



F.I.L.A. GROUP
INTERIM FINANCIAL REPORT
AT MARCH 31, 2022

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

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DIRECTORS' REPORT
AT MARCH 31, 2022

I - Interim Directors' Report

Corporate Bodies

Board of Directors

Chairperson (*)	Giovanni Gorno Tempini
Honorary Chairperson	Alberto Candela
Chief Executive Officer (**)	Massimo Candela
Executive Director (**)	Luca Pelosin
Non-executive Director	Annalisa Matilde Barbera
Non-executive Director (*)	Giorgina Gallo
Non-executive Director (*)	Carlo Paris
Non-executive Director (*)	Donatella Sciuto

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

(**) Non-Executive Director

Control, Risks and Related Parties Committee

Donatella Sciuto
Annalisa Barbera
Carlo Paris

Remuneration Committee

Carlo Paris
Annalisa Matilde Barbera
Giorgina Gallo

Board of Statutory Auditors

Chairperson	Gianfranco Consorti
Standing Auditor	Elena Spagnol
Standing Auditor	Pietro Michele Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Sonia Ferrero

Independent Auditors

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 and marketing colouring, design, modelling, writing and painting objects, such as pencils, crayons, modelling clay, chalk, oil colours, acrylics, watercolours, paints and paper for the fine arts, school and leisure.

The F.I.L.A. Group at March 31, 2022 operates through 22 production facilities and 35 subsidiaries across the globe and employs approx. 9,800 people, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, DAS, LYRA, Canson, Maimeri, Daler-Rowney Lukas, Ticonderoga, Pacon, Strathmore, Princeton and Arches.

Founded in Florence in 1920 by two noble Tuscan families, della Gherardesca and Marchesi Antinori, F.I.L.A. S.p.A. (hereafter also the “Parent”) has achieved strong international growth in the past 20 years, supported by a series of strategic acquisitions. Over the years, the Parent has acquired: (i) the Italian firm Adica Pongo in 1994, a leading producer of modelling clay for children; (ii) the Spanish firm Spanish Fila Hispania S.L. (formerly Papeleria Mediterranea S.L.) in 1997, the Group’s former exclusive distributor in Spain; (iii) the French firm Omyacolor S.A. in 2000, a leading manufacturer of modelling putties and clays; (iv) the U.S. Dixon Ticonderoga Group in 2005, a leading producer and distributor of pencils in North America, with subsidiaries operating on the Canadian, Mexican, Chinese and European markets; (v) the German LYRA Group in 2008, which allowed the Group to enter the German, Scandinavian and Eastern Asian markets; (vi) the business unit operated by Lapiceria Mexicana in 2010, one of the main local competitors in the budget coloured and graphite pencils market; and (vii) the business unit operated by Maimeri S.p.A. in 2014, a manufacturer and distributor of paints and accessories for fine arts. In addition to these operations, on the conclusion of an initiative which began with the acquisition of a significant influence in 2011, control of the Indian company DOMS Industries Pvt Ltd. was acquired in 2015 (viii). In 2016, the F.I.L.A. Group focused upon development through strategic Art&Craft sector acquisitions, seeking to become the leading market player. On February 3, 2016, F.I.L.A. S.p.A. acquired control of the Daler-Rowney Lukas Group, an illustrious brand producing and distributing materials and accessories on the arts and crafts market since 1783, with a direct presence in the United Kingdom, the Dominican Republic, Germany and the USA (ix). In September 2016, the F.I.L.A. Group acquired the entire share capital of St. Cuthberts Holding Limited and the operating company St. Cuthberts Mill Limited, a highly-renowned English paper mill, founded in 1907, located in the south-west of England and involved in the production of high quality artist’s papers (x). In October 2016, F.I.L.A. S.p.A. acquired the Canson Group, founded in 1557 by the Montgolfier family, with headquarters in Annonay in France, production facilities in France and conversion and distribution centres in Italy, France, China, Australia and Brazil. Canson products are available in over 120 countries and the brand is the most respected globally involved in the production and distribution of high added value paper for the fine arts, design, leisure and schools, but also for artists’ editions and technical and digital drawing materials (xi).

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

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

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

Key events in the period

- ▶ On January 12, 2022, the liquidation of the Italian subsidiary Canson Italy S.r.l. began;
- ▶ On January 14, 2022, the German subsidiaries Lukas-Nerchau GmbH and Nerchauer-Malfarben GmbH were merged into Daler Rowney GmbH;
- ▶ On February 8, 2022, the UK subsidiary Daler Rowney Ltd fully acquired the UK company Creative Art Products Limited, specialised in the schools segment, for a total value of GBP 1 million;
- ▶ In the period between March 24, 2022 and April 6, 2022, the Parent F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 240,000 ordinary shares of F.I.L.A. S.p.A. (representing 0.4701% of the Share Capital) for a total value of Euro 2,323,582 thousand.

Details, on a daily basis, of ordinary share purchases are provided below:

<i>Date</i>	<i>Number of ordinary shares purchased</i>	<i>Average Price (Euro)</i>	<i>Countervalue (Euro)</i>
24/03/2022	23,500	9.95	233,938
25/03/2022	24,000	9.99	239,695
28/03/2022	25,600	9.90	253,389
29/03/2022	15,000	9.90	148,457
30/03/2022	20,000	9.83	196,676
31/03/2022	29,000	9.79	284,018
01/04/2022	25,000	9.56	239,051
04/04/2022	20,000	9.37	187,476
05/04/2022	25,000	9.43	235,874
06/04/2022	32,900	9.27	305,009
Totale	240,000		2,323,582

These transactions were carried out as part of the share buyback program, approved by the Company's Board of Directors on March 23, 2022, and as per the authorisation of the Shareholders' Meeting of April 27, 2021. On March 31, 2022, the Group held 188,600 treasury shares, for a total value of Euro 1,844 thousand (equal to the "Negative reserve for treasury shares in portfolio" deducted from consolidated shareholders' equity);

Prior to the launch of the Program, the company held 51,500 ordinary treasury shares, representing 0.1009% of the share capital. Therefore, following the purchases made during the Program, F.I.L.A. holds a total of 291,500 treasury shares, equal to approx. 0.5709% of the share capital.

➤ Impacts of events related to the conflict in Ukraine

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

F.I.L.A. Group management consider that the economic and financial impacts from the conflict between Russia and Ukraine on its Russian commercial subsidiary FILA Stationary O.O.O will not be significant at Group level, as the turnover of the subsidiary accounts for approx. 0.2% at Group level and the Russian company has demonstrated financial independence in running its ordinary operations, confirming its estimates for 2022. The net commercial exposure to third parties of the Russian subsidiary at March 31, 2022 amounts to Euro 4,668 thousand and there are no particular critical aspects to their recoverability.

There are no F.I.L.A. Group companies in Ukraine at March 31, 2022.

At Group level, the effects and the criticalities generated by the general inflation of raw and ancillary materials for production are being monitored, assessing the possibility of identifying alternative procurement sources where needed or undertaking adequate compensatory measures. Moreover, the vertical integration of the Group should enable these pressures to be mitigated.

