.) - January 1, 2019;
- ▶ In April 2019, FILA signed an exclusive global distribution agreement with ARCHES®, the renowned French premium paper for artists brand.

Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2019 are reported below.

<i>Euro thousands</i>	March 2019	% core revenue	March 2018	% core revenue	Change 2019 - 2018	Normalizations		
						of which: IFRS 16 effect ⁽³⁾	of which: Non-Recurring Charges	
Core Business Revenue	143,811	100.0%	104,796	100.0%	39,015	37.2%	-	-
EBITDA ⁽¹⁾	18,490	12.9%	15,511	14.8%	2,979	19.2%	2,919	(2,847)
EBIT	8,295	5.8%	10,678	10.2%	(2,383)	-22.3%	198	(2,847)
Net financial expense	(5,892)	-4.1%	(3,582)	-3.4%	(2,311)	-64.5%	(1,498)	-
Total income taxes	(1,284)	-0.9%	(2,543)	-2.4%	1,259	49.5%	390	659
F.I.L.A. Group Net Profits attributable to owners of the Parent	493	0.3%	4,249	4.1%	(3,756)	-88.4%	(910)	(2,188)
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	0.01		0.10				
	<i>diluted</i>	0.01		0.10				
NORMALISED - Euro thousands								
<i>Euro thousands</i>	March 2019	% core revenue	March 2018	% core revenue	Change 2019 - 2018			
Core Business Revenue	143,811	100.0%	104,796	100.0%	39,015	37.2%		
EBITDA ⁽¹⁾	18,418	12.8%	16,200	15.5%	2,218	13.7%		
EBIT	10,944	7.6%	11,367	10.8%	(423)	-3.7%		
Net financial expense	(4,394)	-3.1%	(3,582)	-3.4%	(813)	-22.7%		
Total income taxes	(2,333)	-1.6%	(2,645)	-2.5%	312	11.8%		
F.I.L.A. Group Net Profits attributable to owners of the Parent	3,591	2.5%	4,836	4.6%	(1,245)	-25.7%		
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	0.08		0.12				
	<i>diluted</i>	0.07		0.12				
Cash Flows								
<i>Euro thousands</i>	March 31, 2019	December 31, 2018	Change 2019 - 2018					
Cash Flows from operating activities	(23,546)	(24,361)	815					
Investments	3,704	3,541	163					
% core business revenue	2.6%	3.4%						
Financial Position								
<i>Euro thousands</i>	March 31, 2019	December 31, 2018	Change 2019 - 2018	of which: effetti IFRS 16 ⁽³⁾				
Net capital employed	921,832	791,579	130,253	79,482				
Net Financial debt ⁽⁴⁾	(578,277)	(452,770)	(125,507)	(80,392)				
Equity	(343,555)	(338,809)	(4,746)	910				

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

⁽²⁾ Indicator of the net financial structure, calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets and loans provided to third parties classified as non-current asset. The net financial position as per CONSOB Communication DEM/6064293 of July 28, 2006 excludes non-current financial assets. The non-current financial assets of the F.I.L.A. Group at March 31, 2019 amount to Euro 3,783 thousand, of which Euro 501 thousand included in the calculation of the net financial position; therefore the F.I.L.A. Group financial indicator does not equate, for this amount, with the net financial position as defined in the above-mentioned Consob communication. For further details, see paragraph

⁽³⁾ The Group has adopted IFRS 16 for the first time on January 1, 2019.

2019 Normalisations:

- ▶ The “EBITDA” normalisation in Q1 2019 amounted overall to -Euro 0.1 million and concerns non-recurring operating costs of Euro 2.8 million, principally regarding the Group reorganisation and charges for the roll out and development of the new ERP, in addition to the positive effect from the initial application of IFRS 16 of Euro 2.9 million;
- ▶ The overall normalisation of the “EBIT” was Euro 2.6 million. The positive effects from IFRS 16 on “EBITDA” were in fact offset at “EBIT” level by the increase of Euro 2.7 million of amortisation and depreciation in application of the standard. The residual effect therefore relates for Euro 2.8 million to non-recurring charges and for -Euro 0.2 million to the initial application of IFRS 16.
- ▶ The normalisation of Net financial expense concerns the financial expense recognised against the initial application of IFRS 16 for a total of Euro 1.5 million;
- ▶ The normalisation of the Q1 2019 Group Result concerns the above-stated normalisations, net of the tax effect.

2018 normalisations:

- ▶ The normalisations to the Q1 2018 EBITDA relate to non-recurring operating costs of approx. Euro 0.7 million, principally for Group reorganisation plans and the Stock Grant Plan for specific Group employees.
- ▶ The normalisations of the Q1 2018 Group Result concerns the above-stated adjustments, net of the tax effect.

F.I.L.A. Group Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2019 are reported below.

Normalised operating performance

The F.I.L.A. Group Q1 2019 results report an increased EBITDA of 13.7% on the previous year.

