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Testo del comunicato

Vedi allegato.

PRESS RELEASE

F.I.L.A. S.p.A.'s Board of Directors approves 2020 separate financial statements and consolidated financial statements

Revenue of Euro 608.2 million (-9.1% at like-for-like exchange rates)
Fine Art, Hobby & Digital +18.1%, in particular in North America and Europe picking up in Q3 and Q4
School & Office -19.9%, mainly due to continued lockdown in India and Mexico

Adjusted EBITDA of Euro 95.4 million (-14.1% at like-for-like exchange rates)
Fine Art, Hobby & Digital growth and fixed costs containment supports margin in 2020, mitigating COVID-19-related impacts

Improved Net Bank Debt over last 12 months for Euro 57.2 million, excluding outlay for acquisition of ARCHES®
positive currency effect of Euro 21.1 million

- ***Adjusted revenue in 2020 of Euro 608.2 million, -11.5% on the previous year (Euro 687.4 million in 2019), -9.1% at like-for-like exchange rates. Fine Art organic growth of 18.1%, significantly picking up in Q3 and Q4, mainly on the North American and European markets, although more than offset by the School & Office segment drop (-19.9%), principally stemming from India and Mexico due to the COVID-19 outbreak and the consequent lockdown and despite the gradual recovery in Europe and North America in Q3 and Q4;***
- ***Adjusted 2020 EBITDA (net of IFRS 16 effects) of Euro 95.4 million, -14.0% (-14.1% at like-for-like exchange rates) on the previous year (Euro 110.8 million), due to impacts from COVID-19 and consequent lockdown on Indian and Mexican volumes. The key actions taken by management to contain fixed costs and the significant contribution from higher-margin products (Fine Art) and geographical areas (Europe and North America) supported the margin in 2020, mitigating the impacts from COVID-19 - profitability only slightly decreased to 15.7% (from 16.1% in the previous year);***

- ***Adjusted Group net profit, excluding IFRS 16 effects, of Euro 23.1 million, compared to Euro 43.1 million in the previous year, mainly due to contraction in EBITDA and higher financial expense deriving from exchange losses;***

- ***Net Bank Debt decreases Euro 7.5 million (Euro 396.1 million at December 31, 2020 compared to Euro 403.6 million at December 31, 2019), despite outlay for acquisition of ARCHES® of Euro 43.6 million and related consultancy commissions and other expenses of Euro 6.1 million. Therefore the Net Bank Debt has decreased Euro 57.2 million over the last 12 months, including a positive currency effect of approx. Euro 21.1 million.***

- ***Free Cash Flow to Equity of Euro 29.8 million, in line with the best expectations, impacted by EBITDA contraction, consultancy and expenses for the acquisition of Arches and increased inventory, mainly in North America and Mexico;***

- ***Net Financial Position at December 31, 2020 of Euro 493.5 million (including IFRS 16 effect of Euro 84.9 million and negative Mark to Market Interest Hedging effect of Euro 18.8 million), compared to Euro 498.2 million at December 31, 2019 (including IFRS 16 effect of Euro 87.8 million and negative Mark to Market Interest Hedging effect of Euro 13.6 million);***

- ***Available liquidity and existing bank lines appear adequate to cover the current and future operating requirements of the F.I.L.A. Group In 2020, the company agreed with the structured debt lending banks that no default would stem from any non-compliance with the December 2020 financial covenant testing ("covenants holiday") and that the margin to calculate the interest would remain that established according to the certified financial leverage on the basis of the financial statements at December 31, 2019. At December 31, 2020, the financial covenant was 3.92, compared to a contractual value of 3.90;***

- ***Group facilities at December 31, 2020 were all operative, complying with the applicable rules for the individual countries, although not all operating at full capacity in view of local market production demands, particularly in India and Mexico.***

* * *

Pero, March 22, 2021 – The Board of Directors of F.I.L.A. – **Fabbrica Italiana Lapis ed Affini S.p.A. ("F.I.L.A."** or the **"Company"),** listed on the Milan Stock Exchange, STAR Segment, ISIN code IT0004967292, today approved the 2020 consolidated results and the Separate financial statements at December 31, 2020 - drawn up as per IFRS - and the Directors' Report.