With reference to the valuations made for the purposes of the financial statements (recoverability of intangible assets, recoverability of deferred tax assets, fair value of financial instruments, liabilities for employee defined benefits etc.), the Directors consider that, given the information currently available, these factors of uncertainty are already included in the main sensitivity analyses provided with reference to the main financial statement captions subject to estimates. With particular reference to the uncertainties related to the developing conflict, it may not be excluded however that, should the crisis extend at an international level, the general economic consequences and specific consequences for the Group could be more severe than that envisaged at present, requiring a new estimate to be made, with a negative impact on the financial statement captions subject to estimate and in terms of the scenarios considered for the sensitivity analysis at March 31, 2022.

Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2022 are reported below:

<i>Euro thousands</i>	March 31, 2022	% revenue	March 31, 2021	% revenue	Change 2022 - 2021	Adjustments		
						IFRS 16 effects	Adjustments for Non-Recurring expenses	
Revenue	166,020	100.0%	141,551	100.0%	24,469	17.3%	-	-
Gross operating profit ⁽¹⁾	26,027	15.7%	21,946	15.5%	4,081	18.6%	3,775	(420)
Operating profit	15,480	9.3%	11,882	8.4%	3,598	30.3%	919	(420)
Net financial expense	(5,012)	(3.0%)	(4,645)	(3.3%)	(367)	(7.9%)	(1,496)	-
Total taxes	(2,341)	(1.4%)	(1,636)	(1.2%)	(705)	(43.1%)	126	71
F.I.L.A. Group Profit attributable to the owners of the Parent	7,084	4.3%	5,405	3.8%	1,679	31.1%	(437)	(348)
<i>Earnings per share (€ cents)</i>								
basic	0.14		0.11					
diluted	0.14		0.10					

<i>ADJUSTED Net of Non-Recurring expenses and IFRS 16 effects - Euro thousands</i>	March 31, 2022	% revenue	March 31, 2021	% revenue	Change 2022 - 2021	of which:		
						Creative Art Products	Products	
Revenue	166,020	100.0%	141,706	100.0%	24,314	17.2%	773	
Gross operating profit ⁽¹⁾	22,672	13.7%	20,081	14.2%	2,591	12.9%	43	
Operating profit	14,981	9.0%	12,824	9.0%	2,157	16.8%	33	
Net financial expense	(3,517)	(2.1%)	(3,264)	(2.3%)	(253)	(7.8%)	(6)	
Total taxes	(2,538)	(1.5%)	(2,159)	(1.5%)	(379)	(17.5%)	-	
F.I.L.A. Group Profit attributable to the owners of the Parent	7,868	4.7%	7,140	5.0%	728	10.2%	27	
<i>Earnings per share (€ cents)</i>								
basic	0.15		0.14					
diluted	0.15		0.14					

<i>Euro thousands</i>	March 31, 2022	March 31, 2021	Change 2022 - 2021
Cash flows from operating activities	(17,802)	(7,639)	(10,163)
Investments	(2,786)	(2,388)	(398)
% revenue	1.7%	1.7%	

<i>Euro thousands</i>	March 31, 2022	December 31, 2021	Change 2022 - 2021	IFRS 16 effects	of which: Creative Art Products Limited
Net capital employed	890,794	835,379	55,415	4,529	747
Net Financial debt ⁽²⁾	(473,058)	(437,253)	(35,805)	(5,273)	(1,334)
Equity	(417,736)	(398,127)	(19,609)	(744)	587

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

(2) Indicator of the net financial debt, 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 debt as per Consob Communication DEM/6064293 of July 28, 2006 and Consob's warning notice n. 5/21 of April 29, 2021, excludes non-current financial assets.

2022 Adjustments:

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

2021 Adjustments:

- ▶ The adjustment of Revenues principally refers to returns generated following the COVID-19 pandemic;
- ▶ The adjustment on the Q1 2021 Gross operating profit relates to non-recurring operating costs of approx. Euro 1.8 million, due to the expense incurred to handle the COVID-19 pandemic, the outlay for the medium/long-term incentive plan and residually the Group reorganisation costs;
- ▶ The overall adjustment to the operating profit was Euro 1.8 million, resulting from the aforementioned effects on the gross operating profit;
- ▶ The adjustment of the Q1 2021 Group Result concerns the aforementioned adjustments, net of the tax effect.

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

The alternative performance measures used are illustrated below:

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

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

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Profit/(loss) attributable to non-controlling interests	1,043	195
Profit/(loss) attributable to the owners of the parent	7,084	5,405
Profit for the year	8,126	5,600
Income taxes	2,341	1,636
<i>Current taxes</i>	3,022	2,190
<i>Deferred taxes</i>	(681)	(553)
Amortisation, depreciation and impairment losses	10,547	10,064
Financial items	5,012	4,645
<i>Financial income</i>	(3,233)	(2,846)
<i>Financial expenses</i>	8,389	7,527
<i>Share of losses of equity-accounted investees</i>	(144)	(36)
Gross operating profit	26,027	21,946

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

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

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Gross operating profit	26,027	21,946
Non-recurring expense	420	1,787
IFRS 16 effect	(3,775)	(3,652)
Adjusted gross operating profit	22,672	20,081

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

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

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Gross operating profit	26,027	21,946
Amortisation and depreciation	(10,249)	(9,998)
Impairment losses on trade receivables and other assets	(298)	(64)
Other impairment losses	-	(2)
Operating profit	15,480	11,882

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

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

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Operating profit	15,480	11,882
Non-recurring expense	420	1,787
IFRS 16 effect	(919)	(845)
Adjusted Operating profit	14,981	12,824

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

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

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

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Profit for the period attributable to the owners of the parent	7,084	5,405
Non-recurring expense	348	1,425
IFRS 16 effect	437	310
Adjusted Profit for the period attributable to the owners of the parent	7,868	7,140

Net financial debt – this is a valid measure of the F.I.L.A. Group’s financial structure. It is calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and of current financial assets, in accordance with Consob Communication DEM/6064293 of July 28, 2006 and Consob’s call to attention No. 5/21 of April 29, 2021, excluding non-current financial assets.

The non-current financial assets of the F.I.L.A. Group at March 31, 2022 and at December 31, 2021 respectively totalled Euro 3,828 thousand and Euro 4,078 thousand.

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

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

The F.I.L.A. Group Key Financial Highlights for Q1 2022 are reported below.

Adjusted financial performance

The Q1 2022 F.I.L.A. Group results report an increased adjusted Gross Operating Profit of 12.9% over the same period of the previous year:

<i>ADJUSTED - Euro thousands</i>	March 31, 2022	% revenue	March 31, 2021	% revenue	Change 2022 - 2021	
Revenue	166,020	100.0%	141,706	100.0%	24,314	17.2%
Income	2,205		2,286		(81)	(3.6%)
Total revenue	168,224		143,991		24,233	16.8%
Total operating costs	(145,552)	(87.7%)	(123,910)	(87.4%)	(21,642)	(17.5%)
Gross operating profit	22,672	13.7%	20,081	14.2%	2,591	12.9%
Amortisation, depreciation and impairment losses	(7,691)	(4.6%)	(7,257)	(5.1%)	(434)	(6.0%)
Operating profit	14,981	9.0%	12,824	9.0%	2,157	16.8%
Net financial expense	(3,517)	(2.1%)	(3,264)	(2.3%)	(253)	(7.8%)
Pre-tax profit	11,465	6.9%	9,561	6.8%	1,904	19.9%
Total taxes	(2,538)	(1.5%)	(2,159)	(1.5%)	(379)	(17.5%)
Profit for the year	8,927	5.4%	7,402	5.2%	1,525	20.6%
Profit for the year attributable to non-controlling interests	1,059	0.6%	262	0.2%	797	304.8%
F.I.L.A. Group Profit attributable to the owners of the Parent	7,868	4.7%	7,140	5.0%	728	10.2%

The main changes compared to Q1 2021 are illustrated below.