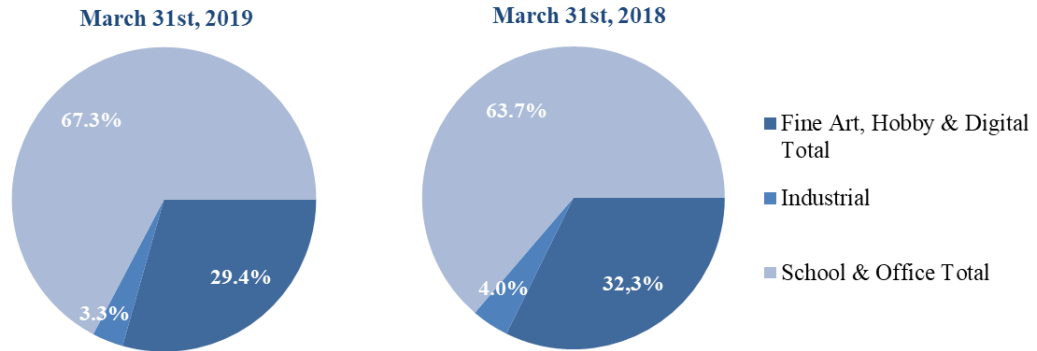
	2019	% core business revenue	2018	% core business revenue	Change 2019 - 2018	
<i>NORMALISED - Euro thousands</i>						
Core Business Revenue	143,811	100%	104,796	100%	39,015	37.2%
Other Revenue and Income	1,666		2,035		(369)	-18.1%
Total Revenue	145,477		106,831		38,646	36.2%
Total operating costs	(127,059)	-88.4%	(90,631)	-86.5%	(36,428)	-40.2%
EBITDA	18,418	12.8%	16,200	15.5%	2,218	13.7%
Amortisation, depreciation and Impairment losses	(7,474)	-5.2%	(4,833)	-4.6%	(2,641)	-54.6%
EBIT	10,944	7.6%	11,367	10.8%	(423)	-3.7%
Net financial expense	(4,394)	-3.1%	(3,582)	-3.4%	(812)	-22.7%
Pre-tax profit	6,550	4.6%	7,785	7.4%	(1,235)	-15.9%
Total income taxes	(2,333)	-1.6%	(2,645)	-2.5%	312	11.8%
Net Profit for the Year	4,217	2.9%	5,140	4.9%	(923)	-18.0%
Non-controlling interest profit attributable to owner of the Parent	626	0.4%	304	0.3%	322	105.9%
F.I.L.A. Group Net Profit attributable to owner of the Parent	3,591	2.5%	4,836	4.6%	(1,245)	-25.7%

The principal changes compared to Q1 2018 are illustrated below.

“Core Business Revenue” of Euro 143,811 thousand was up Euro 39,015 thousand on the previous year (increase of 37.2% on the same period of the previous year), of which Euro 43,969 thousand relating to the Pacon Group (acquired in June and defined as an M&A effect) and Euro 202 thousand regarding the positive currency impact (principally US Dollars and Mexican Pesos, offset by Argentinian Pesos).

Net of these effects, the increase in Asian revenue of Euro 4,512 thousand (+27.9%, principally concerning the Indian company DOMS Industries Pvt Ltd and to a lesser extent the Chinese companies) offset the revenue contraction in North America for Euro 4,394 thousand (-18.7% on the previous year), in Europe for Euro 4,465 thousand (-8.9% on the previous year, particularly in Italy and France), in Central and South America for Euro 641 thousand (-4.6% on the previous year, particularly in Mexico and Chile) and in the Rest of the World for Euro 168 thousand (-17.2% on the previous year, principally in Australia).

In order to better illustrate F.I.L.A. Group developments, reference should be made to the table below highlighting revenue compared with the previous period by “Strategic Segments” in which the Group operates (the school and office strategic business segment, the arts and crafts strategic business segment and, to a residual extent, industrial products):



Other revenue and income of Euro 1,666 thousand fell by Euro 369 thousand, mainly due to lower exchange gains on commercial transactions.

Q1 2019 “Core Operating Revenue” compared to Q1 2018, on a pro-forma basis considering the Q1 2018 revenue figures of the Pacon Group, decreased 2.4% (-4.6% net of the currency effect).

“Operating Costs” of Euro 127,059 thousand increased Euro 36,428 thousand on 2018, due to the M&A effect stated above, only in part offset by lower variable commercial costs due to the decrease in revenues.

The “EBITDA” of Euro 18,418 thousand increased by Euro 2,218 thousand on 2018 (+13.7%), principally due to the M&A effect and the good Asian market performance, only in part offset by reductions in Europe and in Central and South America.

Q1 2019 “EBITDA” compared with the first quarter of the previous year, on a pro-forma basis with the first 3 months of 2018 for the Pacon Group, decreased 18.2% (-20.7% net of the currency effect).

Amortisation, depreciation and impairment losses rose by Euro 2,641 thousand, principally due to higher amortisation and depreciation resulting from investments and the M&A effect.

Net Financial Expenses increased approx. Euro 812 thousand, substantially due to the higher financial expenses on the new loan granted for the acquisition of the Pacon Group, offset by positive conversion effects.

Normalised Group “Income taxes” amounted to Euro 2,333 thousand, slightly reducing on the same period of the previous year due to the lower pre-tax profit.

Excluding the non-controlling interest result, the F.I.L.A. Group normalised profit in Q1 2019 was Euro 3,591 thousand, compared to Euro 4,836 thousand in the previous year.

Business seasonality

The group's operations are affected by the business' 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 arts and crafts 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 arts and crafts 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, 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 "schools' campaign". Specifically, significant sales are made through the traditional "school suppliers" channel in June and through the "retailers" channel in August.

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

	2018				2019
	First 3 mth. 2018	First 6 mth. 2018	First 9 mth. 2018	FY 2018	First 3 mth. 2019
<i>Euro thousands</i>					
Core Business Revenue	104,796	259,140	437,481	588,747	143,811
<i>Full year portion</i>	17.80%	44.02%	74.31%	100.00%	100.00%
EBITDA	15,511	34,548	61,497	73,510	18,490
<i>% core business revenue</i>	14.80%	13.33%	14.06%	12.49%	12.86%
<i>Full year portion</i>	21.10%	47.00%	83.66%	100.00%	
Normalised EBITDA	16,200	44,602	73,605	96,899	18,418
<i>% core business revenue</i>	15.46%	17.21%	16.82%	16.46%	12.81%
<i>Full year portion</i>	16.72%	46.03%	75.96%	100.00%	
Net Financial Debt	(269,878)	(612,657)	(591,263)	(452,770)	(578,277)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at March 31, 2019 are as follows.