F.I.L.A. – a Company which operates in the creativity tools market - producing design, colouring, writing and modelling objects - reports 2020 revenue of Euro 608.2 million, down 11.5% (-9.1% net of the currency effect) on the previous year. Adjusted 2020 EBITDA of Euro 95.4 million was down 14.0% on the previous year (-14.1% at like-for-like exchange rates). Adjusted profit net of extraordinary items and minorities of Euro 23.1 million, compared to Euro 43.1 million in the previous year.

* * *

"The 2020 results and the extraordinary Fine Art growth have further confirmed that - despite the global COVID-19 pandemic - the Group's decision to invest in this segment has been key for both future revenue and margin growth. Mexico and India - extremely important markets for us - remained in lockdown until the end of the year, although from March schools in both markets expected to gradually reopen. The ongoing worldwide vaccination campaign also supports our budget assumptions for FY 2021, with an expected return to school in September. The continued improvement of the working capital to revenue ratio remains a priority in 2021. The first quarter of the year confirms our strong growth expectations for 2021, even though the first quarter of 2020 was only slightly impacted by the pandemic".

* * *

<u>Adjusted operating performance net of IFRS 16 effects - F.I.L.A. Group</u>

Revenue of Euro 608.2 million decreased Euro 79.2 million on 2019 (-11.5%). Net of the negative currency effect of Euro 16.9 million (related to all the main Group currencies and in particular the deterioration of the US Dollar, the Indian Rupee and the main Central-South American currencies against the Euro), the organic contraction was Euro 62.2 million (-9.1%). This decrease, improving on the first nine months of 2020 thanks to the partial reopening of schools in Europe and North America and the excellent Fine art business performance in the fourth quarter, however relates to the global contraction in consumption as a result of the impacts of the COVID-19 pandemic across the world and particularly the closure of schools, which extended far beyond initial expectations in India and Mexico, regions in which the schools-related business and the significant lack of alternative online sales channels are important factors.
At geographical segment level, this reduction was primarily evident in Asia for Euro 34 million (-38.3%), in Central-South America for Euro 30.9 million (-45.8%), while partially offset by North America for Euro 1.3 million (+0.4%), Europe for Euro 0.9 million (+0.4%) and for Euro 0.5 million (+15.7%) by the Rest of the World.

2020 revenue includes from March 2020 that of Fila ARCHES® for Euro 4.9 million, while 2019 revenue included that from the "Superior" brand for Euro 5.4 million, which was sold in October 2019.

The adjustment to core revenue mainly concerns the return of goods as a result of disputes with customers, related to the economic and social effects of the COVID-19 pandemic.

Other income of Euro 7.2 million increased by Euro 0.6 million on the previous year, mainly due to lower exchange gains on commercial transactions.

Operating Costs in 2020 of approx. Euro 520.0 million decreased Euro 63.1 million on 2019, due to - in addition to the currency effect almost mirroring that of revenue - the decrease in revenue and the actions taken by management to contain commercial, marketing, administrative and personnel overheads. The reduction of the latter was achieved also through the use of accrued holidays, mechanisms similar to the lay-off scheme and through reducing the workforce (mainly of temporary workers) where achievable.

EBITDA was Euro 95.4 million, down Euro 15.5 million on 2019 (-14.0%). This difference is mainly due the COVID-19 impact and the consequent lockdown on volumes in India and Mexico (Euro -12.8 million), only partially offset by the growth of the Fine Art segment and of higher-margin geographical segments such as North America and Europe. The additional important actions taken by management to contain overheads continue.