“Revenue” of Euro 166,020 thousand increased by Euro 24,314 thousand on Q1 2021 (+17.2%). Net of exchange losses of Euro 5,857 thousand (mainly concerning the US Dollar and to a lesser extent the Indian Rupee), organic growth was Euro 18,457 thousand (+13.0%), net of Euro 155 thousand of adjustments in 2021 on the basis of COVID effects.

At geographical area level, organic growth was reported in Asia of Euro 8,683 thousand (+51.4% on the preceding period), in Central and South America for Euro 6,627 thousand (+81.4% on the preceding period), in North America for Euro 3,379 thousand (+5.6% on the preceding period), while in Europe and the Rest of the World decreases of respectively Euro 195 thousand (-0.4% on the preceding period) and Euro 37 thousand (-4.0% on the preceding period) were reported.

“Other Revenue and Income” of Euro 2,205 thousand decreased by Euro 81 thousand compared to the previous year, mainly due to the lower currency gains on commercial transactions.

Operating Expense in the period of Euro 145,552 thousand increased Euro 21,642 thousand on the same period of 2021. This increase mainly relates to variable purchase and commercial costs on the basis of higher revenue.

The Gross Operating Profit of Euro 22,672 thousand increased by Euro 2,591 thousand on the same period of 2021 (+12.9%). At like-for-like exchange rates, the increase was 11.7% on the same period of the previous year.

“Amortisation, depreciation and impairment losses” increased Euro 434 thousand, mainly due to the slight recovery of investments in 2021 compared to 2020, which was fully impacted by the COVID-19 related uncertainty, and a slight increase in impairments and in the allowance for doubtful accounts following the increase in revenues.

“Net Financial Expense” increased by Euro 253 thousand, essentially due to exchange losses on financial transactions. Lower net financial expense is reported both due to a better and more efficient management of working capital and the lower overall debt level.

Adjusted Group Taxes amounted to Euro 2,538 thousand, increasing on the same period of the previous year due to the improved pre-tax profit.

Net of the profit attributable to non-controlling interests, the F.I.L.A. Group adjusted result in Q1 2022 was a profit of Euro 7,868 thousand, compared to Euro 7,140 thousand in the previous year.

Business seasonality

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

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

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

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

The key highlights for Q1 2022 and 2021 are reported below:

<i>Euro thousands</i>	2021				2022
	First 3 mth. 2021	First 6 mth. 2021	First 9 mth. 2021	FY 2021	First 3 mth. 2022
Revenue	141,551	324,554	496,314	653,278	166,020
Full year portion	21.7%	49.7%	76.0%	100.0%	100.0%
Gross operating profit	21,946	63,326	98,823	119,927	26,027
% revenue from sales and services	15.5%	19.5%	19.9%	18.4%	15.7%
Full year portion	18.3%	52.8%	82.4%	100.0%	
Adjusted gross operating profit	20,081	58,536	91,001	109,075	22,672
% revenue from sales and services	14.2%	18.0%	18.3%	16.7%	13.7%
Full year portion	18.4%	53.7%	83.4%	100.0%	
Net Financial Debt	(525,019)	(523,873)	(485,789)	(437,253)	(473,058)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at March 31, 2022 are as follows.

<i>Euro thousands</i>	March 31, 2022	December 31, 2021	Change 2022 - 2021
Intangible assets	448,727	445,823	2,904
Property, plant & equipment	173,445	169,653	3,792
Biological assets	1,976	1,936	40
Financial assets	5,480	5,585	(105)
Net Non-Current Assets	629,629	622,997	6,632
Other Non-Current Assets/ Liabilities	19,242	19,119	123
Inventories	302,286	271,269	31,017
Trade receivables and other assets	149,986	121,357	28,629
Trade payables and other liabilities	(127,356)	(115,430)	(11,926)
Other current assets and liabilities	616	(218)	834
Net working capital	325,532	276,979	48,553
Provisions	(83,608)	(83,716)	108
Net invested capital	890,794	835,379	55,415
Equity	(417,736)	(398,127)	(19,609)
Net financial debt	(473,058)	(437,253)	(35,805)
Net funding sources	(890,794)	(835,379)	(55,415)

The F.I.L.A. Group's "net invested capital" of Euro 890,794 thousand at March 31, 2022 was composed of net non-current assets of Euro 629,629 thousand (up by Euro 6,632 thousand on December 31, 2021), "net working capital" of Euro 325,532 thousand (up by Euro 48,553 thousand on December 31, 2021) and "other non-current assets/liabilities" of Euro 19,242 thousand (up by Euro 123 thousand on December 31, 2021), net of "provisions" of Euro 83,608 thousand (Euro 83,716 thousand at December 31, 2021).

Intangible Assets increased on December 31, 2021 by Euro 2,904 thousand, mainly due to exchange gains in the period of Euro 4,149 thousand, the M&A effect which contributed to an increase in Goodwill of Euro 1,788 thousand and net investments of Euro 491 thousand, principally by the parent F.I.L.A. S.p.A. (Euro 472 thousand) for the introduction of the SAP system, partially offset by amortisation in the period of Euro 3,523 thousand.

"Property, plant and equipment" increased on December 31, 2021 by Euro 3,792 thousand, mainly due to the increase of Euro 4,406 thousand in Right-of-Use, partially offset by the decrease of Euro 614 thousand in Property, Plant and Machinery.

Net investments in "Right-of-use" in the period amounted to Euro 5,847 thousand mainly by Daler Rowney Ltd (United Kingdom) for Euro 2,436 thousand and Dixon Ticonderoga Company (U.S.A) for Euro 2,298

thousand, for the renewal of both production site and local logistics contracts. The movement is also due to exchange gains of Euro 1,416 thousand, partially offset by depreciation in the period of Euro 2,857 thousand.

Net investments in “Property, Plant and Machinery” in the period totalled Euro 2,308 thousand and were undertaken by Canson SAS (France), DOMS Industries Pvt Ltd (India) and F.I.L.A. S.p.A.. We in addition report an increase from the recognition of positive currency differences of Euro 647 thousand. The overall movement is mainly offset by depreciation in the period of Euro 3,869 thousand, which resulted in a reduction in value of “Property, Plant and Machinery”.

Biological Assets increased Euro 40 thousand compared to December 31, 2021, entirely due to exchange gains. This item only includes the fair value of the plantation of the Chinese subsidiary Xinjiang F.I.L.A. - Dixon Plantation Company Ltd.