<i>Euro thousands</i>	March 2019	December 2018	Change 2019 - 2018
Intangible Assets	450,770	445,924	4,846
Property, plant & equipment	185,258	104,472	80,786
Financial Assets	4,131	3,608	523
Net Fixed Assets	640,159	554,004	86,155
Other Assets/Non-Current Liabilities	21,199	20,501	698
Inventories	293,079	262,432	30,647
Trade and Other Receivables	172,681	151,617	21,064
Trade and Other Payables	(112,069)	(105,537)	(6,532)
Other Current Assets and Liabilities	1,508	2,071	(563)
Net Working Capital	355,199	310,583	44,616
Provisions	(94,725)	(93,509)	(1,216)
Net Capital Employed	921,832	791,579	130,253
Equity	(343,555)	(338,809)	(4,746)
Net Financial Debt	(578,277)	(452,770)	(125,507)
Net Funding Sources	(921,832)	(791,579)	(130,253)

The F.I.L.A. Group's "Net invested capital" of Euro 921,832 thousand at March 31, 2019 was composed of Net Fixed Assets of Euro 640,159 thousand (up by Euro 86,155 thousand on December 31, 2018), "Net Working Capital" of Euro 355,199 thousand (up by Euro 44,616 thousand on December 31, 2018) and "Other non-current assets/liabilities" of Euro 21,199 thousand (up by Euro 698 thousand on December 31, 2018), net of "Provisions" of Euro 94,725 thousand (Euro 93,509 thousand at December 31, 2018).

"Intangible Assets" rose Euro 4,846 thousand on December 31, 2018, mainly due to the positive currency effect of Euro 7,910 thousand and net investments of Euro 1,209 thousand, particularly concerning F.I.L.A. S.p.A for the development of the new Group ERP. As a partial offset, amortisation in the period amounts to Euro 3,466 thousand.

Property, plant and equipment rose by Euro 80,786 thousand compared to December 31, 2018. This movement mainly follows the application of IFRS 16 which resulted in increased fixed assets of Euro 79,201 thousand (of which Euro 81,922 thousand the net carrying amount estimated at January 1, 2019, offset by depreciation in the quarter of Euro 2,721 thousand). Net of this impact, the residual movement was Euro 1,585 thousand, due particularly to CAPEX of Euro 2,523 thousand, mainly at

DOMS Industries Pvt Ltd (India) for the development of production facilities, and residually at Canson SAS (France) and F.I.L.A. S.p.A.. During the quarter, positive currency effects of Euro 1,926 thousand were recorded and depreciation, net of the IFRS 16 effect, of Euro 3,628 thousand.

The increase in net working capital of Euro 44,616 thousand relates to the following:

- Inventories – the movement of Euro 30,647 thousand mainly concerns business seasonality which resulted in higher inventories ahead of the school’s campaign. The increase particularly concerns the US companies Pacon Corporation (U.S.A.) and Dixon Ticonderoga Co. (U.S.A.), Canson SAS (France), F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and Daler Rowney Ltd (United Kingdom);
- “Trade and Other Receivables” - increasing Euro 21,064 thousand, principally due to the seasonality of F.I.L.A. Group business and concerning particularly F.I.L.A. S.p.A., the South American subsidiaries Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and F.I.L.A. Chile Ltda (Chile), Dixon Ticonderoga Co. (U.S.A.), Pacon Corporation (U.S.A.) and Canson SAS (France);
- Trade and Other Payables – increasing Euro 6,532 thousand, mainly due to the US companies Pacon Corporation (U.S.A.) and Dixon Ticonderoga Co. (U.S.A.).

The increase in “Provisions” on December 31, 2018 of Euro 1,216 thousand principally concerns the:

- Increase in “Deferred tax liabilities” of Euro 1,238 thousand, mainly due to the currency effect in the period of Euro 1,495 thousand;
- Increase in employee benefits of Euro 650 thousand, mainly due to the actuarial gains recorded in the period by the company Daler Rowney Ltd (United Kingdom);
- Reduction in “Provisions for Risks and Charges” of Euro 672 thousand, mainly due to the utilisation of the provisions accrued by the company Lukas-Nerchau GmbH (Germany).

The Equity of the F.I.L.A. Group, amounting to Euro 343,555 thousand, increased on December 31, 2018 by Euro 4,746 thousand. Net of the profit of Euro 1,119 thousand (of which Euro 626 thousand concerning non-controlling interests), the residual movement mainly concerned the decrease in the fair value hedge of derivatives (IRS) for Euro 4,386 thousand, the increase in the translation reserve of Euro 8,387 thousand and the reduction in the “Share Premium Reserve” for charges related to the Share Capital increase, net of tax effects totalling Euro 318 thousand.

The F.I.L.A. Group “Net Financial Position” at March 31, 2019 was a net debt of Euro 578,277 thousand, increasing Euro 125,507 thousand on December 31, 2018. For greater details, reference should be made to the “Financial Overview” paragraph.

Financial overview

The overview of the Q1 2019 Group operating and financial performance is completed by the Group Net Financial Position and Statement of Cash Flow reported below.

The **Net Financial Position** at March 31, 2019 reports a debt of Euro 578,277 thousand.

<i>Euro thousands</i>	March 31, 2019	December 31, 2018	Change
A Cash	145	129	16
B Other cash equivalents	40,660	157,473	(116,813)
C Securities held-for-trading	-	-	-
D Liquidity (A + B + C)	40,805	157,602	(116,797)
E Current Loan Assets	412	352	60
F Current bank loans and borrowings	(96,691)	(75,617)	(21,075)
G Current portion of non-current debt	(10,081)	(10,412)	332
H Other current loans and borrowings	(815)	(183)	(632)
I Current financial debt (F + G + H)	(107,587)	(86,212)	(21,375)
J Net current financial debt (I + E+ D)	(66,370)	71,742	(138,112)
K Non-current bank loans and borrowings	(421,935)	(518,779)	96,844
L Bonds issued	-	-	-
M Other non-current loans and borrowings	(90,473)	(6,207)	(84,266)
N Non-current financial debt (K + L + M)	(512,408)	(524,986)	12,578
O Net financial debt (J+N)	(578,778)	(453,244)	(125,534)
P Loans issued to third parties	501	474	27
Q Net financial debt (O + P) - F.I.L.A. Group	(578,277)	(452,770)	(125,507)

Note:

1) The net financial debt calculated at point "O" complies with Consob Communication DEM/6064293 of July 28, 2006, which excludes non-current financial assets. The net financial debt of the F.I.L.A. Group differs from the above communication by Euro 501 thousand in relation to the non-current loans granted to third parties by Omyacolor S.A. and Pacon Corporation.

2) At March 31, 2019 there were no transactions with related parties which impacted the net financial debt.