The adjustment to the 2020 EBITDA relates to non-recurring operating expense of approx. Euro 14.2 million, mainly for the expense concerning the corporate transaction for the acquisition of the ARCHES® business unit, for Euro 6.3 million, the costs incurred to deal with the pandemic and the inefficiencies on both the production and supply chain caused by COVID-19 for Euro 6.3 million and, residually, reorganisation costs of the F.I.L.A. Group for Euro 1.4 million;

EBIT of Euro 61.7 million compared to Euro 78.4 million in 2019 and includes amortisation, depreciation and write-downs of Euro 33.7 million, which increased Euro 1.3 million on the previous year - mainly due to higher amortisation and depreciation on the investments made.

The overall adjustment on EBIT was Euro 14.2 million, resulting from the above-mentioned effects on EBITDA.

Net Financial Expense rose Euro 4.5 million, mainly due to greater exchange losses on financial transactions of approx. Euro 7.8 million.

The adjustment to Net Financial Expense refers to the financial expense incurred by the Parent F.I.L.A. S.p.A. for the signing of a new loan to support the M&A transaction.

Group **Income taxes** totalled Euro 9.1 million, increasing exclusively due to deferred tax liabilities, with a release of deferred tax liabilities in 2019 by the US subsidiary due to a reduction in the federal tax rate as a result of the mergers in 2019 between the various US companies.

Excluding the non-controlling interest result (*minorities)*, **the F.I.L.A. Group Net Profit** in 2020 was Euro 23.1 million, compared to Euro 43.1 million in the previous year.

The adjustment of the 2020 Profit attributable to the owners of the parent concerns the above-stated adjustments, net of the tax effect.

<u>Statement of Financial Position review - F.I.L.A. Group</u>

The F.I.L.A. Group's **Net Invested Capital** of Euro 824.7 million at December 31, 2020 was composed of Net Fixed Assets of Euro 611.2 million (down by Euro 9.2 million on December 31, 2019), Net Working Capital of Euro 276.6 million (down by Euro 18.3 million on December 31, 2019) and Other Non-current Assets/Liabilities of Euro 20.2 million (increasing by Euro 1.9 million on December 31, 2019), net of Provisions of Euro 83.3 million (Euro 78.0 million at December 31, 2019).

Intangible Assets increased on December 31, 2019 by Euro 5.4 million, mainly due to the acquisition of the business unit of the Arches brand products, which generated "Goodwill" of Euro 21.2 million, "Brands" of Euro 12.4 million and "Customer Relationships" of Euro 10.4 million. The above intangible assets were measured through Purchase Price Allocation, carried out as per the applicable reporting standards. In addition, net investments of Euro 1.8 million, principally by the parent F.I.L.A. S.p.A. (Euro 1.6 million) for the installation of the SAP system, amortisation in the period of Euro 15.3 million and exchange losses in the year of Euro 25.1 million were recorded.

Property, Plant and Equipment decreased on December 31, 2019 by Euro 14.5 million, due to the reduction of Euro 9.0 million in Property, Plant and Machinery and the decrease in rights-of-use of Euro 5.5 million.

Net investments in Property, Plant and Equipment in the period amounted to Euro 8.9 million and were principally undertaken by DOMS Industries Pvt Ltd (India) and Dixon Ticonderoga Company (U.S.A.), for the extension and development of the local production and logistics site. In addition, an M&A related increase of Euro 4.3 million is recorded. The movement is mainly offset by depreciation of Euro 16.4 million and negative currency differences of Euro 5.7 million.

Financial assets did not change significantly on December 31, 2019.

The reduction in **Net Working Capital** of Euro 18.2 million relates to the following:

- **Inventories** – decrease of Euro 2.1 million, mainly due to negative currency effects of approx. Euro 17.8 million. This decrease was partially offset by the net increase in stock at the F.I.L.A. Group for approx. Euro 12.8 million, particularly in North America and Mexico, mainly due to the COVID-19 pandemic which resulted in slowdowns in processing orders, in addition to the impact of the change in the consolidation scope for a total of Euro 2.7 million in the year;
- **Trade Receivables and Other Receivables**– decreasing Euro 25.4 million, mainly due to improved collections, principally in North America and due to the contraction of South American and Indian revenue as a result of the COVID-19 pandemic. Negative currency effects of Euro 11.4 million are in addition reported;
- **Trade Payables and Other Payables**– decreasing Euro 8.1 million, mainly at Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and Canson SAS (France), principally due to reduced purchases. The decrease was amplified by positive currency effects of Euro 4.3 million, mainly relating to the Trade Payables account.