“Financial Assets” decreased by Euro 105 thousand on December 31, 2021, mainly concerning the subsidiary Daler Rowney Ltd (United Kingdom) for Euro 203 thousand, in relation to the financial assets underlying a portion of the indemnity plans to be paid to personnel.

The increase in “Net Working Capital” of Euro 48,553 thousand relates to the following:

- ▶ “Inventories” - increasing Euro 31,017 thousand, mainly due to the seasonality of the business which features higher stock on the approach of the schools’ campaign. The net increase in stock at the F.I.L.A. Group of Euro 26,202 thousand particularly concerns the subsidiary Dixon Ticonderoga Company (U.S.A) for Euro 14,465 thousand and the subsidiary Canson SAS (France) for Euro 6,017 thousand. Exchange gains of Euro 4,545 thousand are also reported.
- ▶ “Trade Receivables and Other Assets” - increasing Euro 28,629 thousand, mainly due to the seasonality of the F.I.L.A. Group’s business. The increase concerns in particular higher “Trade Receivables” for Euro 23,544 thousand, relating to the parent F.I.L.A. S.p.A. for Euro 9,262 thousand and to the US subsidiary Dixon Ticonderoga Company for Euro 5,232 thousand, in addition to the impact of exchange gains of Euro 2,611 thousand;
- ▶ “Trade Payables and Other Liabilities” - increasing Euro 11,926 thousand, mainly due to the increase in “Trade Payables” for approx. Euro 7,968 thousand, at Dixon Ticonderoga Company (U.S.A.), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and Canson SAS (France). Exchange losses of Euro 1,305 thousand are in addition reported.

The decrease in “Provisions” on December 31, 2021 of Euro 108 thousand principally concerns the:

- ▶ Decrease in “Employee benefits” of Euro 262 thousand, mainly due to the actuarial gains recorded in the period by the company Daler Rowney Ltd (United Kingdom);
- ▶ Increase in “Deferred tax liabilities” of Euro 185 thousand, principally due to exchange losses (of Euro 679 thousand), offset by the release of the tax effect concerning “Intangible Assets” of Euro 443 thousand.

- Decrease in “Provisions for Risks and Charges” of Euro 31 thousand, due to utilisations in the period by the Parent F.I.L.A. S.p.A..

The “Equity” of the F.I.L.A. Group, amounting to Euro 417,736 thousand, increased on December 31, 2021 by Euro 19,609 thousand. Net at the profit for the year of Euro 8,126 thousand (of which a profit of Euro 1,043 thousand attributable to non-controlling interests), the residual movement mainly concerned the increase in the currency reserve of Euro 4,719 thousand, the Actuarial Reserve of Euro 409 thousand and the fair value gains on IRSs of Euro 8,118 thousand. These changes were offset by the purchase of treasury shares by the Parent F.I.L.A. S.p.A., amounting to Euro 1,356 thousand, and the distribution of dividends to the Group's minority shareholders, amounting to Euro 387 thousand.

F.I.L.A. Group ”Net Financial Debt” at March 31, 2022 was Euro 473,058 thousand, increasing Euro 35,805 thousand on December 31, 2021.

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

Financial overview

The Group's net financial debt at March 31, 2022 and cash flows for the year then ended are summarised in the following table to complete the discussion about its financial position and financial performance.

For the definition of the Net Financial Debt from the condensed consolidated interim financial statements at June 30, 2021, reference should be made to Consob's Call to Attention No. 5/21 of April 29, 2021, which cites the new ESMA guidelines in this regard.

The **F.I.L.A. Group Net Financial Debt** at March 31, 2022 was Euro 473,058 thousand.

<i>Euro thousands</i>	March 31, 2022	December 31, 2021	Change 2022 - 2021
A Cash	132	104	28
B Cash equivalents	103,322	145,880	(42,558)
C Other current financial assets	3,075	3,536	(461)
D Liquidity (A + B + C)	106,529	149,520	(42,991)
E Current bank loans and borrowings	(35,901)	(45,196)	9,295
F Current portion of non-current bank loans and borrowings	(51,647)	(50,515)	(1,132)
G Current financial debt (E + F)	(87,548)	(95,711)	8,163
H Net current financial debt (G - D)	18,981	53,810	(34,829)
I Non-current bank loans and borrowings	(492,039)	(491,062)	(977)
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(492,039)	(491,062)	(977)
M Net financial debt (H + L)	(473,058)	(437,253)	(35,805)
N Long term loans issued	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(473,058)	(437,253)	(35,805)

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

- ▶ captions "A - Liquidity" and "B - Cash and cash equivalents" are included in "Cash and cash equivalents";
- ▶ caption "C - Other current financial assets" refers to "Current financial assets";
- ▶ caption "G - Current financial debt" relates to "Current Financial Liabilities" and contains caption "F - Current portion of non-current financial debt" which refers to the current portion of IFRS 16 Financial Liabilities and to the current portion of long-term loans;
- ▶ caption "I - Non-current financial debt" refers to "Non-current financial liabilities" and "Financial instruments".

Compared to December 31, 2021 (Euro 437,253 thousand), the Net Financial Debt at March 31, 2022 increased Euro 35,805 thousand, as outlined below in the Statement of Cash Flows:

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Operating profit net of IFRS 16 effect	14,561	11,037
Non-monetary adjustments net of IFRS 16 effect	8,537	8,184
Income taxes	(3,915)	(1,523)
Cash Flows from Operating Activities Before Changes in NWC	19,183	17,697
Change in NWC	(42,627)	(31,278)
Change in Inventories	(26,202)	(3,634)
Change in Trade Receivables and Other Assets	(25,626)	(24,478)
Change in Trade Payables and Other Liabilities	9,633	(2,973)
Change in Other Current Assets/Liabilities	(432)	(194)
Net Cash Flows from Operating Activities	(23,443)	(13,581)
Investments in Property, Plant and Equipment and Intangible assets	(2,786)	(2,388)
Interest income	36	32
Net Cash Flows from Investing Activities	(2,750)	(2,356)
Change in Equity	(1,743)	(488)
Financial Expense	(3,982)	(4,859)
Net Cash Flows from Financing Activities	(5,725)	(5,346)
Exchange differences and other variations	651	2,868
Total Net Cash Flows	(31,267)	(18,415)
Effect of exchange gains (losses)	(3,868)	(8,690)
Change in amortized cost	(1,380)	(497)
Mark to mark hedging adjustment	7,704	1,930
NFD change due to IFRS16 FTA	(5,273)	(5,891)
NFD from M&A Transactions (Change in Consolidation Scope)	(1,721)	-
Creative Art Products Limited		
Change in Net Financial Debt	(35,805)	(31,563)

Net cash outflow in Q1 2022 from “Operating Activities” of Euro 23,443 thousand (outflow of operating cash in Q1 2021 of Euro 13,581 thousand) concerns:

- Inflows of Euro 19,183 thousand (Euro 17,697 thousand in Q1 2021) from “Operating profit”, based on the difference of the “Value” and the “Costs of Cash Generation” and the remaining ordinary income components, excluding financial management;
- Outflow of Euro 42,627 thousand (outflow of Euro 31,278 thousand in Q1 2021) attributable to “Working Capital movements”, primarily related to the increases in “Trade Receivables and Other Assets” and of “Inventories”, partially offset by the increase in “Trade Payables and Other Liabilities”.