3) Point "M" - Other non-current loans and borrowings, do not include Euro 9,555 thousand of Financial Instruments (IRS)

Compared to December 31, 2018 (debt of Euro 452,770 thousand), the net debt increased Euro 125,507 thousand, as outlined below in the Statement of Cash Flow.

<i>Euro thousands</i>	March 2019	March 2018
EBIT	8,295	10,678
Adjustments for non-cash items	7,115	6,652
Integrations for income taxes	(1,337)	(2,232)
Cash Flow from Operating Activities Before Changes in NWC	14,073	15,098
Change in NWC	(39,968)	(38,501)
Change in Inventories	(24,931)	(23,879)
Change in Trade and Other Assets	(18,712)	(14,672)
Change in Trade and Other Liabilities	4,301	905
Change in Other Current Assets/Liabilities	(625)	(855)
Net cash Flow from Operating Activities	(25,895)	(23,403)
Investments in Property, Plant and Equipment and Intangible assets	(3,704)	(3,541)
Other Investments	20	24
Equity Investments	-	-
Cash Flow used in Investing Activities	(3,684)	(3,517)
Change in Equity	21	-
Interest Expense	(6,133)	(2,410)
Cash Flow used in Financing Activities	(6,111)	(2,410)
Other changes	560	(45)
Total Net Cash Flow	(35,129)	(29,375)
Effect from exchange rate changes	(4,531)	(889)
Mark to Market Hedging	(4,452)	-
FTA IFRS 16	(81,813)	-
Change in Net Financial Debt	(125,507)	(30,264)

The net cash flow absorbed in Q1 2019 from “Operating Activities” of Euro 25,895 thousand (absorption of operating cash in Q1 2018 of Euro 23,403 thousand) concerns:

- generation of Euro 14,073 thousand (Euro 15,098 thousand in Q1 2018) from “EBIT”, based on the difference of the “Value” and the “Costs of Cash Generation” and the remaining ordinary income components, excluding financial management;
- absorption of Euro 39,968 thousand (Euro 38,501 thousand in Q1 2018) from “Working Capital Management”, particularly concerning the increase in “Inventories” and “Trade and Other Receivables”, principally due to business seasonality and the reduction in revenues.

“Investing activities” absorbed liquidity of Euro 3,684 thousand (Euro 3,517 thousand in Q1 2018), mainly due to the use of cash for Euro 3,704 thousand (Euro 3,541 thousand in Q1 2018) for tangible and intangible asset investment, particularly regarding DOMS Industries Pvt Ltd (India), Canson SAS (France) and F.I.L.A. S.p.A..

Cash flow from “Financing Activities” absorbed liquidity of Euro 6,111 thousand (Euro 2,410 thousand in Q1 2018), mainly due to interest paid on loans and credit lines granted to Group companies, mainly F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico).

Excluding the currency effect from the translation of the net financial positions in currencies other than the euro (negative Euro 4,112 thousand), the adjustment to Mark-to-Market hedges of Euro 4,452 thousand and the decrease in the net debt due to the application of IFRS 16 of Euro 81,813 thousand, Group net debt rose Euro 125,507 thousand (Euro -30,264 thousand at March 31, 2018).

Changes in net cash and cash equivalents are detailed below.

<i>Euro thousands</i>	March 2019	December 2018
Opening Cash and Cash Equivalents	146,831	20,425
Cash and cash equivalents	157,602	38,558
Bank overdrafts	(10,771)	(18,133)
Closing Cash and Cash Equivalents	26,690	146,831
Cash and cash equivalents	40,805	157,602
Bank overdrafts	(14,115)	(10,771)

Segment reporting

In terms of segment reporting, the F.I.L.A. Group has adopted IFRS 8, mandatory on January 1, 2009. 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 Company's business is divided into five business segments, each of which is composed of various geographical areas, 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 region.

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 region on the basis of the "*entity location*".

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

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 region, at March 31, 2019 and December 31, 2018, are reported below:

March 2019	Europe	North America	Central & South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	121,251	265,875	3,530	60,102	88	(76)	450,770
Property, plant & equipment	131,325	18,428	7,150	28,242	113		185,258
Total Intangible and Tangible Assets	252,576	284,303	10,680	88,344	201	(76)	636,028
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	94,403	129,819	40,963	29,262	2,701	(4,069)	293,079
Trade and Other Receivables	102,541	64,635	56,199	16,353	1,226	(68,273)	172,681
Trade and Other Payables	(91,405)	(46,231)	(20,039)	(19,345)	(2,075)	67,026	(112,069)
Other Current Assets and Liabilities	2,524	215	(277)	(954)			1,508
Net Working Capital	108,063	148,438	76,846	25,316	1,852	(5,316)	355,199
<i>of which Intercompany</i>	<i>(2,982)</i>	<i>(1,830)</i>	<i>(265)</i>	<i>(345)</i>	<i>106</i>		
Net Financial Debt	(267,632)	(270,579)	(37,888)	(529)	(1,871)	222	(578,277)
<i>of which Intercompany</i>	<i>222</i>						
December 2018	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	118,913	263,649	3,488	59,861	89	(76)	445,924
Property, plant & equipment	52,578	17,492	7,203	27,048	151		104,472
Total Intangible and Tangible Assets	171,491	281,141	10,691	86,909	240	(76)	550,396
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	87,247	112,390	35,752	28,744	2,768	(4,469)	262,432
Trade and Other Receivables	89,014	57,144	51,881	15,179	1,259	(62,860)	151,617
Trade and Other Payables	(86,978)	(33,120)	(22,429)	(21,799)	(2,982)	61,771	(105,537)
Other Current Assets and Liabilities	2,457	780	(490)	(676)			2,071
Net Working Capital	91,740	137,194	64,714	21,448	1,045	(5,558)	310,583
<i>of which Intercompany</i>	<i>(3,595)</i>	<i>(1,546)</i>	<i>(211)</i>	<i>(293)</i>	<i>87</i>		
Net Financial Debt	(165,337)	(257,996)	(25,932)	1,117	(4,822)	200	(452,770)
<i>of which Intercompany</i>	<i>200</i>						

Business Segments – Statement of Comprehensive Income

The statement of comprehensive income for the F.I.L.A. Group by region for Q1 2019 and Q1 2018 is reported below:

