



Il futuro ha i nostri colori. Da 100 anni.

F.I.L.A. GROUP
INTERIM FINANCIAL REPORT
AT MARCH 31, 2020

FILA – Fabbrica Italiana Lapis ed Affini S.p.A.

Via XXV Aprile 5 Pero (MI)

F.I.L.A. Fabbrica Italiana Lapis ed Affini. 1920 • 2020



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**DIRECTORS' REPORT
AT MARCH 31, 2020**

I - Interim Directors' Report

Corporate Boards

Board of Directors

Chairman	Giovanni Gorno Tempini
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

Independent Audit Firm KPMG S.p.A.

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

The F.I.L.A. Group operates in the creativity tools market, producing 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, 2020 operates through 21 production facilities and 35 subsidiaries across the globe and employs approx. 10,000, 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 Marchesi Antinori, F.I.L.A. S.p.A. (hereafter also the “Company”) 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 producer of modelling clay for children; (ii) the Spanish firm Spanish Fila Hispania S.L. (formerly Papeleria Mediterranea S.L.) in 1997, the Group’s former exclusive distributor in Spain; (iii) the French firm Omyacolor S.A. in 2000, a leading manufacturer of modelling putties and clays; (iv) the U.S. Dixon Ticonderoga Group in 2005, a leading producer and distributor of pencils in North America, with subsidiaries operating on the Canadian, Mexican, Chinese and European markets; (v) the German LYRA Group in 2008, which allowed the Group to enter the German, Scandinavian and Eastern Asian markets; (vi) the business unit operated by Lapiceria Mexicana in 2010, one of the main local competitors in the budget coloured and graphite pencils market; and (vii) the business unit operated by Maimeri S.p.A. in 2014, a manufacturer and distributor of paints and accessories for arts and crafts. In addition to these operations, on the conclusion of an initiative which began with the acquisition of a 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 (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.

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 of the fine art business unit of the company specialised in fine art operating through the ARCHES® brand, until now managed by the Ahlstrom-Munksjö Group, finalizing the non-binding memorandum of understanding signed on October 30, 2019 between F.I.L.A. S.p.A. and Ahlstrom-Munksjö Oyj and its French subsidiary, Ahlstrom-Munksjö Arches.

Key events in the period

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 of the company specialised in fine art operating through the ARCHES® brand.

For over 500 years, the ARCHES® brand has been one of the best-known global brands in the production and distribution of premium fine art paper. The company creates its products utilising a particular “cylinder mould” technique which ensures the delivery of a highly crafted product and an inimitable natural appearance. Each production cycle is subject to numerous technical controls, which have always guaranteed the undisputed quality of the paper and its excellent brand reputation. The total price, on a debt-free cash-free basis, paid by F.I.L.A. - Arches S.A.S. for the business unit was Euro 43.6 million. The acquisition was funded through amending the current medium/long-term loan contract, through the granting of new lines for Euro 15 million and the partial use of the RCF line for Euro 25 million, through its conversion into a medium/long-term line.

As noted, since January 2020, on the Chinese market - and gradually from March 2020 across the rest of the world - the operating environment has been dominated by the spread of COVID-19 (“Coronavirus”) and the resulting restrictive containment measures implemented by the public authorities of the countries affected. The current health emergency, in addition to the enormous social impacts, is having direct and indirect repercussions on the general economy and on the propensity to consume and invest, resulting in a generally uncertain environment. The F.I.L.A. Group is monitoring the developing situation in order to minimise its social and workplace health and safety impacts, in addition to the operating, equity and financial situation, by drawing up and rolling out flexible and timely action plans. In particular, from the beginning the F.I.L.A. Group has worked tirelessly to ensure maximum health and safety levels for its employees, customers and suppliers. The Group promptly introduced a series of protective measures for personnel and activated its Crisis Response Protocol, developing a specific crisis response plan and immediately rolled out a series of measures at all levels of the organisation - both at headquarters and overseas - at the operational sites and at the production plant. In this regard, the Coronavirus related lockdown resulted in the closure of the Yixing facility from February 21 and that of Kunshan from February 28, the Indian facilities from March 22 until May 3 (some divisions have not yet re-opened), the Italian F.I.L.A. S.p.A. facilities from March 23 to April 10 and that of Industria Maimeri from March 16 to April 30, the Dominican Republic facilities from March 23 to April 3 and those in Mexico from April 6 to April 17. At the date of this report, the Group's plants are operational, in accordance with the regulations for each country, although not at fully capacity in order to protect worker safety. Customer deliveries are considered essential, and as such have continued uninterrupted (although limited) from open businesses.

Each subsidiary has activated all the shock absorbers that can be used to deal with the decline in business. The impact on the business has been a decrease in sales on the Chinese market in February and part of March, while the decrease in sales in the rest of the world has had a gradual impact only from the second half of March, with the exception of customers selling online and Large-Scale Retail and Organized Distribution.

It is highlighted that Group revenue in April, May and June does not correspond, especially for "school products", to the sell-out by our customers to end consumers, but in particular to the supply of the distribution chain ahead of sales for the reopening of schools. Based on current forecasts for the end of the emergency, the impacts on business could be partially offset by a recovery in the months leading up to the reopening of schools.

With regard to potential financial stress scenarios, management has monitored and continues to monitor both the Group's current and future liquidity. In April, the first significant impacts on collection activities directly related to the worldwide spread of the Coronavirus became apparent. The Group is therefore implementing a strict customer selection policy to limit future financial difficulties. At that date, the available liquidity appears adequate to cover current and future operating needs. The medium/long-term debt of a nominal Euro 452.5 million is based on a bullet repayment plan (Euro 50.9 million in 2023 and Euro 253.8 million in 2024), with that subject to interest settled through increasing instalments until maturity in 2023; the 2020 instalment amounts to Euro 19.4 million. As at the reporting date, the Group has developed a sensitivity analysis of the potential economic and financial impacts of the current crisis and has drafted a series of actions to limit these impacts.

Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2020 are reported below:

<i>Euro thousands</i>	March 31, 2020	% revenue	March 31, 2019	% revenue	Change 2020 - 2019		Normalizations for Non-Recurring expenses	
Revenue	145,769	100%	143,811	100%	1,958	1.4%	(51)	
Gross operating profit ⁽¹⁾	14,873	10.2%	18,490	12.9%	(3,617)	-19.6%	3,518	
Operating profit	3,673	2.5%	8,295	5.8%	(4,622)	-55.7%	814	
Net financial expense	(8,561)	-5.9%	(5,892)	-4.1%	(2,669)	-45.3%	(1,473)	
Total taxes	(1,050)	-0.7%	(1,284)	-0.9%	234	18.2%	227	
F.I.L.A. Group Profit attributable to the owners of the Parent	(6,053)	-4.2%	493	0.3%	(6,546)	1327.9%	(384)	
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	(0.12)	0.01					
	<i>diluted</i>	(0.12)	0.01					

<i>NORMALISED Net of IFRS16 - Euro thousands</i>	March 31, 2020	% revenue	March 31, 2019	% revenue	Change 2020 - 2019		of which: Fila ARCHES	
Revenue	145,820	100.0%	143,811	100.0%	2,009	1.4%	775	
Gross operating profit ⁽¹⁾	16,799	11.5%	18,418	12.8%	(1,619)	-8.7%	334	
Operating profit	8,303	5.7%	10,944	7.6%	(2,641)	-24.1%	255	
Net financial expense	(6,888)	-4.7%	(4,394)	-3.1%	(2,494)	-56.8%	(3)	
Total taxes	(1,492)	-1.0%	(2,333)	-1.6%	841	36.0%	(48)	
F.I.L.A. Group Net Profits attributable to the owners of the Parent	(240)	-0.2%	3,591	2.5%	(3,831)	-106.7%	145	
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	(0.01)	0.08					
	<i>diluted</i>	(0.01)	0.07					

<i>Euro thousands</i>	March 31, 2020	March 31, 2019	Change 2020 - 2019		of which: IFRS 16 effects	of which: Fila ARCHES
Cash flows from operating activities	(29,460)	(20,566)	(8,894)			
Investments	(3,661)	(3,704)	43			
% revenue	2.5%	2.6%				
<i>Net capital employed</i>						
Net capital employed	921,456	855,501	65,955		(4,154)	42,256
Net Financial debt ⁽⁴⁾	(584,592)	(498,150)	(86,442)		3,618	(20,831)
Equity	(336,864)	(357,351)	20,487		536	(21,425)

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

⁽²⁾ Indicator of the net financial position, calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets and loans provided to third parties classified as non-current assets. The net financial 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, 2020 amount to Euro 3,506 thousand, of which Euro 975 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 "Financial Overview" of the Report below.

2020 Adjustments:

- ▶ The adjustment of “Revenues” principally refers to returns on revenue following the Covid-19 pandemic;
- ▶ The adjustment on the Q1 2020 EBITDA relates to non-recurring operating costs of approx. Euro 5.4 million, mainly for the acquisition of the ARCHES® business unit, the outlay for the medium-long-term incentive plan, the costs incurred in tackling the COVID-19 pandemic, and Group reorganisation costs.
- ▶ The overall adjustment of the EBIT was Euro 5.4 million, resulting from the aforementioned effects on the EBITDA;
- ▶ The adjustment of Net Financial Expense refers to costs incurred by the Parent Company F.I.L.A. S.p.A. for new financing arrangements undertaken for the acquisition of the aforementioned business unit;
- ▶ The adjustment of the Q1 2020 Group Result concerns the aforementioned adjustments, net of the tax effect.

2019 Adjustments:

- ▶ The EBITDA adjustment in Q1 2019 amounted overall to Euro 2.8 million, principally regarding the Group reorganisation and charges for the roll out and development of the new ERP.
- ▶ The overall adjustment of the EBIT was Euro 2.8 million, resulting from the aforementioned effects on the EBITDA;
- ▶ The adjustment of the Q1 2019 Group Result concerns the aforementioned adjustments, net of the tax effect.

The alternative performance measures used are illustrated below:

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

The table below presents a reconciliation of the profit for the period with the gross operating profit:

<i>Euro thousands</i>	March 31, 2020	March 31, 2019
Profit attributable to non-controlling interests	115	626
Profit/(loss) attributable to the owners of the parent	(6,053)	493
Profit for the year	(5,938)	1,119
Income taxes	1,050	1,284
<i>Current taxes</i>	<i>1,398</i>	<i>1,825</i>
<i>Deferred taxes</i>	<i>(348)</i>	<i>(541)</i>
Amortisation, depreciation and impairment losses	11,200	10,195
Financial items	8,561	5,892
<i>Financial income</i>	<i>(1,490)</i>	<i>(3,149)</i>
<i>Financial expenses</i>	<i>10,094</i>	<i>9,070</i>
<i>Share of losses of equity-accounted investees</i>	<i>(43)</i>	<i>(30)</i>
Gross operating profit net of the IFRS 16 effects	14,873	18,490

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

The following is a reconciliation between gross operating profit or EBITDA and adjusted gross operating profit or EBITDA and net of the IFRS 16 effects:

<i>Euro thousands</i>	March 31, 2020	March 31, 2019
Gross operating profit	14,873	18,490
Non-recurring expense	5,444	2,847
IFRS 16 effect	(3,518)	(2,919)
Adjusted gross operating profit	16,799	18,418

Operating profit or EBIT: this is calculated as profit for the period, excluding the following components:

(i) income taxes for the period, (ii) financial income and expense and (iii) profit from discontinued operations:

<i>Euro thousands</i>	March 31, 2020	March 31, 2019
Operating Result	3,673	8,295
Non-recurring expense	5,444	2,847
IFRS 16 effect	(814)	(198)
Adjusted Operating Result net of the IFRS 16 effects	8,303	10,944

The Group defines adjusted operating profit or EBIT and net of the IFRS 16 effects as operating profit or EBIT gross of: (i) non-recurring charges and (ii) the application of IFRS 16.