The increase in Provisions on December 31, 2019, increasing Euro 5.2 million, principally concerns the:

- Increase in **Deferred tax liabilities** of Euro 4.3 million, principally due to the tax effect concerning “Intangible Assets”, recognised as a result of the acquisition of the Arches business unit for Euro 7.5 million. This was offset by positive currency effects of Euro 4.4 million;
- Decrease in **Provisions for Risks and Charges** of Euro 1.2 million, due to utilisations in the period, principally by the North American subsidiary;
- The increase in **Employee Benefits** of Euro 2.2 million, mainly due to the actuarial losses recorded by Group companies.

F.I.L.A. Group **Equity** of Euro 331.3 million, decreasing on December 31, 2019 by Euro 26.1 million. Net of the profit of the period of Euro 8.1 million (of which a negative Euro 0.5 million concerning non-controlling interests), the residual movement mainly concerned the reduction in the currency reserve of Euro 26.3 million and the Actuarial/Gains Losses reserve of Euro 1.1 million, mitigated by the negative movement in the fair value hedge of derivative hedges (IRS) for Euro 6.0 million.

The **Net Financial Position** at December 31, 2020 was a debt of Euro 493.5 million, improving on December 31, 2019 (debt of Euro 498.2 million). This decrease, totalling Euro 4.7 million, mainly concerns the following factors:

- The net cash flow generated in the year from Operating Activities of Euro 66.4 million (Euro 98.5 million in 2019) concerns:
    - inflows of Euro 73.6 million (Euro 83.2 million in 2019) from operating profit, calculated as the difference of revenue and operating costs plus other operating items, excluding financial items;
    - absorption of Euro 7.2 million (generation of Euro 15.3 million in 2019) attributable to working capital movements, primarily related to the increases in Inventories and the decrease in Trade Payables and Other Payables, partially offset by the decrease in Trade Receivables and Other Receivables.

- Investing Activities absorbed liquidity of Euro 9.6 million (Euro 19.0 million in 2019), mainly due to the use of cash for Euro 10.2 million (Euro 19.0 million in 2019) for tangible and intangible asset investments, particularly regarding DOMS Industries Pvt Ltd (India), Dixon Ticonderoga Company (U.S.A.) and F.I.L.A. S.p.A..

- Financing activities absorbed net cash flows of Euro 21.7 million (Euro 28.1 million absorbed in 2019) 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).

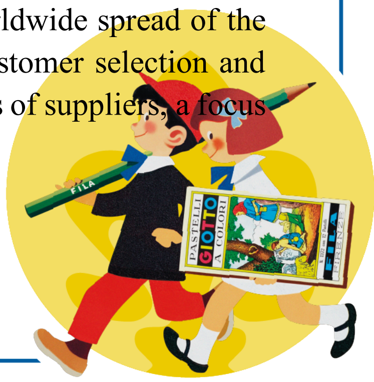
- Excluding net exchange impact from the translation of the net financial positions in currencies other than the Euro (gain of Euro 21.0 million), the Mark-to-Market hedging adjustments of a negative Euro 5.2 million and the positive impact of the application of IFRS 16, equal to Euro 2.9 million, and the movement generated by corporate transactions of Euro 43.6 million related to the acquisition of the new business unit, the Group's Net Financial Position improved Euro 4.7 million (debt increase of Euro 45.4 million in 2019).

Significant events in 2020 and subsequent events

- 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 operating through the ARCHES® brand, until then managed by the Ahlstrom-Munksjö Group, finalising 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.
  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 by 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.

- **COVID-19 impacts:**
  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 monitored 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, activating 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 operating sites and at the production plant.