March 2019	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Core Business Revenue	69,064	69,490	19,741	29,726	781	(44,991)	143,811
<i>of which Intercompany</i>	<i>(21,219)</i>	<i>(7,370)</i>	<i>(7,365)</i>	<i>(9,036)</i>	-		
EBITDA	7,165	7,052	250	3,677	(45)	390	18,490
Net financial expense	(3,095)	(1,845)	(986)	(60)	138	(43)	(5,892)
<i>of which Intercompany</i>	<i>(43)</i>	-	-	-	-		
Net Profit/(loss)	(1,709)	2,207	(1,225)	1,620	75	150	1,119
Non-controlling interest profit attributable to the owners of the Parent	203	-	-	423	-		626
F.I.L.A. Group Net Profit attributable to the owners of the Parent	(1,912)	2,207	(1,225)	1,197	75	150	493

March 2018	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Core Business Revenue	66,072	26,345	20,908	26,905	1,001	(36,435)	104,796
<i>of which Intercompany</i>	<i>(15,876)</i>	<i>(2,818)</i>	<i>(6,962)</i>	<i>(10,759)</i>	<i>(20)</i>		
EBITDA	6,960	2,197	1,250	3,062	(232)	2,274	15,511
Net financial expense	(1,691)	(547)	(1,235)	(73)	(36)		(3,582)
<i>of which Intercompany</i>	<i>(162)</i>	<i>39</i>	<i>80</i>	-	<i>43</i>		
Net Profit/(loss)	1,691	1,148	(491)	1,241	(299)	1,263	4,553
Non-controlling interest profit attributable to the owners of the Parent	(47)	-	-	358	(7)		304
F.I.L.A. Group Net Profit attributable to the owners of the Parent	1,738	1,148	(491)	883	(292)	1,263	4,249

Business Segments – Other Information

The “other information”, concerning tangible and intangible fixed asset investments of Group companies by region for March 31, 2019 and March 31, 2018 is reported below:

March 2019	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible Assets	1,170	39				1,209
Property, Plant and Equipment	597	417	120	1,359	3	2,495
Net Investments	1,767	455	120	1,359	3	3,704

** Allocation by "Entity Location"*

March 2018	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible Assets	345	-	-	2	3	350
Property, Plant and Equipment	1,098	20	599	1,459	14	3,191
Net Investments	1,443	20	600	1,461	17	3,541

** Allocation by "Entity Location"*

Events after the reporting period

There were no significant events subsequent to Q1 2019.

Treasury shares

The parent F.I.L.A. S.p.A. did not hold treasury shares at March 31, 2019.

II - Consolidated Interim Financial Statements of the F.I.L.A. Group as at and for the three months ended March 31, 2019

Consolidated Financial Statements

Statement of Financial Position

<i>Euro thousands</i>	March 31, 2019	December 31, 2018
ASSETS	1,181,514	1,158,778
Non-Current Assets	661,906	575,032
Intangible Assets	450,770	445,924
Property, Plant and Equipment	185,258	104,472
Non-Current Financial Assets	3,783	3,284
Equity-accounted investees	818	767
Other Investments	31	31
Deferred Tax Assets	21,246	20,554
Current Assets	519,608	583,746
Current Financial Assets	412	352
Current Tax Assets	12,631	11,743
Inventories	293,079	262,432
Trade and Other Assets	172,681	151,617
Cash and Cash Equivalents	40,805	157,602
LIABILITIES AND EQUITY	1,181,514	1,158,778
Equity	343,555	338,809
Share Capital	46,799	46,799
Reserves	112,139	109,234
Retained Earnings	157,686	148,939
Profit (Loss) for the period	493	8,747
Equity attributable to owner of the Parent	317,117	313,719
Equity attributable to non-controlling interests	26,438	25,090
Non-Current Liabilities	604,966	614,979
Non-Current Financial Liabilities	502,854	519,884
Financial Instruments	9,555	5,102
Employee Benefits	11,581	10,931
Provisions for Risks and Charges	4,350	3,668
Deferred Tax Liabilities	76,579	75,341
Other Liabilities	47	53
Current Liabilities	232,993	204,990
Current Financial Liabilities	107,586	86,212
Provisions for Risks and Charges	2,215	3,569
Current Tax Liabilities	11,123	9,672
Trade and Other Liabilities	112,069	105,537

Statement of Comprehensive Income

	March 2019	March 2018	
<i>Euro thousands</i>			
Revenue from Sales and Service	143,811	104,796	
Other Revenue and Income	1,666	2,035	
Total Revenue	145,477	106,831	
Raw Materials, Ancillary, Consumables and Goods	(85,611)	(59,771)	
Services and Rent, Leases and Similar Costs	(29,905)	(26,897)	
Other Operating Costs	(1,915)	(2,162)	
Change in Raw Materials, Semi-Finished, Work-in-progress & Finished Prod.	25,310	22,846	
Personnel expenses	(34,866)	(25,336)	
Amortisation & Depreciation	(9,815)	(4,474)	
Recovery (impairment losses) of trade receivables and other receivables	(337)	(358)	
Recovery (impairment losses) of other Assets	(43)	(1)	
Total Operating Costs	(137,182)	(96,153)	
EBIT	8,295	10,678	
Financial Income	3,149	677	
Financial Expense	(9,071)	(4,297)	
Income/Expense from Investments at Equity	30	38	
NET FINANCIAL EXPENSES	(5,892)	(3,582)	
Pre-Tax Profit/(loss)	2,403	7,096	
Income Taxes	(1,825)	(1,773)	
Deferred Tax Income and Expense	541	(770)	
Total Income Taxes	(1,284)	(2,543)	
PROFIT (LOSS) FOR THE YEAR - CONTINUING OPERATIONS	1,119	4,553	
Profit (Loss) for the year	1,119	4,553	
<i>Attributable to:</i>			
Profit attributable to non-controlling interests	626	304	
Profit (loss) attributable to owners of the Parent	493	4,249	
Other Comprehensive Income Items which may be reclassified subsequently in the profit or loss	4,001	(1,992)	
Translation Difference recorded in Equity	8,387	(1,798)	
Adjustment Fair value of Hedges	(4,386)	(194)	
Other Comprehensive Income Items which may not be reclassified subsequently in the profit or loss	(525)	236	
Actuarial Gains/(Losses) for Employee Benefits recorded directly in Equity	(253)	286	
Income Taxes on income and expenses recorded directly in Equity	46	(50)	
Transaction Costs on Capital Increase	(441)	-	
Income Taxes on income and expenses recorded directly in Equity	123	-	
Other Comprehensive Income Items (net of tax effect)	3,476	(1,756)	
Total Comprehensive Income	4,595	2,797	
<i>Attributable to:</i>			
Profit attributable to non-controlling interests	1,223	(770)	
Profit (loss) attributable to owners of the Parent	3,372	3,567	
Earnings per share:			
	<i>basic</i>	<i>0.01</i>	<i>0.10</i>
	<i>diluted</i>	<i>0.01</i>	<i>0.10</i>