F.I.L.A. Group net result: result for the period, adjusted for non-controlling interest items:

<i>Euro thousands</i>	March 31, 2020	March 31, 2019
Profit/(loss) attributable to the owners of the parent	(6,053)	493
Non-recurring expense	5,429	2,188
IFRS 16 effect	384	910
Adjusted Profit/(loss) attributable to the owners of the parent net of the IFRS 16 effects	(240)	3,591

The Group defines the Adjusted Net Result and Net of IFRS effects as the Group Net Result, gross of: (i) non-recurring charges, (ii) application of IFRS 16.

Net Financial Position (or Net Financial Debt): this is a valid measure of the F.I.L.A. Group's financial structure. It is calculated as the aggregate of the current and non-current financial debt net of cash and cash equivalents and of current and non-current financial assets relating to derivative instruments. The net financial position as per CONSOB Communication DEM/6064293 of July 28, 2006 excludes non-current financial assets. Non-current financial assets amount to Euro 975 thousand at March 31, 2020 and to Euro 1,070 thousand at December 31, 2019. Accordingly, the F.I.L.A. Group financial indicator at March 31, 2020 and December 31, 2019 differs by those amounts from net financial position as defined in the above-mentioned Consob communication.

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

The F.I.L.A. Group Key Financial Highlights for Q1 2020 are reported below.

Adjusted Net Result net of IFRS 16 effects

The F.I.L.A. Group Q1 2020 results report a decreased EBITDA of 8.7% on the previous year.

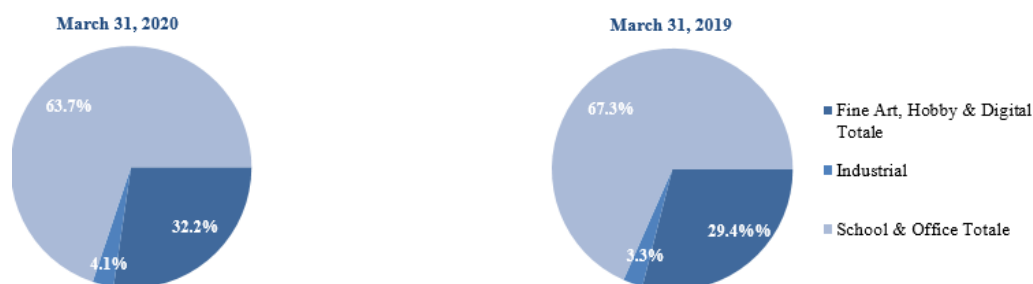
	March 31, 2020	% revenue	March 31, 2019	% revenue	Change 2020 - 2019	
<i>NORMALISED Net of IFRS16 - Euro thousands</i>						
Revenue	145,820	100%	143,811	100%	2,009	1.4%
Income	3,132		1,666		1,466	88.0%
Total revenue	148,952		145,477		3,475	2.0%
Total operating expense	(132,153)	-90.6%	(127,059)	-88.4%	(5,094)	-4%
Gross operating profit	16,799	11.5%	18,418	12.8%	(1,619)	-8.7%
Amortisation, depreciation and impairment losses	(8,496)	-5.8%	(7,474)	-5.2%	(1,022)	-13.7%
Operating profit	8,303	5.7%	10,944	7.6%	(2,641)	-24.1%
Net financial expense	(6,888)	-4.7%	(4,394)	-3.1%	(2,494)	-56.8%
Pre-tax profit	1,415	1.0%	6,550	4.6%	(5,135)	-78.4%
Total income taxes	(1,492)	-1.0%	(2,333)	-1.6%	841	36.0%
Net Profit for the year	(77)	-0.1%	4,217	2.9%	(4,294)	-101.8%
Non-controlling interest	163	0.1%	626	0.4%	(463)	-74.0%
F.I.L.A. Group Profit attributable to the owners of the Parent	(240)	-0.2%	3,591	2.5%	(3,831)	-106.7%

The principal changes compared to Q1 2019 are illustrated below.

“Revenue from Sales and Services” of Euro 145,820 thousand increased by Euro 2,009 thousand on Q1 2019 (+1.4%). Net of the positive currency effect of Euro 799 thousand (principally concerning the US Dollar) and the negative M&A effect of Euro 1,337 thousand (concerning for Euro 775 thousand the acquisition in March 2020 of the new Arches business and for Euro 2,112 thousand the effect from the sale of the “Superior” brand business unit in October 2019), organic growth was Euro 2,547 thousand (+1.8%).

At geographic area level, this organic growth was seen in North America (+Euro 6,712 thousand, +11.2%), while the other geographic areas reported a revenue contraction: in Europe of Euro 1,690 thousand (-3.5%), in Asia of Euro 1,329 thousand (-6.4%) and in Central-South America Euro 1,146 thousand (-9.3%).

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 income of Euro 3,132 thousand increased by Euro 1,466 thousand, mainly due to higher exchange gains on commercial transactions.

“Operating costs” in Q1 2020 of Euro 132,153 thousand show an increase of Euro 5,094 thousand compared to Q1 2019. This is due to the growth in revenue and to the negative exchange rate effect (principally the US Dollar), to the partial production and sales inefficiencies resulting from COVID-19 effects, to higher personnel costs in India and the USA, and to increased negative currency market movements (Russia, Brazil and Chile).

“EBITDA” amounted to Euro 16,799 thousand, down Euro 1,619 thousand on the same period of the previous year (-8.7%).

Amortisation, depreciation and impairment losses rose by Euro 1,022 thousand, principally due to higher amortisation and depreciation resulting from investments and the increase from accruals to cover the greater doubtful debt risk as a result of Covid-19.

“Net Financial Expense” increased by Euro 2,494 thousand, mainly due to greater negative currency effects on financial transactions.

Adjusted income taxes totalled Euro 1,492 thousand.

Net of the profit attributable to non-controlling interests, the F.I.L.A. Group adjusted result in Q1 2020 was a loss of Euro 240 thousand, compared to a profit of Euro 3,591 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, 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 "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.

The key highlights for Q1 2020 and 2019 are reported below.