“Investing activities” reported outflow of Euro 2,750 thousand (Euro 2,356 thousand in Q1 2021), mainly due to the use of cash for Euro 2,786 thousand (Euro 2,388 thousand in Q1 2021) for tangible and intangible asset investment, particularly regarding Canson SAS (France), DOMS Industries Pvt Ltd (India) and F.I.L.A. S.p.A..

Net cash flow from “Financing Activities” reports outflows of Euro 5,725 thousand (outflows of Euro 5,346 thousand in Q1 2021), due to interest paid on loans and credit facilities granted to Group companies, amounting to Euro 3,982 thousand, mainly concerning 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), the purchase of treasury shares for Euro 1,356 thousand and dividends paid to the Group's minority shareholders for Euro 387 thousand.

Net of the exchange losses relating to the translation of net debt in currencies other than the Euro (Euro 3,868 thousand), the Mark to Market Hedging adjustment of Euro 7,704 thousand, the increase in Net Financial Debt due to the application of IFRS 16 amounting to Euro 5,273 thousand, the change in "Amortized cost", amounting to a negative Euro 1,380 thousand, in addition to the overall net decrease generated by M&A's of Euro 1,721 thousand (cash out relating to the acquisition of Creative Art Products Limited, amounting to Euro 1,185 thousand), the increase in the F.I.L.A. Group's Net Financial Debt is therefore Euro 35,805 thousand (increase of Euro 31,563 thousand at March 31, 2021).

Changes in net cash and cash equivalents are detailed below:

<i>Euro thousands</i>	March 31, 2022	December 31, 2021
Opening Cash and Cash Equivalents	137,226	116,306
Cash and cash equivalents	145,985	127,105
Current account overdrafts	(8,759)	(10,799)
Closing Cash and Cash Equivalents	95,800	137,226
Cash and cash equivalents	103,454	145,985
Current account overdrafts	(7,654)	(8,759)

Segment reporting

In terms of segment reporting, the F.I.L.A. Group has adopted IFRS 8.

IFRS 8 requires an entity to base segment reporting on internal reporting, which is regularly reviewed by the entity's chief operating decision maker to allocate resources to the various segments and assess performance.

Geographical segments are the primary basis of analysis and of decision-making by the F.I.L.A. Group's management, therefore fully in line with the internal reporting prepared for these purposes.

In particular, the Group's business is divided into five business segments, each of which is composed of various geographical segments, i.e. (i) Europe, (ii) North America (USA and Canada), (iii) Central and South America, (iv) Asia and (v) the Rest of the World, which includes South Africa and Australia. Each of the five business segments designs, markets, purchases, manufactures and sells products under known consumer brands in demand amongst end users and used in schools, homes and workplaces. Product designs are adapted to end users' preferences in each geographical segment.

The group's products are similar in terms of quality and production, target market, margins, sales network and customers, even with reference to the different brands which the group markets. Accordingly, there is no diversification by segments in consideration of the substantial uniformity of the risks and benefits relating to the products produced by the F.I.L.A. Group.

The accounting policies applied to segment reporting are in line with those used for the preparation of the consolidated financial statements.

Business Segment Reporting of the F.I.L.A. Group aggregates companies by geographical segment on the basis of the "entity location".

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

The segment reporting required in accordance with IFRS 8 is presented below.

Business Segments – Statement of financial position

The key statement of financial position figures for the F.I.L.A. Group by geographical area, at March 31, 2022 and December 31, 2021, are reported below:

March 31, 2022	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	138,435	226,243	1,166	20,066	-	62,817	448,727
Property, plant & equipment	66,115	48,490	21,054	37,157	629	-	173,445
Biological Assets	-	-	-	1,976	-	-	1,976
Total non-current assets	204,550	274,733	22,220	59,199	629	62,817	624,148
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	110,988	127,764	35,620	32,438	1,918	(6,442)	302,286
Trade receivables and Other assets	91,425	48,341	41,410	17,729	1,109	(50,028)	149,986
Trade payables and Other liabilities	(86,281)	(47,521)	(18,573)	(21,741)	(2,813)	49,573	(127,356)
Other Current Assets and Liabilities	(2,207)	3,276	(8)	(426)	(19)	-	616
Net Working Capital	113,925	131,860	58,449	28,000	195	(6,897)	325,532
<i>of which Infragroup</i>	<i>(13,628)</i>	<i>2,765</i>	<i>3,373</i>	<i>(1,951)</i>	<i>2,544</i>		
Net Financial Debt	(201,331)	(220,860)	(40,745)	(6,936)	(3,403)	217	(473,058)
<i>of which Infragroup</i>	<i>(13,333)</i>	<i>(5,212)</i>	<i>14,853</i>	<i>165</i>	<i>3,744</i>		

December 31, 2021	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	139,998	223,177	994	20,444	-	61,210	445,823
Property, plant & equipment	63,669	47,032	20,699	37,974	279	-	169,656
Biological Assets	-	-	-	1,936	-	-	1,936
Total non-current assets	203,667	270,209	21,693	60,354	279	61,210	617,412
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	100,215	110,488	32,856	30,177	1,889	(4,356)	271,269
Trade Receivables and other assets	74,632	37,885	35,333	15,566	1,241	(43,300)	121,357
Trade payables and other liabilities	(77,457)	(40,093)	(15,536)	(22,269)	(2,922)	42,847	(115,430)
Other Current Assets and Liabilities	(1,704)	1,458	118	(89)	(1)	-	(218)
Net Working Capital	95,685	109,738	52,771	23,386	207	(4,808)	276,979
<i>of which Infragroup</i>	<i>(10,678)</i>	<i>1,848</i>	<i>3,604</i>	<i>(2,175)</i>	<i>2,592</i>		
Net Financial Debt	(183,813)	(207,080)	(37,911)	(5,385)	(3,213)	149	(437,253)
<i>of which Infragroup</i>	<i>(1,330)</i>	<i>(5,127)</i>	<i>2,633</i>	<i>266</i>	<i>3,708</i>		

Business Segments – Income Statement

The income statement for the F.I.L.A. Group by geographical area for Q1 2022 and Q1 2021 is reported below:

March 31, 2022	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	78,527	72,142	23,911	33,621	897	(43,078)	166,020
<i>of which Infragroup</i>	(23,921)	(3,434)	(8,867)	(6,856)			
Gross operating profit (loss)	9,815	10,681	3,192	4,300	139	(2,100)	26,027
Operating profit (loss)	5,885	6,904	2,365	2,317	86	(2,077)	15,480
Net financial income (expense)	(1,260)	(2,892)	(482)	(169)	128	(337)	(5,012)
<i>of which Infragroup</i>	(600)	(20)	239	16	28		
Profit (loss) for the year	4,020	3,066	1,571	1,630	197	(2,358)	8,126
Profit (loss) attributable to Non-controlling interests	208	178	-	657	-	-	1,043
Profit (loss) attributable to the owners of the Parent	3,814	2,888	1,571	973	197	(2,358)	7,084