Statement of Changes in Equity

	Share capital	Legal Reserve	Share Premium Reserve	IAS 19 Reserve	Other Reserves	Translation Difference	Retained Earnings	Group Profit/(loss)	Group Equity	Non-Control. Int. Capital and Reserves	Non-Control. Int. Profit/Loss	Non-Control. Int. Equity	Total Equity
<i>Euro thousands</i>													
December 31, 2017	37,261	7,434	65,349	(1,671)	(20,404)	(26,836)	138,049	15,767	214,949	23,028	1,600	24,628	239,577
IFRS15 Adjustment on the initial balance (net of fiscal effect)	-	-	-	-	-	-	-	-	-	-	-	-	-
IFRS9 Adjustment on the initial balance (net of fiscal effect)	-	-	-	-	-	-	(1,157)	-	(1,157)	-	-	-	(1,157)
Restated balance as at January 1st, 2018	37,261	7,434	65,349	(1,671)	(20,404)	(26,836)	136,892	15,767	213,792	23,028	1,600	24,628	238,420
Net Profit	-	-	-	-	-	-	-	8,747	8,747	-	1,714	1,714	10,461
Capital Increase	9,538	-	90,422	-	-	-	-	-	99,960	-	-	-	-
Costs related to Capital Increase (net of fiscal effect)	-	-	(4,002)	-	-	-	-	-	(4,002)	-	-	-	-
Other Changes in the period	-	-	-	(1,582)	(3,788)	4,312	-	-	(1,058)	(913)	-	(913)	(1,971)
Gains/(losses) recorded directly to equity	9,538	-	86,420	(1,582)	(3,788)	4,312	-	8,747	103,647	(913)	1,714	801	104,448
Allocation of the 2017 Result	-	-	-	-	-	-	15,767	(15,767)	-	1,600	(1,600)	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
December 31, 2018	46,799	7,434	151,769	(3,253)	(24,192)	(22,524)	148,939	8,747	313,719	23,376	1,714	25,090	338,809
Net Profit	-	-	-	-	-	-	-	493	493	-	626	626	1,119
Capital Increase	-	-	-	-	-	-	-	-	-	22	-	22	22
Costs related to Capital Increase (net of fiscal effect)	-	-	(318)	-	-	-	-	-	(318)	-	-	-	(318)
Other Changes in the period	-	-	-	(207)	(4,360)	7,790	-	-	3,223	700	-	700	3,923
Gains/(losses) recorded directly to equity	-	-	(318)	(207)	(4,360)	7,790	-	493	3,398	722	626	1,348	4,746
Allocation of the 2018 Result	-	-	-	-	-	-	8,747	(8,747)	-	1,714	(1,714)	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
March 31, 2019	46,799	7,434	151,451	(3,460)	(28,552)	(14,734)	157,686	493	317,117	25,812	626	26,438	343,555

Condensed Consolidated Statement of Cash Flows

<i>Euro thousands</i>	March 31, 2019	March 31, 2018
PROFIT (LOSS) - CONTINUING OPERATIONS	1,119	4,553
Adjustments for non-cash and other items:	14,489	12,830
Amortisation & Depreciation	7,094	4,474
Reversal of Impairment losses on Property, Plant and Equipment and Intangible assets	43	1
Allowance for Impairment	(45)	1,389
Cost for Staff Leaving Indemnities	873	662
Exchange effect on Assets and Liabilities in Foreign Curr. of Commercial Transactions	198	54
Gain/Losses of non-current assets disposals	(28)	(28)
Financial Income and Expenses	5,922	3,620
Financial Investments - Equity Method	(30)	(38)
Current Taxes	1,284	2,543
Integrations for:	815	(3,243)
Income Taxes Paid	(1,337)	(2,232)
Unrealised Exchange Rate Differences on Assets and Liabilities in Foreign Currencies	2,311	(601)
Realised Exchange Rate Differences on Assets and Liabilities in Foreign Currencies	(159)	(411)
Cash Flow from Operating Activities Before Changes in NWC	16,421	14,140
Changes in Net Working Capital:	(39,968)	(38,501)
Change in Inventories	(24,933)	(23,879)
Change in Trade and Other Assets	(18,712)	(14,672)
Change in Trade and Other Liabilities	4,301	905
Change in Other Assets/Liabilities	(54)	(411)
Change in Post-Employment and Employee Benefits	(570)	(444)
Cash Flow from Operating Activities	(23,546)	(24,361)
Total Investment/Divestment in Intangible Assets	(1,209)	(350)
Total Investment/Divestment in Property, Plant and Equipment	(2,495)	(3,191)
Total Investment/Divestment in Other Financial Assets	(185)	(33)
Interest Received	20	24
Cash Flow used in Investing Activities	(3,869)	(3,550)
Total Change in Equity	21	-
Interest paid	(6,133)	(2,410)
Total Increase/Decrease Loans and Other Financial Liabilities	(86,440)	44,562
Cash Flow used in Financing Activities	(92,552)	42,152
Translation difference	8,387	(1,798)
Other non-cash equity changes	(8,561)	2,506
NET CASH FLOW IN THE YEAR	(120,140)	14,947
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period	146,831	20,425
Cash and Cash Equivalents net of Bank Overdrafts at end of the year	26,690	35,374

- 1) Cash and cash equivalents at March 31, 2019 totalled Euro 40,805 thousand; current account overdrafts amounted to Euro 14,115 thousand net of relative interest.
- 2) Cash and cash equivalents at March 31, 2018 totalled Euro 51,363 thousand; current account overdrafts amounted to Euro 15,989 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 from non-cash operations were eliminated (including the conversion of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the account "Other non-cash changes".