	2019				2020
	First 3 mth. 2019	First 6 mth. 2019	First 9 mth. 2019	FY 2019	First 3 mth. 2020
<i>Euro thousands</i>					
Revenue	143,811	350,703	535,858	682,686	145,769
<i>Full year portion</i>	21.07%	51.37%	78.49%	100,00%	100,00%
Gross operating profit	18,490	59,938	90,244	105,923	14,873
<i>% revenue from sales and services</i>	12.86%	17.09%	16.84%	15.50%	10.20%
<i>Full year portion</i>	17.47%	56.64%	85.28%	100,00%	
Adjusted gross operating profit	18,418	58,226	88,156	110,834	16,799
<i>% revenue from sales and services</i>	12.81%	16.60%	16.45%	16.10%	11.52%
<i>Full year portion</i>	16.65%	52.63%	79.68%	100,00%	
Net Financial Debt	(578,278)	(602,365)	(583,771)	(498,150)	(584,592)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at March 31, 2020 are as follows.

<i>Euro thousands</i>	March 31, 2020	December 31, 2019	Change 2020 - 2019
Intangible assets	473,194	430,609	42,585
Property, plant & equipment	181,606	186,013	(4,407)
Financial assets	3,519	3,690	(171)
Net non-current assets	658,319	620,313	38,006
Other Assets/Non-Current Liabilities	17,793	18,347	(554)
Inventories	276,665	258,409	18,256
Trade receivables and other assets	153,139	141,339	11,800
Trade payables and other liabilities	(105,958)	(108,670)	2,712
Other current assets and liabilities	3,783	3,800	(17)
Net working capital	327,629	294,880	32,749
Provisions	(82,285)	(78,039)	(4,246)
Net invested capital	921,456	855,501	65,955
Equity	(336,864)	(357,351)	20,487
Net financial debt	(584,592)	(498,150)	(86,422)
Net funding sources	(921,456)	(855,501)	(65,955)

The F.I.L.A. Group's "Net invested capital" of Euro 921,456 thousand at March 31, 2020 was composed of Net Fixed Assets of Euro 658,319 thousand (up by Euro 38,006 thousand on December 31, 2019), "Net Working Capital" of Euro 327,629 thousand (up by Euro 32,749 thousand on December 31, 2019) and "Other non-current assets/liabilities" of Euro 17,793 thousand (up by Euro 554 thousand on December 31, 2019), net of "Provisions" of Euro 82,285 thousand (Euro 78,039 thousand at December 31, 2019).




"Intangible Assets" increased Euro 42,585 thousand compared to December 31, 2019, due mainly to M&A effects, which contributed to an increase in "Concessions, Licenses, Trademarks and Similar Rights" for Euro 12,045 thousand, in "Other Intangible Assets" for Euro 10,226 thousand, in addition to "Goodwill" of Euro 21,273 thousand, partially offset by amortisation and depreciation during the period, mainly recorded by F.I.L.A. S.p.A. following progress on the SAP project.

"Property, plant and equipment" decreased Euro 4,407 thousand on December 31, 2019. This decrease is mainly due to amortisation and depreciation for Euro 6,901 thousand, and is partially offset by investments and the M&A effect.




Net investments in the period amounted to Euro 3,071 thousand and were principally undertaken by DOMS Industries Pvt Ltd (India) and Dixon Ticonderoga Company (U.S.A.) to extend and develop local production and logistical sites. The movement also includes greater Fixed Assets related to M&A's for Euro 3,190 thousand.

The decrease in “Financial assets” compared to December 31, 2019 was Euro 171 thousand and mainly concerned financial receivables.

The increase in “Net Working Capital” of Euro 32,749 thousand relates to the following:

-  “Inventories” - increasing by Euro 18,256 thousand, mainly due to the net increase in stock at the F.I.L.A. Group for approx. Euro 15,022 thousand, and chiefly deriving from business seasonality, which resulted in higher stock ahead of the schools campaign, as well as M&A effects for Euro 3,234 thousand. The increase especially involved North America, France and Mexico;
-  “Trade Receivables and Other Receivables” - up Euro 11,800 thousand, mainly due to the seasonality of the F.I.L.A. Group’s business and the consequences of the Covid-19 pandemic, which were particularly prevalent in North America and Italy;
-  “Trade and Other Payables” - decreasing Euro 2,712 thousand, mainly due to payment of tax payables amplified by positive currency exchange effects for approx. Euro 4,571 thousand.

The increase in “Provisions” on December 31, 2019 of Euro 4,246 thousand principally concerns the:

-  Increase in “Deferred tax liabilities” of Euro 7,300 thousand, principally due to the tax effect concerning “Intangible Assets”, recognised during the PPA relating to the M&A transaction;
-  Decrease in “Provisions for Risks and Charges” of Euro 1,028 thousand, mainly due to the use of restructuring provisions and other provisions;
-  Reduction in “Employee benefits” of Euro 2,026 thousand, mainly due to the actuarial gains recorded by the company Daler Rowney Ltd (United Kingdom).

The Equity attributable to owners of the companies of the F.I.L.A. Group, amounting to Euro 336,864 thousand, decreased on December 31, 2019 by Euro 20,488 thousand. Further to the net loss of Euro 5,938 thousand (of which Euro 115 thousand concerning non-controlling interests), the residual movement mainly concerned the decrease in the currency reserve of Euro 8,313 thousand and the negative movement in the IRS fair value hedge for Euro 8,966 thousand. This was partially mitigated by an increase in the “Actuarial/Gains Losses” reserve of Euro 1,919 thousand.

The F.I.L.A. Group “Net Financial Position” at March 31, 2020 was a net debt of Euro 584,592 thousand, increasing Euro 86,442 thousand on December 31, 2019. For greater details, reference should be made to the “Financial Overview” paragraph.

Financial overview

The overview of the Q1 2020 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, 2020 reports a debt of Euro 584,592 thousand.