In this regard, the Coronavirus related lockdown resulted in the closure of the Yixing facility from February 4, 2020 until February 21, 2020 and that of Kunshan from February 4, 2020 until February 28, 2020, the Indian facilities from March 22, 2020 until May 3, 2020, the Italian F.I.L.A. S.p.A. facilities from March 23, 2020 to April 10, 2020 and the facilities of Industria Maimeri from March 16, 2020 to April 30, 2020 the Dominican Republic facilities from March 23, 2020 to April 3, 2020 and those in Mexico from April 6, 2020 to April 17, 2020. At the reporting date, the Group's plants are all up and running, in accordance with the regulations for each country, although not at full capacity in view of local market demand.
With the exception of India, where production and commercial activity was totally blocked for the entire month of April, shipments to customers have never stopped, although sometimes limited by logistical inefficiencies emerging during the lockdown period.
The majority of the Group companies updated their internal procedures to guarantee a safe workplace so as to minimise any infection risk, alternating, where possible, the physical presence of workers with smart-working. All subsidiaries introduced all of the social security and corrective measures available to offset the drop in activity, such as containing all fixed costs related to activities not strictly necessary in 2020 and a similar deferment to 2021 of all those investments not considered strictly strategic in the current year.
Public aid has principally taken the form of social security schemes to contain personnel expense (principally in Italy, under the Temporary Lay-Off Scheme, France, Germany, the United States and England), while there are no significant outright grants. The impact on the business has mainly been a decrease in sales on the Chinese market in February and part of March and progressively from the second half of March in the Rest of the World (we indicate the total blockage of the Indian market in April), with the exception of customers selling online and large-scale Retail channels, where this impact was however minimal as the sales channels had been operative also during the lockdown.
The partial reopening of schools in Europe and North America from the third quarter onwards, although not always with full physical attendance and amid a certain slowdown in the fourth quarter due to the worsening of the pandemic, enabled a partial recovery in school-age children consumable product revenue, which was not evident in India and Mexico with schools remaining closed. Fine Art business unit revenue however has continued to consistently and significantly grow over the previous year.
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 has introduced a strict customer selection and settlement policy to limit financial difficulties to a minimum. In terms of suppliers, a focus



has been placed on identifying alternative sources of procurement in the case of any critical logistical or financial situations. No significant criticalities have emerged to date however, despite generally rising prices combined, in some cases, with supply shortages. No significant renegotiation of existing contracts with customers and suppliers is reported. This has allowed the F.I.L.A. Group to strongly generate cash in such a difficult year.
The available liquidity is adequate to cover current and future operating needs. In particular, against financial liabilities coming due in 2021 of Euro 27.4 million, the F.I.L.A. Group, in addition to operating cash generation, has available liquidity of over Euro 100 million and utilisable credit lines of approx. Euro 140 million. The medium/long-term debt of a nominal Euro 436 million is based on a bullet repayment plan (Euro 113.8 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 million.
In addition, the structured debt was negotiated with the lending banks and no default shall be linked to any failure to comply with the financial covenants relating to the June 2020 and December 2020 tests ("holiday covenants"), while the margin to be used to calculate the interest shall continue to be based on the financial statements as at and for the year ended December 31, 2019 (in the case in which dividends are not distributed to shareholders of FI.L.A. S.p.A. during the second half of 2020). At December 31, 2020, the financial covenant was 3.92, compared to a contractual value of 3.90.

It may be stated that COVID-19 to date has not halted or changed any of the Group's development plans and strategy, only acting to slow them.

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, in particular in India and Mexico.

On March 16, 2021, the liquidation of the non-operative subsidiary in the United Kingdom, Castle Hill Crafts Ltd, concluded.