March 31, 2021	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	76,716	62,675	12,759	23,096	897	(34,592)	141,551
<i>of which Infragroup</i>	(21,519)	(2,239)	(4,622)	(6,212)			
Gross operating profit (loss)	10,819	8,845	(10)	2,078	(20)	234	21,946
Operating profit (loss)	6,200	5,938	(826)	324	(78)	324	11,882
Net financial income (expense)	(1,898)	(1,167)	(1,357)	(308)	54	31	(4,645)
<i>of which Infragroup</i>	31						
Profit (loss) for the year	3,862	3,640	(2,134)	43	(27)	216	5,600
Profit (loss) attributable to Non-controlling interests	243	68	-	(116)	-	-	195
Profit (loss) attributable to the owners of the Parent	3,620	3,571	(2,134)	159	(27)	216	5,405

Business Segments – Other Information

The “Other Information”, concerning tangible and intangible fixed asset investments of Group companies by region for March 31, 2022 and March 31, 2021 is reported below:

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

March 31, 2021	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	665	-	-	1	-	665
Property, plant and equipment	421	70	123	1,102	7	1,723
Right-of-use assets	3,753	(298)	25	1,520	(25)	4,976
Net investments	4,839	(228)	148	2,623	(18)	7,364

Subsequent events

In terms of Coronavirus-related events, we highlight the lockdown in certain parts of China and the related closure of the facility of the subsidiary Fila Dixon Stationery (Kunshan) Co. Ltd from April 2 until May 9, 2022, resulting in a temporary business slowdown.

There were no subsequent events other than those reported in the section “Key Events in the period” related to the conflict in Ukraine, inflationary developments and the impacts from the purchase of treasury shares.

Outlook

As already confirmed by the Q1 performance, FY 2022 shall be impacted by significant raw material, transport and energy cost inflation, the difficulties stemming from the last two years of COVID, and now considerably heightened by the conflict since February between the Russia and Ukraine.

The F.I.L.A. Group has consequently already adopted from 2022 a global product price increase policy, highlighting - as in the past and thanks also to vertical supply chain integration - its ability to manage inflation well. Growth is particularly forecast for Schools products, thanks also to the expected post-pandemic sales recovery in India and Mexico and strong schools consumption in North America. This is reflected in the return of production to standard pre-pandemic levels.

A good level of cash generation is expected also in 2022, with a consequent reduction in the debt, despite the need to maintain adequate stock levels to overcome the difficulties from COVID-19 and the recent Russia-Ukraine conflict on the global chain.

Treasury shares

In the period between March 24, 2022 and April 6, 2022, the Parent F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 240,000 ordinary shares of F.I.L.A. S.p.A. (representing 0.4701% of the Share Capital) for a total value of Euro 2,323,582 thousand.

Details, on a daily basis, of ordinary share purchases are provided below:

<i>Date</i>	<i>Number of ordinary shares purchased</i>	<i>Average Price (Euro)</i>	<i>Countervalue (Euro)</i>
24/03/2022	23,500	9.95	233,938
25/03/2022	24,000	9.99	239,695
28/03/2022	25,600	9.90	253,389
29/03/2022	15,000	9.90	148,457
30/03/2022	20,000	9.83	196,676
31/03/2022	29,000	9.79	284,018
01/04/2022	25,000	9.56	239,051
04/04/2022	20,000	9.37	187,476
05/04/2022	25,000	9.43	235,874
06/04/2022	32,900	9.27	305,009
Totale	240,000		2,323,582

These transactions were carried out as part of the share buyback program, approved by the Company's Board of Directors on March 23, 2022, and as per the authorisation of the Shareholders' Meeting of April 27, 2021. On March 31, 2022, the Group held 188,600 treasury shares, for a total value of Euro 1,844 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated shareholders’ equity); Prior to the launch of the Program, the company held 51,500 ordinary treasury shares, representing 0.1009% of the share capital. Therefore, following the purchases made during the Program, F.I.L.A. holds a total of 291,500 treasury shares, equal to approx. 0.5709% of the share capital.

Basis of preparation and accounting standards

The Interim Financial Statements of the F.I.L.A. Group at March 31, 2022, drawn up by the Board of Directors of F.I.L.A. S.p.A., were prepared in accordance with the accounting standards and methods adopted for the annual financial report, based on the historic cost principle and the going concern assumption.

II - Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2022

Consolidated Interim Financial Statements

Statement of Financial Position

<i>Euro thousands</i>	March 31, 2022	December 31, 2021
Assets	1,217,383	1,193,461
Non-current assets	649,341	642,322
Intangible assets	448,727	445,823
Property, plant and equipment	173,445	169,653
Biological assets	1,976	1,936
Non-current financial assets	3,828	4,078
Equity-accounted investments	1,627	1,481
Other equity investments	26	26
Deferred tax assets	19,712	19,325
Current assets	568,042	551,139
Current financial assets	3,075	3,536
Current tax assets	9,240	8,991
Inventories	302,286	271,269
Trade receivables and other assets	149,986	121,357
Cash and cash equivalents	103,454	145,985
Liabilities and equity	1,217,383	1,193,461
Equity	417,736	398,127
Share capital	46,986	46,986
Negative reserve for treasury shares in portfolio	(1,844)	(488)
Reserves	122,325	109,135
Retained earnings	216,783	178,769
Profit for the period	7,084	38,014
Equity attributable to the owners of the parent	391,334	372,416
Equity attributable to non-controlling interests	26,403	25,710
Non-current liabilities	574,812	573,714
Non-current financial liabilities	489,886	481,205
Financial instruments	2,153	9,858
Employee benefits	9,299	9,560
Provision for risks and charges	981	1,047
Deferred tax liabilities	72,024	71,839
Other liabilities	470	206
Current liabilities	224,834	221,620
Current financial liabilities	87,548	95,711
Current provision for risks and charges	1,305	1,270
Current tax liabilities	8,625	9,209
Trade payables and other liabilities	127,356	115,430

Statement of Comprehensive Income

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Revenue	166,020	141,551
Income	2,205	2,286
Total revenue	168,224	143,836
Raw materials, consumables, supplies and goods	(102,574)	(65,324)
Services and use of third party assets	(26,922)	(24,758)
Other costs	(1,403)	(1,765)
Change in raw materials, semi-finished products, work in progress and finished goods	26,048	3,300
Personnel expense	(37,345)	(33,342)
Amortisation and depreciation	(10,249)	(9,998)
Impairment losses on trade receivables and other assets	(298)	(64)
Other impairment losses	-	(2)
Total operating costs	(152,745)	(131,955)
Operating profit	15,480	11,882
Financial income	3,233	2,846
Financial expense	(8,389)	(7,527)
Share of profit of equity-accounted investments	144	36
Net financial expense	(5,012)	(4,645)
Pre-tax profit	10,468	7,237
Income taxes	(3,022)	(2,190)
Deferred taxes	681	553
Total taxes	(2,341)	(1,636)
Profit from continuing operations	8,126	5,600
Profit for the year	8,126	5,600
<i>Attributable to:</i>		
Non-controlling interests	1,043	195
Owners of the parent	7,084	5,405
Other comprehensive income (expense) which may be reclassified subsequently to Profit and Loss	12,838	15,078
Exchange gains (losses)	4,719	12,272
Hedging reserve	8,118	2,806
Other comprehensive income (expense) which may not be reclassified subsequently to Profit and Loss	409	66
Actuarial gains (losses)	523	79
Taxes	(114)	(13)
Other comprehensive income (expense), net of tax effect	13,247	15,144
Comprehensive income (expense)	21,373	20,744
<i>Attributable to:</i>		
Non-controlling interests	1,079	1,089
Owners of the parent	20,294	19,655
Earnings per share:		
<i>basic</i>	<i>0.14</i>	<i>0.11</i>
<i>diluted</i>	<i>0.14</i>	<i>0.10</i>