<i>Euro thousands</i>	March 31, 2020	December 31, 2019	Change 2020 - 2019
A Cash	224	135	89
B Other cash equivalents	124,476	100,057	(24,419)
C Securities held for trading	-	-	-
D Liquidity (A + B + C)	124,700	100,192	24,508
E Current loan assets	1,322	169	1,153
F Current bank loans and borrowings	(144,335)	(79,511)	(64,824)
G Current portion of non-current debt	(11,788)	(15,008)	3,220
H Other current loans and borrowings	(8,939)	(8,187)	(752)
I Current financial debt (F + G + H)	(165,062)	(102,706)	(62,356)
J Net current financial debt (I + E+ D)	(39,040)	(2,355)	(36,685)
K Non-current bank loans and borrowings	(446,150)	(402,546)	(43,604)
L Bonds issued	-	-	-
M Other non-current loans and borrowings	(100,377)	(94,328)	(6,049)
N Non-current financial debt (K + L + M)	(546,527)	(496,874)	(49,653)
O Net financial debt (J+N)	(585,567)	(499,219)	(86,348)
P Loans issued to third parties	975	1,070	(95)
Q Net financial debt (O + P) - F.I.L.A. Group	(584,592)	(498,150)	(86,442)

Compared to December 31, 2019 (debt of Euro 498,150 thousand), the net financial debt at March 31, 2020 increased Euro 86,442 thousand, as outlined below in the Statement of Cash Flows.

<i>Euro thousands</i>	March 31, 2020	March 31, 2019
Operating profit	2,859	8,097
Adjustments for non-cash items	8,587	7,115
Income taxes	(1,322)	(1,337)
Cash Flows from Operating Activities Before Changes in NWC	10,124	13,875
Change in NWC	(41,686)	(39,708)
Change in Inventories	(18,752)	(24,672)
Change in Trade receivables and Other Assets	(22,608)	(18,712)
Change in Trade payables and Other Liabilities	943	4,301
Change in Other Current Assets/Liabilities	(1,269)	(625)
Net cash Flows from Operating Activities	(31,562)	(25,834)
Investments in Property, Plant and Equipment and Intangible assets	(3,661)	(3,704)
Equity Investments	81	20
Net cash Flows used in Investing Activities	(3,580)	(3,684)
Change in Equity	-	21
Interest Expense	(5,717)	(6,133)
Net cash Flows from (used in) Financing Activities	(5,717)	(6,111)
Other changes	1,429	(921)
Net cash flow from IFRS16	2,045	1,421
Total Net Cash Flows	(37,385)	(35,129)
Effect of exchange losses	3,374	(4,112)
Mark to mark hedging adj	(9,211)	(4,452)
NFD change due to IFRS16	380	(81,813)
NFD from M&A Transactions (Change in Consolidation Scope)	(43,600)	-
Change in Net Financial Debt	(86,442)	125,507

The net cash flow absorbed in Q1 2020 from “Operating Activities” of Euro 31,562 thousand (absorption of operating cash in Q1 2019 of Euro 25,834 thousand) concerns:

- ▣ Generation of Euro 10,124 thousand (Euro 13,875 thousand in Q1 2019) from “EBIT”, based on the difference of the “Value” and the “Costs of Cash Generation” and the remaining ordinary income components, excluding financial management;
- ▣ Outflows of Euro 41,686 thousand (Euro 39,708 thousand in Q1 2019) attributable to “working capital movements”, primarily related to the increases in “Inventories” and “Trade Receivables and Other Receivables”, partially offset by the decrease in “Trade Payables and Other Payables”.

“Investing activities” absorbed liquidity of Euro 3,580 thousand (Euro 3,684 thousand in Q1 2019), mainly due to the use of cash for Euro 3,661 thousand (Euro 3,704 thousand in Q1 2019) for tangible and intangible asset investment, particularly regarding DOMS Industries Pvt Ltd (India) and Dixon Ticonderoga Company (U.S.A.).

Cash flow from “Financing Activities” absorbed liquidity of Euro 5,717 thousand (Euro 6,111 thousand at March 31, 2019), mainly due to interest paid on loans and credit lines granted to Group companies

Excluding the currency effect from the translation of the net financial positions in currencies other than the Euro (positive Euro 3,374 thousand), the adjustment to Mark-to-Market hedges of a negative Euro 9,211 thousand and the movement in the net debt due to the application of IFRS 16, equal to a positive Euro 2,425 thousand, and the negative movement generated by corporate transactions of Euro 43,600 thousand, due to the acquisition of the new business unit, the change in the Group's net financial position is therefore a negative Euro 86,442 thousand (debt of Euro 125,507 thousand at March 31, 2019).

Changes in net cash and cash equivalents are detailed below.

<i>Euro thousands</i>	March 31, 2020	December 31, 2019
Opening Cash and Cash Equivalents	85,579	146,831
Cash and cash equivalents	100,191	157,602
Current account overdrafts	(14,612)	(10,771)
Closing Cash and Cash Equivalents	91,438	85,579
Cash and cash equivalents	124,700	100,191
Current account overdrafts	(33,262)	(14,612)

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.

Geographical segments – Statement of financial position

The key statement of financial position figures for the F.I.L.A. Group by geographic area, at March 31, 2020 and December 31, 2019, are reported below:

March 31, 2020	Europe	North America	Central & South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	145,970	241,448	1,190	23,677	-	60,909	473,194
Property, plant & equipment	68,615	49,777	21,492	41,531	191	-	181,606
Total non-current assets	214,585	291,225	22,682	65,208	191	60,909	654,800
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	95,812	118,441	33,102	29,662	2,361	(2,713)	276,665
Trade receivables and Other assets	92,849	49,086	47,654	15,753	985	(53,188)	153,139
Trade payables and other liabilities	(79,891)	(40,664)	(16,521)	(17,758)	(3,512)	52,388	(105,958)
Other Current Assets and Liabilities	1,511	2,298	241	(267)	-	-	3,783
Net Working Capital	110,281	129,161	64,476	27,390	(166)	(3,513)	327,629
<i>of which Intercompany</i>	<i>(10,064)</i>	<i>4,927</i>	<i>27</i>	<i>(1,447)</i>	<i>3,046</i>		
Net Financial Debt	(249,027)	(281,847)	(41,599)	(10,313)	(1,897)	91	(584,592)
<i>of which Intercompany</i>	<i>91</i>						
December 31, 2019	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	106,092	236,959	1,517	24,904	-	61,137	430,609
Property, plant & equipment	67,576	49,328	26,028	42,839	242	-	186,013
Total non-current assets	173,668	286,287	27,545	67,743	242	61,137	616,622
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	88,746	104,253	36,068	29,814	2,548	(3,020)	258,409
Trade Receivables and other assets	74,994	40,992	55,098	15,420	1,463	(46,628)	141,339
Trade payables and other liabilities	(71,699)	(34,421)	(22,923)	(21,434)	(3,179)	44,986	(108,670)
Other Current Assets and Liabilities	1,465	2,700	153	(518)	-	-	3,800
Net Working Capital	93,506	113,524	68,396	23,282	832	(4,662)	294,878
<i>of which Intercompany</i>	<i>(10,153)</i>	<i>1,906</i>	<i>3,169</i>	<i>(2,340)</i>	<i>2,756</i>		
Net Financial Debt	(189,531)	(256,843)	(42,913)	(7,599)	(2,185)	921	(498,150)
<i>of which Intercompany</i>	<i>921</i>						