Outlook

The 2021 outlook shall continue to be shaped for the entire first half of the year by the COVID-19 outbreak related instability, as commented upon in the "Subsequent events" paragraph. A complete reopening of schools is expected only from the middle of the second quarter of 2021, with a recovery for "Schools" products forecast, particularly due to the partial recovery of sales in India

and Mexico, and continued "Fine Art" product growth, although to a reduced extent than that owing to the exceptional conditions in 2020. On the basis of these assumptions, a partial and gradual recovery of fixed costs and production and IT investments linked to the upgrade of the Group's IT systems is expected. The Group's margins are therefore forecast to significantly recover in 2021, both in absolute and percentage terms, while cash generation is also expected to improve considerably, returning to normal levels thanks to stronger earnings and Management's close focus on working capital management.
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.

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The IFRS consolidated and separate financial statements from the approved document are annexed.

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Dividend proposal

The Board of Directors also resolved to propose to the Shareholders' Meeting, called for April 27, 2021, the distribution of a dividend of Euro 0.12 for each of the 51,040,048 shares currently outstanding, for a total amount of Euro 6,124,805.76. It should be noted that in the case where the total number of shares of the Company currently in circulation increases, the total amount of dividend will remain unchanged and the unitary amount will be automatically adjusted to the new number of shares. The dividend, where approved, will be paid with coupon, record and payment date, respectively of May 24, 25 and 26, 2021.

Consolidated non-financial statement

The Board of Directors in addition today approved the consolidated non-financial statement (the "**NFS**") prepared in accordance with Legislative Decree No. 254 of December 30, 2016. The NFS outlines F.I.L.A. Group operations, its performances, results and the impact in terms of environmental, social, personnel, human rights and anti-active and passive corruption aspects.

Remuneration Policy and Report

The Board of Directors also reviewed and approved, subject to the favourable opinion of the Remuneration Committee, the 2021 remuneration policy and 2020 report (the "**Remuneration Report**"), prepared as per Article 123-*ter* of Legislative Decree No. 58 of February 24, 1998 (the

"**CFA**") and Article 84-*quater* of the Regulation approved by CONSOB Resolution No. 11971 of May 14, 1999.

Section I of the Remuneration Report (*i.e.* containing the remuneration policy of the company for 2021) shall be submitted for the consultative vote of the Shareholders' Meeting, called for April 27, 2021, as per Article 123-*ter*, paragraphs 3-*bis* and 3-*ter* of the CFA.

Section II of the Remuneration Report *(i.e.* the report on remuneration paid in 2020) will, however, be submitted to the non-binding vote of the Shareholders' Meeting, called for April 27, 2021, pursuant to Article 123-*ter*, paragraph 6, of the CFA.

Corporate Governance and Ownership Structure Report

The Board of Directors finally approved the 2020 Corporate Governance and Ownership Report drawn up pursuant to Article 123-*bis* of the CFA.

Filing of documentation

The statutory financial statements at December 31, 2020 and the consolidated financial statements at December 31, 2020, in addition to the documentation approved by the Board of Directors and concerning the Shareholders' Meeting called for April 27, 2021 in single call (as per the notice of March 16, 2021), shall be made available to the public according to the legal and regulatory deadlines at the registered office in Pero (Mi), via XXV Aprile No.5, on the company website *www.filagroup.it* and on the authorised storage mechanism "*EMARKET STORAGE*" (*www.emarketstorage.com*).

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The Manager in charge of Financial Reporting, Mr. Stefano De Rosa, declares in accordance with Article 154-*bis*, paragraph 2, of the CFA that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

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F.I.L.A. (Fabbrica Italiana Lapis ed Affini), *founded in Florence in 1920 and managed since 1956 by the Candela family, is a highly consolidated, dynamic and innovative Italian industrial enterprise and continues to grow market share. In November 2015, F.I.L.A. listed on the STAR segment of the Italian Stock Exchange. The company, with revenue of Euro 608.2 million in 2020, has grown significantly over the last twenty years and has achieved a series of strategic acquisitions, including the Italian Adica Pongo, the US Dixon Ticonderoga Company and Pacon Group, the German LYRA, the Mexican Lapiceria Mexicana, the English Daler-Rowney Lukas and the French Canson, founded by the Montgolfier family in 1557. F.I.L.A. is an icon of Italian creativity globally through its colouring, drawing,*