<i>Euro thousands</i>	March 2019	December 2018
Opening Cash and Cash Equivalents	146,831	20,425
Cash and cash equivalents	157,602	38,558
Bank overdrafts	(10,771)	(18,133)
Closing Cash and Cash Equivalents	26,690	146,831
Cash and cash equivalents	40,805	157,602
Bank overdrafts	(14,115)	(10,771)

Attachments

List of companies included in the consolidation and other investments

Company	Company Country of Residence	Segment IFRS 81	Year of acquisition of the company	% held directly (F.I.L.A. S.p.A)	% held indirectly	% held by F.I.L.A. Group	Investing Company	Consolidation Method	Non-Controlling interests
Omyacolor S.A.	France	EU	2000	94.94%	5.06%	100.00%	FILA S.p.A. Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-line	0.00%
FILALYRA GB Ltd.	UK	EU	2005	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-line	0.00%
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 Stationery and Office Equipment Industry Ltd. Co.	Turkey	EU	2011	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Fila Stationary O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-line	10.00%
Industria Maineri S.p.A.	Italy	EU	2014	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-line	49.00%
Fila Hellas SA ²	Greece	EU	2013	50.00%	0.00%	50.00%	FILA S.p.A.	Line-by-line	50.00%
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 Tconderoga 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	MSA	2005	0.00%	100.00%	100.00%	Dixon Tconderoga Inc. Dixon Tconderoga Company	Line-by-line	0.00%
F.I.L.A. Chile Lda	Chile	MSA	2000	0.79%	99.21%	100.00%	Dixon Tconderoga Company FILA S.p.A.	Line-by-line	0.00%
FILA Argentina S.A.	Argentina	MSA	2000	0.00%	100.00%	100.00%	F.I.L.A. Chile Lda 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 Akrelix	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	Sudafrica	RW	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	UK	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Renoir Midco Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Renoir Topco Ltd	Line-by-line	0.00%
Renoir Bidco Ltd	UK	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 Daler Rowney Ltd	Line-by-line	0.00%
Daler Rowney Ltd	UK	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%
Lukas-Nerchau GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney GmbH	Line-by-line	0.00%
Nerchauer Mallarben GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney GmbH	Line-by-line	0.00%
Brideshore srl	Dominican Republic	MSA	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-line	0.00%
St. Cuthberts Holding Limited	UK	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
St. Cuthberts Mill Limited	UK	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%
Canson Brasil I.P.E. LTDA	Brazil	MSA	2016	0.19%	99.81%	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	RW	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-line	0.00%
Canson Qingdao 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%
Pacon Holding Company	U.S.A.	NA	2018	0.00%	100.00%	100.00%	Dixon Tconderoga Company	Line-by-line	0.00%
Pacon Corporation	U.S.A.	NA	2018	0.00%	100.00%	100.00%	Pacon Holding Company	Line-by-line	0.00%
Pacon Canadian Holding Co	U.S.A.	NA	2018	0.00%	100.00%	100.00%	Pacon Corporation	Line-by-line	0.00%
Baywood Paper ULC	Canada	NA	2018	0.00%	100.00%	100.00%	Pacon Canadian Holding Co	Line-by-line	0.00%
Castle Hill Crafts	UK	EU	2018	0.00%	100.00%	100.00%	Pacon Corporation	Line-by-line	0.00%
Creativity International	UK	EU	2018	0.00%	100.00%	100.00%	Castle Hill Crafts	Line-by-line	0.00%
Princeton Hong Kong	Hong Kong	AS	2018	0.00%	100.00%	100.00%	Pacon Corporation	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%
Uniwrite Pens and Plastics Pvt Ltd	India	AS	2016	0.00%	60.00%	60.00%	DOMS Industries Pvt Ltd	Equity Method	40.00%

1 - EU - Europe; NA - North America; MSA - Middle and South America; AS - Asia; RoW - Rest of the World

2 - Although not holding more than 50% of the share capital, the company is considered a subsidiary under IFRS 10

Change of accounting standards

The standard, published by the IASB in January 2016 and endorsed by the European Commission in October 2017, replaces IAS 17, proposing substantial changes to the accounting treatment of lease arrangements in the lessee's financial statements, which must recognize the assets and liabilities deriving from contracts, without distinction between operating and finance leases, in the statement of financial position. The new standard provides a new definition of leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract. All contracts that qualify as leases – except for contracts governing low value assets and leases with a contractual term of 12 months or less – must be recognized in the statement of financial position as a right-of-use asset with a balancing entry to financial liabilities. This Standard does not contain significant amendments for lessors. The standard introduces a criterion based on control of the use of an asset to distinguish leasing contracts from service contracts, identifying essential differences:

- identification of the leased property (without the right for the lessor to replace the said property);
- the right to obtain substantially all the economic benefits from the use of the asset;
- the right to establish how and for what purpose the property is used.

Upon initial application it is possible to use the full retrospective method (restating the comparative information) or the modified retrospective method (with cumulative effect from the adoption of IFRS 16 recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, without restating the comparative information).

The Group has completed its analysis of the contracts potentially affected by the new Standard, both in Italy and the other countries in which it operates. It was elected not to apply the IFRS 16 recognition and measurement measures to contracts considered short-term or low value leases.

The aforementioned modified retrospective method will be used as the Group's transitional approach. The Group will recognize a financial liability equal to the present value of the residual future payments at the transition date, discounted according to the incremental borrowing rate (IBR) applicable to each contract at the transition date and has elected to take the value of the financial liability as the amount of the right-of-use asset.