Business Segments – Income Statement

The income statement for the F.I.L.A. Group by region for Q1 2020 and Q1 2019 is reported below:

March 31, 2020	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	67,229	71,515	18,560	27,132	738	(39,405)	145,769
<i>of which Intercompany</i>	<i>(20,325)</i>	<i>(2,903)</i>	<i>(9,141)</i>	<i>(7,036)</i>			
Gross operating profit (loss)	2,739	8,096	1,004	3,414	(494)	114	14,873
Operating profit (loss)	(1,945)	4,638	79	1,299	(516)	118	3,673
Net financial income (expense)	(7,287)	(1,839)	(2,447)	(249)	(221)	3,482	(8,561)
<i>of which Intercompany</i>	<i>3,465</i>	<i>2</i>	<i>(7)</i>	<i>4</i>	<i>19</i>		
Profit (loss) for the year	(9,566)	2,297	(2,301)	797	(737)	3,572	(5,938)
Non-controlling interests	(56)	66	-	106	(1)	-	115
Profit attributable to the owners of the Parent	(9,509)	2,231	(2,301)	691	(736)	3,572	(6,053)
March 31, 2019							
<i>Euro thousands</i>							
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>			
Gross operating profit (loss)	4,247	7,052	250	3,677	(45)	3,309	18,490
Operating profit (loss)	1,081	4,649	(194)	2,326	(63)	496	8,295
Net financial income (expense)	(3,095)	(1,845)	(986)	(60)	138	(43)	(5,892)
<i>of which Intercompany</i>	<i>(43)</i>						
Profit (loss) for the year	(1,709)	2,207	(1,225)	1,620	75	150	1,119
Non-controlling interests	203	-	-	423			626
Profit attributable to the owners of the Parent	(1,912)	2,207	(1,225)	1,197	75	150	493

Business Segments – Other Information

The “other information”, concerning tangible and intangible fixed asset investments of Group companies by region for March 31, 2020 and March 31, 2019 is reported below:

March 31, 2020	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	579	-	-	11	-	590
Property, plant and equipment	309	1,055	330	1,368	10	3,071
Right-of-use assets	1,261	368	246	28	-	1,902
Net investments	2,149	1,423	576	1,407	10	5,563
March 31, 2019						
<i>Euro thousands</i>						
Intangible assets	1,170	39	-	-	-	1,209
Property, plant and equipment	597	417	120	1,359	3	2,495
Right-of-use assets	18,193	31,247	18,862	13,470	150	81,922
Net investments	19,960	31,703	18,982	14,829	153	85,626

Subsequent events

As regards the lockdown following the Coronavirus pandemic, at the date of this report, the Group's plant are operational, in accordance with the regulations for each country, though not at full capacity in order to protect worker safety.

Outlook

The 2020 outlook will be affected by the instability resulting from the outbreak of the Coronavirus, which was disclosed in the “Subsequent events” section. The F.I.L.A. Group continues to monitor the developing situation in order to minimise its social and workplace health and safety impacts, in addition to the operating, equity and financial situation, by drawing up and rolling out flexible and timely action plans.

Treasury shares

At March 31, 2020, the Company did not hold any treasury shares.

II - Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2020

Consolidated Financial Statements

Consolidated Statement of Financial Position

<i>Euro thousands</i>	March 31, 2020	December 31, 2019
Assets	1,244,331	1,150,979
Non-current assets	677,129	639,774
Intangible assets	473,194	430,609
Property, plant and equipment	181,606	186,013
Non-current financial assets	3,506	3,783
Equity-accounted investments	957	947
Other equity investments	31	31
Deferred tax assets	17,728	18,391
Current assets	567,202	511,205
Current financial assets	1,322	169
Current tax assets	11,376	11,097
Inventories	276,665	258,409
Trade receivables and other assets	153,139	141,339
Cash and cash equivalents	124,700	100,191
Liabilities and equity	1,244,331	1,150,979
Equity	336,864	357,351
Share capital	46,877	46,877
Reserves	(29,059)	(15,312)
Retained earnings	299,407	275,606
Profit for the period	(6,052)	24,000
Equity attributable to the owners of the parent	311,512	331,171
Equity attributable to non-controlling interests	25,692	26,180
Non-current liabilities	627,586	572,817
Non-current financial liabilities	523,745	483,303
Financial instruments	22,782	13,571
Employee benefits	9,775	11,800
Provisions for risks and charges	780	937
Deferred tax liabilities	70,462	63,162
Other liabilities	42	44
Current liabilities	279,881	220,811
Current financial liabilities	165,062	102,706
Current provisions for risks and charges	1,268	2,139
Current tax liabilities	7,593	7,296
Trade payables and other liabilities	105,958	108,670