modelling, writing and painting tools, thanks to brands such as Giotto, Tratto, Das, Didò, Pongo, Lyra, Doms, Maimeri , Daler-Rowney, Canson, Princeton, Strathmore and Arches. Since its foundation, F.I.L.A. has chosen to focus on growth through continuous innovation, both in technological and product terms, in order to enable individuals to express their ideas and talent through tools of exceptional quality. In addition, F.I.L.A. and the Group companies work together with the Institutions to support educational and cultural projects which promote creativity and expression among individuals and make culture accessible to all.
F.I.L.A. currently operates through 21 production facilities (of which two in Italy) and 35 subsidiaries across the globe and employs over 8,000.

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For further information:

F.I.L.A. Investor Relations
Stefano De Rosa - Investor Relations Officer
Francesca Cocco - Investor Relations
ir@fila.it
(+39) 02 38105206

For financial communication:
Community Strategic Communications Advisers
Tel. (+39) 02 89404231
fila@communitygroup.it

F.I.L.A Press Office
Cantiere di Comunicazione
Eleonora Galli: (+39) 02 87383180 -186 – mob: (+39) 331 9511099
e.galli@cantieredicomunicazione.com
Antonella Laudadio: (+39) 02 87383180 -189
a.laudadio@cantieredicomunicazione.com

Attachment 1 – F.I.L.A. Group Consolidated Income Statement

Euro millions	December 2020	*% core business revenue*	December 2019	*% core business revenue*	Change 2020 - 2019	
Revenue	607,382	*100%*	682,686	*100%*	(75,304)	*-11,0%*
Other Revenue	8,967		6,746		2,221	*32,9%*
Total Revenue	**616,349**		**689,432**		**(73,083)**	***-10,6%***
Total operating costs	(521,297)	*-85,8%*	(583,509)	*-85,5%*	62,212	*10,7%*
EBITDA	**95,051**	***15,6%***	**105,923**	***15,5%***	**(10,872)**	***-10,3%***
Amortisation, depreciation and write-downs	(45,533)	*-7,5%*	(45,875)	*-6,7%*	0,342	*0,7%*
EBIT	**49,518**	***8,2%***	**60,048**	***8,8%***	**(10,530)**	***-17,5%***
Net financial charges	(35,231)	*-5,8%*	(30,279)	*-4,4%*	(4,952)	*-16,4%*
Pre-Tax Profit	**14,287**	***2,4%***	**29,769**	***4,4%***	**(15,482)**	***-52,0%***
Total income taxes	(6,165)	*-1,0%*	(3,663)	*-0,5%*	(2,502)	*-68,3%*
Net profit - Continuing Operations	**8,122**	***1,3%***	**26,105**	***3,8%***	**(17,983)**	***-68,9%***
Net Profit for the period	**8,122**	***1,3%***	**26,105**	***3,8%***	**(17,983)**	***-68,9%***
Non-controlling interest profit	(0,485)	*-0,1%*	2,105	*0,3%*	(2,590)	*-123,0%*
F.I.L.A. Group Net Profit	**8,607**	***1,4%***	**24,000**	***3,5%***	**(15,393)**	***-64,1%***