Statement of changes in Equity

Statement of Changes in Equity														
	Share capital	Negative reserve for treasury shares in portfolio	Legal reserve	Share premium reserve	Actuarial reserve	Other reserves	Translation reserve	Retained earnings	Profit attributable to the owners of the parent	Equity attributable to the owners of the parent	Capital and reserves att. to non-controlling interests	Profit attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
<i>Euro thousands</i>														
December 31, 2020	46,967	-	8,331	154,473	(5,303)	(42,828)	(39,856)	177,616	8,607	308,007	23,753	(485)	23,268	331,275
Profit for the year									38,014	38,014		1,411	1,411	39,425
Other comprehensive income (expense)					5,325	10,112	18,352			33,789	1,447		1,447	35,236
Other changes	18	(488)		173		356		(1,335)		(1,276)	47		47	(1,229)
Profit for the year recognised directly in equity	18	(488)	-	173	5,325	10,468	18,352	(1,335)	38,014	70,528	1,494	1,411	2,905	73,433
Allocation of the 2020 profit			406			(406)		8,607	(8,607)	(0)	(485)	485	-	(0)
Dividends								(6,119)		(6,119)	(463)		(463)	(6,582)
December 31, 2021	46,986	(488)	8,737	154,646	22	(32,766)	(21,504)	178,769	38,014	372,416	24,299	1,411	25,710	398,127
<i>Euro thousands</i>														
	Share capital	Negative reserve for treasury shares in portfolio	Legal reserve	Share premium reserve	Actuarial reserve	Other reserves	Translation reserve	Retained earnings	Profit attributable to the owners of the parent	Equity attributable to the owners of the parent	Capital and reserves att. to non-controlling interests	Profit attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
December 31, 2021	46,986	(488)	8,737	154,646	22	(32,766)	(21,504)	178,769	38,014	372,416	24,299	1,411	25,710	398,127
Profit for the year									7,084	7,084		1,043	1,043	8,126
Other comprehensive income (expense)					409	8,118	4,682			13,210	37		37	13,247
Other changes		(1,356)				(20)				(1,376)			-	(1,376)
Profit for the year recognised directly in equity	-	(1,356)	-	-	409	8,099	4,682	-	7,084	18,918	37	1,043	1,079	19,997
Allocation of the 2021 profit								38,014	(38,014)	-	1,411	(1,411)	-	-
Dividends										-	(387)		(387)	(387)
March 31, 2022	46,986	(1,844)	8,737	154,646	431	(24,667)	(16,822)	216,783	7,084	391,334	25,360	1,043	26,403	417,736

Consolidated Statement of Cash Flows

<i>Euro thousands</i>	March 31, 2022	March 31, 2021
Profit for the period	8,126	5,600
Non-monetary and other adjustments:	18,747	17,355
Amortisation and depreciation of intangible assets and property, plant and equipment	7,392	7,191
Amortisation and depreciation of right-of-use assets	2,857	2,807
Net impairment losses on intangible assets and property, plant and equipment	-	2
Impairment gains/losses on trade receivables and write-downs of inventories	452	398
Accruals for post-employment and other employees benefits	706	593
Provision for risks and charges	(0)	83
Net gains on the sale of intangible assets and property, plant and equipment	(13)	-
Net financial expense	5,156	4,681
Net gains on equity investments	(144)	(36)
Taxes	2,341	1,636
Addition for:	(2,050)	684
Income taxes paid	(3,915)	(1,523)
Net unrealised exchange gains/losses on foreign currency assets and liabilities	2,021	2,233
Net realised exchange gains/losses on foreign currency assets and liabilities	(155)	(26)
Cash flows from operating activities before changes in net working capital	24,824	23,639
Changes in net working capital:	(42,627)	(31,278)
Change in inventories	(26,202)	(3,634)
Change in trade receivables and other assets	(25,626)	(24,478)
Change in trade payables and other liabilities	9,633	(2,973)
Change in other assets and liabilities	(96)	33
Change in post-employment and other employee benefits	(336)	(228)
Net cash flows from operating activities	(17,802)	(7,639)
Net increase/decrease in intangible assets	(491)	(665)
Net increase/decrease in property, plant and equipment	(2,295)	(1,723)
Net increase/decrease in right-of-use assets	(5,847)	(4,976)
Net increase/decrease in equity investments measured at cost	(1,185)	-
Net increase/decrease in other financial assets	763	(1,756)
Interest collected	36	32
Net cash flows from (used in) investing activities	(9,019)	(9,088)
Change in equity	(1,743)	(488)
Financial expense	(3,982)	(4,859)
Interests paid IFRS 16	(1,496)	(1,400)
Net increase/decrease in loans and borrowings and other financial liabilities	(8,646)	(13,006)
Net increase/decrease in lease liabilities IFRS 16	3,536	2,703
Net cash flows from (used in) financing activities	(12,330)	(17,050)
Exchange gains/losses	4,719	12,272
Other non-monetary changes	(6,456)	(12,543)
Net cash flows for the year	(40,890)	(34,048)
Opening cash and cash equivalents net of current account overdrafts	137,226	116,306
Opening cash and cash equivalents net of current account overdrafts (change in consolidation scope)	(536)	-
Closing cash and cash equivalents net of current account overdrafts	95,800	82,258

- 1) Cash and cash equivalents at March 31, 2022 totalled Euro 103,454 thousand; current account overdrafts amounted to Euro 7,654 thousand net of relative interest.
- 2) Cash and cash equivalents at December 31, 2021 totalled Euro 145,985 thousand; current account overdrafts amounted to Euro 8,759 thousand net of relative interest.
- 3) The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects of non-monetary items were eliminated (including the translation of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the caption "Other non-monetary changes".