Consolidated Income Statement

	March 31, 2020	March 31, 2019
<i>Euro thousands</i>		
Revenue	145,769	143,811
Income	3,132	1,666
Total revenue	148,901	145,477
Raw materials, consumables, supplies and goods	(84,750)	(85,611)
Services and use of third party assets	(30,135)	(29,905)
Other costs	(3,753)	(1,915)
Change in raw materials, semi-finished products, work in progress and finished goods	19,879	25,310
Personnel expense	(35,269)	(34,866)
Amortisation and depreciation	(10,649)	(9,815)
Net impairment losses on trade receivables and other assets	(551)	(337)
Other net impairment losses	-	(43)
Total operating costs	(145,227)	(137,182)
Operating profit	3,673	8,295
Financial income	1,490	3,149
Financial expense	(10,094)	(9,071)
Share of profit of equity-accounted investments	43	30
Net financial expense	(8,561)	(5,892)
Pre-tax profit	(4,888)	2,403
Income taxes	(1,398)	(1,825)
Deferred taxes	348	541
Total taxes	(1,050)	(1,284)
Profit from continuing operations	(5,938)	1,119
Profit for the year	(5,938)	1,119
<i>Attributable to:</i>		
Non-controlling interests	115	626
Owners of the parent	(6,053)	493
Other comprehensive income (expense) which may be reclassified subsequently to profit or loss	(17,279)	4,001
Exchange losses	(8,313)	8,387
Hedging reserves	(8,966)	(4,386)
Other comprehensive income which may not be reclassified subsequently to profit or loss	1,919	(207)
Actuarial gain	2,442	(253)
Taxes	(523)	46
Other comprehensive income (expense), net of tax effect	(15,360)	3,794
Comprehensive expense	(21,297)	4,913
<i>Attributable to:</i>		
Non-controlling interests	(832)	1,223
Owners of the parent	(20,465)	3,690
Earnings per share:		
	<i>basic</i>	<i>0.01</i>
	<i>diluted</i>	<i>0.01</i>

Statement of Changes in Equity

Note 12.A Statement of Changes in Equity

	Share capital	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, 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
Profit for the year								24,000	24,000		2,105	2,105	26,105
Other comprehensive income (expense)				(961)	(8,402)	6,467			(2,896)	(241)		(241)	(3,137)
Other changes	77		1,839	-	(1,498)	-			418	(538)		(583)	(165)
Profit for the year recognised directly in equity	77	-	1,839	(961)	(9,900)	6,467	-	24,000	21,522	(824)	2,105	1,281	22,803
Allocation of the 2018 profit		331			(331)		8,747	(8,747)	-	1,714	(1,714)	-	-
Dividends							(4,070)		(4,070)	(191)		(191)	(4,261)
December 31, 2019	46,876	7,765	153,608	(4,214)	(34,423)	(16,057)	153,616	24,000	331,717	(24,075)	2,105	26,180	357,351
Profit for the year								(6,053)	(6,053)		115	115	(5,938)
Other comprehensive income (expense)				1,919	(8,966)	(7,366)			(14,413)	(947)		(947)	(15,360)
Other changes				-	467				467	343		343	(810)
Profit for the year recognised directly in equity				1,919	(8,499)	(7,366)	-	(6,053)	(19,999)	(604)	115	(489)	(20,488)
Allocation of the 2018 profit							24,000	(24,000)		2,105	(2,105)		
Dividends													
March 31, 2020	46,876	7,765	153,608	(2,295)	(42,922)	(23,423)	177,616	(6,053)	311,172	25,576	115	25,692	336,864

Consolidated Statement of Cash Flows

<i>Euro thousands</i>	March 31, 2020	March 31, 2019
Operating profit	(5,938)	1,119
Non-monetary and other adjustments:	21,671	17,210
Amortisation and depreciation	7,946	7,094
Depreciation of right-of-use assets	2,704	2,721
Net impairment losses on intangible assets and property, plant and equipment	-	43
Impairment gains/losses on trade receivables and write-downs of inventories	(301)	(45)
Accruals for post-employment and other employees benefits	953	873
Accruals to/reversals of the provision for risks and charges	-	(823)
Exchange losses on foreign currency trade receivables and payables	770	198
Net gains on the sale of intangible assets and property, plant and equipment	(11)	(28)
Net financial expense	8,604	5,922
Net gains on equity investments	(43)	(30)
Taxes	1,050	1,284
Addition for:	(3,508)	813
Income taxes paid	(1,322)	(1,337)
Net unrealised exchange gains/losses on foreign currency assets and liabilities	(2,167)	2,311
Net realised exchange gains/losses on foreign currency assets and liabilities	(20)	(160)
Cash flows from operating activities before changes in net working capital	12,226	16,421
Changes in net working capital:	(41,686)	(39,708)
Change in inventories	(18,752)	(24,931)
Change in trade receivables and other assets	(22,608)	(18,712)
Change in trade payables and other liabilities	943	4,301
Change in other liabilities, net	(994)	(54)
Change in post-employment and other employee benefits	(275)	(570)
Net cash flows used in operating activities	(29,460)	(20,566)
Net increase in intangible assets	(590)	(1,209)
Net increase in property, plant and equipment	(3,071)	(2,495)
Net increase in equity investments measured at cost	(22,564)	-
Net increase/decrease in other financial assets	96	(185)
Interest collected	81	20
Net cash flows used in investing activities	(26,048)	(3,869)
Change in equity	-	21
Financial expense	(5,717)	(6,133)
Lease expense of rights-of-use assets	(1,473)	-
Net increase/decrease in loans and borrowings and other financial liabilities	89,822	(87,938)
Net increase/decrease in lease liabilities of rights-of-use assets	(2,168)	-
Net cash flows from (used in) financing activities	80,463	(95,547)
Exchange gains and Other non-monetary changes	1,939	(159)
Net cash flows for the year	26,894	(120,141)
Opening cash and cash equivalents net of current account overdrafts	85,580	146,831
Opening cash and cash equivalents net of current account overdrafts (change in consolidation scope)	(21,036)	-
Closing cash and cash equivalents net of current account overdrafts	91,438	26,690