Attachment 2 – F.I.L.A. Group Normalised Consolidated Income Statement

NORMALIZED - Euro millions	December 2020	*% core business revenue*	December 2019	*% core business revenue*	Change 2020 - 2019	
Revenue	608,167	*100%*	687,360	*100%*	(79,193)	*-11,5%*
Other Revenue	7,155		6,544		0,611	*9,3%*
Total Revenue	**615,322**		**693,904**		**(78,582)**	***-11,3%***
Total operating costs	(519,971)	*-85,5%*	(583,070)	*-84,8%*	63,099	*10,8%*
EBITDA	**95,351**	***15,7%***	**110,834**	***16,1%***	**(15,483)**	***-14,0%***
Amortisation, depreciation and write-downs	(33,690)	*-5,5%*	(32,417)	*-4,7%*	(1,273)	*-3,9%*
EBIT	**61,661**	***10,1%***	**78,417**	***11,4%***	**(16,756)**	***-21,4%***
Net financial charges	(29,273)	*-4,8%*	(24,728)	*-3,6%*	(4,545)	*-18,4%*
Pre-Tax Profit	**32,388**	***5,3%***	**53,689**	***7,8%***	**(21,301)**	***-39,7%***
Total income taxes	(9,091)	*-1,5%*	(8,305)	*-1,2%*	(0,786)	*-9,5%*
Net profit - Continuing Operations	**23,297**	***3,8%***	**45,384**	***6,6%***	**(22,087)**	***-48,7%***
Net Profit for the period	**23,297**	***3,8%***	**45,384**	***6,6%***	**(22,087)**	***-48,7%***
Non-controlling interest profit	0,222	*0,0%*	2,250	*0,3%*	(2,028)	*-90,1%*
F.I.L.A. Group Net Profit	**23,075**	***3,8%***	**43,133**	***6,3%***	**(20,058)**	***-46,5%***

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Attachment 3 – F.I.L.A. Group Consolidated Statement of Financial Position

Euro millions	December 2020	December 2019	Change 2020 - 2019
Intangible Assets	435,990	430,609	5,381
Property, plant & equipment	171,489	186,013	(14,524)
Financial assets	3,680	3,690	(0,010)
Net Fixed Assets	**611,158**	**620,313**	**(9,155)**
Other non Current Asset/Liabilities	**20,242**	**18,347**	**1,895**
Inventories	256,288	258,409	(2,121)
Trade and Other Receivables	115,929	141,339	(25,410)
Trade and Other Payables	(100,542)	(108,670)	8,128
Other Current Assets and Liabilities	4,908	3,800	1,108
Net Working Capital	**276,582**	**294,880**	**(18,298)**
Provisions	**(83,252)**	**(78,039)**	**(5,213)**
Net Capital Employed	**824,731**	**855,501**	**(30,770)**
Equity	**(331,275)**	**(357,351)**	**26,076**
Net Financial Position	**(493,456)**	**(498,150)**	**4,694**
Net Funding Sources	**(824,731)**	**(855,501)**	**30,770**

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Attachment 4 – F.I.L.A. Group Consolidated Statement of Cash Flows

Euro millions	FY 2020	FY 2019	Change 2020 - 2019
EBIT	47,478	57,617	(10,139)
Adjustments for non-cash items	34,476	38,222	(3,746)
Integrations for income taxes	(8,393)	(12,659)	4,266
Cash Flow from Operating Activities Before Changes in NWC	**73,560**	**83,180**	**(9,620)**
Change NWC	**(7,166)**	**15,306**	**(22,472)**
Change in Inventories	(12,835)	6,021	(18,856)
Change in Trade and Other Receivables	10,404	11,609	(1,205)
Change in Trade and Other Payables	(1,962)	1,349	(3,311)
Change in Other Current Assets/Liabilities	(2,773)	(3,672)	0,899
Cash Flow from Operating Activities	**66,395**	**98,486**	**(32,091)**
Investments in tangible and intangible assets	(10,175)	(19,010)	8,835
Interest Income	0,560	0,000	0,560
Cash Flow from Investing Activities	**(9,615)**	**(19,010)**	**9,395**
Change in Equity	(0,222)	(4,261)	4,039
Financial expenses	(21,485)	(23,821)	2,336
Cash Flow from Financing Activities	**(21,706)**	**(28,082)**	**6,376**
Exchange rate effect and other changes IFRS 16 effect included	(5,521)	2,245	0,127
Total Net Cash Flow	**29,552**	**53,640**	**(24,088)**
Effect of exchange losses	21,053	(6,030)	27,083
Mark to Market Hedging	(5,196)	(8,470)	3,274
Variation for IFRS 16 adoption	2,885	(87,770)	90,655
Effect of M&A Operation	(43,600)	3,242	(46,842)
Change in Net Financial Position	**4,694**	**(45,390)**	**50,084**

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