<i>Euro thousands</i>	March 31, 2022	December 31, 2021
Opening cash and cash equivalents	137,226	116,306
Cash and cash equivalents	145,985	127,105
Current account overdrafts	(8,759)	(10,799)
Closing cash and cash equivalents	95,800	137,226
Cash and cash equivalents	103,454	145,985
Current account overdrafts	(7,654)	(8,759)

Attachments

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

Company	Country	Segment IFRS 8 ¹	Year of acquisition	% Held directly (F.I.L.A. S.p.A.)	% Held indirectly	% Held F.I.L.A. Group	Held By	Recognition	Non controlling interests
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany	EU	2008	99.53%	0.47%	100.00%	FILA S.p.A. Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-Line	0.00%
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany	EU	2008	0.00%	100.00%	100.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	0.00%
F.I.L.A. Nordic AB2	Sweden	EU	2008	0.00%	50.00%	50.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	50.00%
FILA Stationary and Office Equipment Industry Ltd. Co.	Turkey	EU	2011	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Stationary O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Industria Maimeri S.p.A.	Italy	EU	2014	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Fila Hellas Single Member S.A.	Greece	EU	2013	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Polska Sp. Z.o.o	Poland	EU	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Dixon Ticonderoga Company	U.S.A.	NA	2005	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Dixon Canadian Holding Inc.	Canada	NA	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico	CSA	2005	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0.00%
F.I.L.A. Chile Ltda	Chile	CSA	2000	0.79%	99.21%	100.00%	Dixon Ticonderoga Company FILA S.p.A.	Line-by-Line	0.00%
FILA Argentina S.A.	Argentina	CSA	2000	0.00%	100.00%	100.00%	F.I.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-Line	0.00%
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	AS	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
PT. Lyra Akrelux	Indonesia	AS	2008	0.00%	52.00%	52.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	48.00%
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	AS	2013	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
FILA SA PTY LTD	South Africa	RM	2014	99.43%	0.00%	99.43%	FILA S.p.A.	Line-by-Line	0.57%
Canson Art & Craft Yixing Co., Ltd.	China	AS	2015	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
DOMS Industries Pvt Ltd	India	AS	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Renoir Topco Ltd	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Renoir Midco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Topco Ltd	Line-by-Line	0.00%
Renoir Bidco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Midco Ltd	Line-by-Line	0.00%
FILA Benelux SA	Belgium	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
Brideshore srl	Domenican Republic	CSA	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
St. Cuthberts Holding Limited	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
St. Cuthberts Mill Limited	U.K.	EU	2016	0.00%	100.00%	100.00%	St. Cuthberts Holding Limited	Line-by-Line	0.00%
Fila Iberia S. L.	Spain	EU	2016	96.77%	0.00%	96.77%	FILA S.p.A.	Line-by-Line	3.23%
Canson SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Canson Do Brasil Produtos de Artes e Escolar Ltda	Brazil	CSA	2016	0.04%	99.96%	100.00%	Canson SAS FILA S.p.A.	Line-by-Line	0.00%
Lodi 12 SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Canson Australia PTY LTD	Australia	RM	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Canson Qingdao Paper Products Co., Ltd.	China	AS	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Canson Italy S.r.l	Italy	EU	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
FILA Art Products AG	Switzerland	EU	2017	52.00%	0.00%	52.00%	FILA S.p.A.	Line-by-Line	48.00%
FILA Art and Craft Ltd	Israel	AS	2018	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Dixon Ticonderoga ART ULC	Canada	NA	2018	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0.00%
Princeton HK Co., Limited	Hong Kong	AS	2018	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-Line	0.00%
Fila Arches SAS	France	EU	2019	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Specialty Paper LLC	U.S.A.	NA	2019	0.00%	50.00%	50.00%	Dixon Ticonderoga Company	Line-by-Line	50.00%
Creative Art Products Limited	U.K.	EU	2022	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
Pioneer Stationery Pvt Ltd.	India	AS	2015	0.00%	51.00%	51.00%	DOMS Industries Pvt Ltd	Equity method	49.00%
Uniwite Pens and Plastics Pvt Ltd	India	AS	2016	0.00%	60.00%	60.00%	DOMS Industries Pvt Ltd	Equity method	40.00%
Fixy Adhesives Private Limited	India	AS	2021	0.00%	78.46%	78.46%	DOMS Industries Pvt Ltd	Equity method	21.54%
Inxon Pens & Stationery Private	India	AS	2021	0.00%	51.00%	51.00%	DOMS Industries Pvt Ltd	Equity method	49.00%

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 IFRS 10

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Attachment 2 - Business combinations

Creative Art Products Limited

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

From the date of acquisition, the company has been consolidated in the financial statements of the F.I.L.A. Group on a line-by-line basis and has contributed to the result for the period limited to that arising in the period between February 8, 2022 and March 31, 2022.

In this period, the subsidiary generated revenues from third parties of Euro 773 thousand and a profit of Euro 19 thousand. Management consider that if the acquisition of the business unit had taken place on January 1, 2022, the consolidated revenue for the first quarter of the year would have been Euro 361 thousand higher (therefore Euro 166,381 thousand). In calculating this amount, management assumed that the fair value adjustments at the acquisition date would have been the same even if the acquisition took place on January 1, 2022.

Daler Rowney Ltd (United Kingdom) incurred costs related to the acquisition of Euro 23 thousand for legal expenses and due diligence costs. These costs have been expensed in the consolidated financial statements in the "Consultancy" item of the condensed statement of comprehensive income.

The transaction is valued at GBP 1,000 thousand (Euro 1,185 thousand).

The difference between the net financial outlay and the carrying amount of equity of Creative Art Products Limited resulted in the recognition of Goodwill, amounting to Euro 1,793 thousand. The acquisition was accounted for by applying the purchase method, based on the definition of a business in IFRS 3. The PPA is in progress and therefore the fair value adjustments are considered provisional.

The calculation of goodwill on the basis of the above figures at the transaction date is set out below:

Value of Daler Rowney Ltd Investment in Creative Art Products Limited	A	1,209
Consultancy charges capitalised in Daler Rowney Ltd separate financial statements and expensed in consolidated financial statements	B	23
Purchase price of the equity investment net of consultancy charges (Fair Value)	C = (A - B)	1,185
Equity Fair Value of Creative Art Products Limited	D	(607)
Difference between the purchase price of the equity investment and the carrying amount of Creative Art Products Limited (Goodwill) at February 8, 2022	C - D	1,793

The value of the assets and liabilities of Creative Art Products Limited at the acquisition date was as follows:

Fair Value at February 8, 2022

Euro thousands

Assets	1,418
Non-Current Assets	237
Property, plant and equipment	237
Current Assets	1,181
Inventories	511
Trade receivables and other assets	692
Cash and cash equivalents	(22)
Liabilities and Equity	(1,418)
Equity	607
Non-Current Liabilities	-
Current Liabilities	(2,025)
Current financial liabilities	(692)
Current provision for risks and charges	(296)
Current tax liabilities	(39)
Trade payables and other liabilities	(998)

Note: The figures are converted at the exchange rate at February 8, 2022.

Transactions relating to Atypical and/or Unusual Operations

In accordance with Consob Communication of July 28, 2006, during Q1 2022 the F.I.L.A. Group did not undertake any atypical and/or unusual operations as defined by this communication, whereby atypical and/or unusual transactions refer to transactions which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the period-end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the company's assets and the protection of non-controlling shareholders.

The Board of Directors
THE CHAIRPERSON
MR. GIOVANNI GORNO TEMPINI

Statement of the Manager in Charge - Interim Financial Report

GIOTTO Giotto be-ba TROTTO DAS GAB LYRA MARMERI DALER ROWNEY LUKAS PRINCETON Artist Brush ST CUTHBERTS MILL CANSON Strathmore



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

May 13, 2022

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, 2022 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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