- 1) Cash and cash equivalents at March 31, 2020 totalled Euro 124,700 thousand; current account overdrafts amounted to Euro 33,262 thousand net of relative interest.
- 2) Cash and cash equivalents at December 31, 2019 totalled Euro 100,191 thousand; current account overdrafts amounted to Euro 14,612 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 translation 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 31, 2020	December 31, 2019
Opening cash and cash equivalents	85,579	146,831
Cash and cash equivalents	100,191	157,602
Current account overdrafts	(14,612)	(10,771)
Closing cash and cash equivalents	91,438	85,579
Cash and cash equivalents	124,700	100,191
Current account overdrafts	(33,262)	(14,612)

Attachments

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

Company	Country	Segment IFRS 8 ¹	Year of acquisition	% Held directly (F.I.L.A. S.p.A.)	% Held indirectly	% Held F.I.L.A. Group	Held By	Recognition	Non controlling interests
Johann Froeseheis 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 Froeseheis 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 Froeseheis 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 Stationery O.O.O.	Russia	EU	2013	90,00%	0,00%	90,00%	FILA S.p.A.	Line-by-Line	10,00%
Industria Maineri S.p.A.	Italy	EU	2014	51,00%	0,00%	51,00%	FILA S.p.A.	Line-by-Line	49,00%
Fila Hellas Single Member S.A.	Greece	EU	2013	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-Line	0,00%
Fila Polska Sp. Z.o.o	Poland	EU	2015	51,00%	0,00%	51,00%	FILA S.p.A.	Line-by-Line	49,00%
Dixon Ticonderoga Company	U.S.A.	NA	2005	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-Line	0,00%
Dixon Canadian Holding Inc.	Canada	NA	2005	0,00%	100,00%	100,00%	Dixon Ticonderoga Company	Line-by-Line	0,00%
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico	CSA	2005	0,00%	100,00%	100,00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0,00%
F.I.L.A. Chile Ltda	Chile	CSA	2000	0,79%	99,21%	100,00%	Dixon Ticonderoga Company FILA S.p.A.	Line-by-Line	0,00%
FILA Argentina S.A.	Argentina	CSA	2000	0,00%	100,00%	100,00%	F.I.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-Line	0,00%
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	AS	2005	0,00%	100,00%	100,00%	Dixon Ticonderoga Company	Line-by-Line	0,00%
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0,00%	100,00%	100,00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0,00%
PT. Lyra Akrelux	Indonesia	AS	2008	0,00%	52,00%	52,00%	Johann Froeseheis 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 Daler Rowney Ltd Daler Board Company 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%
Lukas-Nerchau GmbH	Germany	EU	2016	0,00%	100,00%	100,00%	Daler Rowney GmbH	Line-by-Line	0,00%
Nerchauer Malfarben GmbH	Germany	EU	2016	0,00%	100,00%	100,00%	Daler Rowney GmbH	Line-by-Line	0,00%
Brideshore srl	Domenica 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%	F.I.L.A. Hispania S.L.	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	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 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%
Castle Hill Crafts	U.K.	EU	2018	0,00%	100,00%	100,00%	Dixon Ticonderoga Company	Line-by-Line	0,00%
Creativity International	U.K.	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%	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 Speciality Paper LLC	U.S.A.	NA	2019	0,00%	50,00%	50,00%	Dixon Ticonderoga Company	Line-by-Line	50,00%
Pioneer Stationery Pvt Ltd.	India	AS	2015	0,00%	51,00%	51,00%	DOMS Industries Pvt Ltd	Equity method	49,00%
Uniwite 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; CSA - Central South America; AS - Asia; RM - Rest of the world

2 - Although not holding more than 50% of the share capital, considered a subsidiary under IFRS10

Attachment 2 - Business combinations

Arches

On March 2, 2020, F.I.L.A.- Arches S.A.S., a French company wholly-owned by F.I.L.A., completed the purchase of the fine art business unit of the company specialised in fine art operating through the ARCHES® brand, until now managed by the Ahlstrom-Munksjö Group, finalizing the non-binding memorandum of understanding signed on October 30, 2019 between F.I.L.A. S.p.A. and Ahlstrom-Munksjö Oyj and its French subsidiary, Ahlstrom-Munksjö Arches.

At March 31, 2020, the acquisition contributed to the result only for the profit/loss for the period between March 2, 2020 and March 31, 2020.

The acquisition resulted in a total outlay of Euro 43,600 thousand, for Euro 43,032 thousand against the value of the business unit including the value from the PPA, equal to Euro 21,759 thousand, and Euro 568 thousand for post-employment benefits concerning the personnel transferred from Ahlstrom-Munksjö Arches.

The differential between the net financial outlay of Euro 43,032 thousand and the value of the business unit acquired at that date resulted in the recognition of Goodwill of Euro 21,273 thousand. The breakdown of the calculation of Goodwill considering the above-stated effects at the transaction date are reported in detail:

Financial outlay	43,032
Value asset deal acquired	7,103
PPA value	14,656
Difference between financial outlay and book value of asset deal acquired (Goodwill)	21,273

The value of the assets and liabilities resulting from the acquisition of the business unit at the acquisition date were:

Value of Asset Deal March 2, 2020	
Assets	51,216
Non-current assets	46,902
Intangible assets	43,544
<i>of which Goodwill</i>	<i>21,273</i>
Property, plant and equipment	3,190
Deferred tax assets	168
Current assets	4,314
Current financial assets	1,080
Inventories	3,234
Liabilities and equity	(8,184)
Equity	-
Non-current liabilities	(8,184)
Staff Leaving Indemnities and Other Personnel Benefits	(568)
Deferred tax liabilities	(7,616)
Current liabilities	-
Financial outlay	43,032

Atypical and/or unusual Transactions

In accordance with Consob Communication of July 28, 2006, during Q1 2020 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 CHAIRMAN
GIOVANNI GORNO TEMPINI

Declaration of the Executive Officer for Financial Reporting

Strathmore

canSON

ST CUTHBERTS MILL

PRINCETON ARCHES

LUKAS

DALER ROWNEY

MAIMERI

LYRA

GIOTTO

DAS

TRCITO

GIOTTO bc-bk

GIOTTO



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

May 15, 2020

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. 58 of February 24, 1998 that the accounting information contained in the present Interim Report at March 31, 2020 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 Lapis ed Affini Società per Azioni.

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