The statement of financial position and the statement of comprehensive income with an indication of the effects of the application of IFRS 16

Statement of Comprehensive Income

<i>Euro thousand</i>	March 31, 2019 Ex-post Adjustment	IFRS Adjustments	March 31, 2019 Ex-ante Adjustments
ASSETS	1,181,514	(79,591)	1,101,923
Non-Current Assets	661,906	(79,591)	582,316
Intangible Assets	450,770		450,770
Property, Plant and Equipment	185,258	(79,201)	106,057
Non-Current Financial Assets	3,783		3,783
Equity-accounted investees	818		818
Other Investments	31		31
Deferred Tax Assets	21,246	(390)	20,856
Current Assets	519,608	-	519,608
Current Financial Assets	412		412
Current Tax Assets	12,631		12,631
Inventories	293,079		293,079
Trade and Other Assets	172,681		172,681
Cash and Cash Equivalents	40,805		40,805
LIABILITIES AND EQUITY	1,181,514	79,591	1,261,105
Equity	343,555	(910)	342,645
Share Capital	46,799		46,799
Reserves	112,139		112,139
Retained Earnings	157,686		157,686
Net Profit for the period	493	(910)	(417)
Equity attributable to owners of the parent	317,117	(910)	316,207
Equity attributable to non-controlling interests	26,438		26,438
Non-Current Liabilities	604,966	80,501	685,466
Non-Current Financial Liabilities	502,854	80,392	583,246
Financial Instruments	9,555		9,555
Employee Benefits	11,581		11,581
Provisions for Risks and Charges	4,350	109	4,459
Deferred Tax Liabilities	76,579		76,579
Other Liabilities	47		47
Current Liabilities	232,993	-	232,992
Current Financial Liabilities	107,586		107,586
Provisions for Risks and Charges	2,215		2,215
Current Tax Liabilities	11,123		11,123
Trade and Other Liabilities	112,069		112,069

Statement of Comprehensive Income

	March 31, 2019 Ex-post Adjustment	IFRS Adjustments	March 31, 2019 Ex-ante Adjustments
<i>Euro thousands</i>			
Revenue from Sales and Service	143,811	-	143,811
Other Revenue and Income	1,666	-	1,666
Total Revenue	145,477	-	145,477
Raw Materials, Ancillary, Consumables and Goods	(85,611)	-	(85,611)
Services and Rent, Leases and Similar Costs	(29,905)	(2,919)	(32,824)
Other Operating Costs	(1,915)	-	(1,915)
Change in Raw Materials, Semi-Finished, Work-in-progress & Finished Prod.	25,310	-	25,310
Personnel expenses	(34,866)	-	(34,866)
Amortization & Depreciation	(9,815)	2,721	(7,094)
Recovery (impairment losses) of trade receivables and other receivables	(337)	-	(337)
Recovery (impairment losses) of other Assets	(43)	-	(43)
Total Operating Costs	(137,182)	(198)	(137,380)
EBIT	8,295	(198)	8,097
Financial Income	3,149	-	3,149
Financial Expense	(9,071)	1,498	(7,573)
Income/Expense from Investments at Equity	30	-	30
NET FINANCIAL EXPENSES	(5,892)	1,498	(4,393)
Pre-Tax Profit/(loss)	2,403	1,300	3,704
Income Taxes	(1,825)	-	(1,825)
Deferred Tax Income and Expense	541	(390)	151
Total Income Taxes	(1,284)	(390)	(1,674)
PROFIT (LOSS) FOR THE YEAR - CONTINUING OPERATIONS	1,119	910	2,030
Profit/(Loss) for the year	1,119	910	2,030
<i>Attributable to:</i>			
Profit attributable to non-controlling interests	626		626
Profit (loss) attributable to owners of the parent	493		1,404
Other Comprehensive Income Items which may be reclassified subsequently in the profit or loss	4,001	-	4,001
Translation Difference recorded in Equity	8,387	-	8,387
Adjustment Fair value of Hedges	(4,386)	-	(4,386)
Other Comprehensive Income Items which may not be reclassified subsequently in the profit or loss	(525)	-	(525)
Actuarial Gains/(Losses) for Employee Benefits recorded directly in Equity	(253)	-	(253)
Income Taxes on income and expenses recorded directly in Equity	46	-	46
Transaction Costs on Capital Increase	(441)	-	-
Income Taxes on income and charges recorded directly in Equity	123	-	-
Other Comprehensive Income Items (net of tax effect)	3,476	-	3,476
Total Comprehensive Income	4,595	910	5,505
<i>Attributable to:</i>			
Profit attributable to non-controlling interests	1,223		1,223
Profit/(loss) attributable to owners of the parent	3,372		4,282

In Q1 2019, the application of IFRS 16 resulted in higher “EBIT” of Euro 198 thousand. The effects on “Net Financial Expense” were Euro 1,498 thousand and concern financial expense calculated on contracts subject to application of the new standard. The overall effect on the result for the period was a loss of Euro 910 thousand.

The application of IFRS 16 also resulted in the recognition of fixed assets for an amount of Euro 79,201 thousand (of which Euro 81,922 thousand the net carrying amount estimated at January 1, 2019, offset by amortisation and depreciation maturing in the period of Euro 2,721 thousand) and financial liabilities totalling Euro 80,392 thousand.

Assets class involved by the first time adoption of IFRS 16 as at January 1st, 2019 are the following:

- Buildings: Euro 78,357 thousand;
- Plant and Machinery: Euro 783 thousand;
- Equipment: Euro 209 thousand;
- Other Tangible Asset: Euro 2,573 thousand.

Transactions relating to Atypical and/or Unusual Operations

In accordance with Consob Communication of July 28, 2006, during Q1 2019, F.I.L.A. S.p.A. did not undertake any atypical and/or unusual operations as defined by this communication, whereby atypical and/or unusual operations refers to operations which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the year-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 minority shareholders.

The Board of Directors
THE CHAIRMAN
Mr. Gianni Mion

Statement of the manager in charge of financial reporting



Fabbrica Italiana Laps ed Affini

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

May 15, 2019

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

The undersigned Stefano De Rosa, 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. 38 of February 24, 1998 that the accounting information contained in the present Interim Report at March 31, 2019 corresponds to the underlying accounting records.

The Executive Officer responsible
for the preparation of the financial statements
Stefano De Rosa

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

Sede Legale, Amministrativa e Commerciale

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