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| Informazione Regolamentata n. 1565-11-2023 | Data/Ora Ricezione 22 Marzo 2023 17:27:54 | Euronext Star Milan |
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Societa' : FILA
Identificativo : 173900
Informazione
Regolamentata
Nome utilizzatore : FILASPANSS01 - Nicoletti
Tipologia : 1.1
Data/Ora Ricezione : 22 Marzo 2023 17:27:54
Data/Ora Inizio : 22 Marzo 2023 17:27:55
Diffusione presunta
Oggetto : F.I.L.A. S.p.A._PR_FY2022 Results

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| <i>Testo del comunicato</i> |
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Vedi allegato.

PRESS RELEASE

**F.I.L.A. S.P.A.'S BOARD OF DIRECTORS APPROVES 2022 SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS
SIGNIFICANT GROWTH DRIVEN BY INDIA AND MEXICO, ALONGSIDE GOOD CASH GENERATION - IN SPITE OF STRONG INFLATION AND HIGHER INTEREST RATES**

**REVENUE OF EURO 764.6 MILLION (+17.0% VS FY2021)
ASIA +80.6%, CENTRAL AND SOUTH AMERICA +69.5% AND NORTH AMERICA +8.9%**

**ADJUSTED EBITDA OF EURO 110.3 MILLION, +1.1% ON FY2021
DESPITE CONSIDERABLE IMPACT OF INFLATION ON COSTS
IN SECOND HALF OF THE YEAR**

ADJUSTED NET PROFIT OF EURO 42.8 MILLION

**NET BANK DEBT OVER LAST 12 MONTHS IMPROVES
EURO 14.0 MILLION, EXCLUDING CURRENCY EFFECT AND ONE-OFF OUTLAYS**

DIVIDEND OF APPROX. EURO 6 MILLION PROPOSED

OUTLOOK 2023

**MID-SINGLE-DIGIT ORGANIC REVENUE GROWTH FORECAST
MORE PROPORTIONAL RISE IN EBITDA**

**FREE CASH FLOW TO EQUITY BETWEEN EURO 40.0 TO EURO 50.0 MILLION EXPECTED
DESPITE INCREASED CAPEX TO SUPPORT DEVELOPMENT IN INDIA**

**THE FILA GROUP, AFTER TWO YEARS OF COVID AND AMID RISING INFLATION,
MAINTAINS ITS CAPACITY FOR FUTURE GROWTH, EXCELLENT CASH GENERATION AND
ABOVE-SECTOR-AVERAGE PROFITABILITY**

F.I.L.A. Fabbrica Italiana Lapis ed Affini

GIOTTO | tratto |  | PONGO | DAS | LYRA | MAIMERI | DALER ROWNEY
LUKAS |  ST CUTHBERTS MILL | CANSON | Strathmore | PRINCETON ARTIST BRUSH | ARCHES





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- **Adjusted revenue in 2022 of Euro 764.6 million, +17.0% on the previous year (Euro 653.5 million in 2021), +10.1% at like-for-like exchange rates. Asia significantly up (+70.2%), in addition to Central and South America (+59.6%), thanks to strong growth, particularly in the School & Office segment, in India and Mexico, with Europe substantially flat on 2021, and North America reducing 2.9%;**
- **Adjusted EBITDA in 2022 (excluding the IFRS 16 effects) of Euro 110.3 million, +1.1% (-2.3% at like-for-like exchange rates) on 2021 (Euro 109.1 million), with a 2022 margin of 14.4% (16.7% in 2021). The increase in product sales prices and the continued focus on managing G&A costs partially offset raw material and transport cost inflation and increased personnel expense, particularly in the United States, India and Mexico in support of revenue growth. The lesser EBITDA than revenue growth is also due to the different sales mix and the increasing contribution to Group revenue of Asia and Central and South America, which today account respectively for 17.2% and 9.8% of the total, nearly tripling on 2021 (6.3% and 3.7% respectively);**
- **Adjusted Net Profit of Euro 42.8 million (excluding the IFRS 16 effects). Adjusted Group Net Profit of Euro 37.7 million, due to the growing contribution of minorities, increasing from Euro 1.6 million in 2021 to Euro 5.1 million, thanks to the strong growth of the Indian subsidiary;**
- **Net Bank Debt over the last 12 months, excluding the negative currency effect of Euro 14.4 million, M&A's for Euro 1.4 million and the debt refinancing costs of Euro 6.0 million, decreased (in line with expectations) Euro 14.0 million. The reported figure increased Euro 7.8 million to Euro 351.6 million at December 31, 2022, from Euro 343.8 million at December 31, 2021;**
- **Free Cash Flow to Equity of Euro 29.2 million (excluding the non-recurring effect for Euro 6.0 million of refinancing costs), due to the temporary increase in inventories, amplified by inflation and an extremely challenging landscape, which continues to be impacted by global supply chain difficulties - worsened post-pandemic by the Russia-Ukraine crisis (+Euro 72.3 million in 2021);**
- **The Net Financial Debt at December 31, 2022 was Euro 349.8 million (excluding the IFRS 16 effect of Euro 88.5 million and the positive Mark to Market Interest Hedging for Euro 3.2 million), compared to Euro 340.1 million at December 31, 2021 (excluding the IFRS 16 effect of Euro 87.3 million and the negative impact of the Mark to Market Interest Hedging of Euro 9.9 million).**

* * *

Pero, March 22, 2023 – The Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“F.I.L.A.” or the “Company”), whose ordinary shares (ISIN Code IT0004967292) are listed on the Euronext Milan regulated market, organised and managed by Borsa Italiana S.p.A., Euronext STAR Milan segment, in a meeting today presided over by the Chairman Mr. Giovanni Gorno Tempini, approved the separate financial statements at December 31, 2022 and the consolidated financial statements at December 31, 2022, drawn up as per IFRS.

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F.I.L.A. – a Company which operates in the creativity tools market - producing design, colouring, writing and modelling objects - reports 2022 Core Business Revenue of Euro 764.6 million, up +17.0% (+10.1% net of the currency effect) on the previous year. Adjusted EBITDA in 2022 of Euro 110.3 million was up +1.1% on 2021 (-2.3% at like-for-like exchange rates). The Adjusted Net Profit was Euro 42.8 million.

* * *

“We close a good year 2022, considering the significant general economic challenges and the impact of inflation on the operating margin. The Schools business drove the development of markets such as India and Mexico and from 2023, with the destocking due to the COVID period bubble coming to an end, we shall see a return to growth for the Fine Art business” stated Massimo Candela, CEO of F.I.L.A. “The first half of 2023 will be particularly challenging as, despite the positive effect from rising prices in the initial months of the year, the margin shall continue to be impacted by 2022’s inflationary pressures on costs. We confirm our strong outlook for 2023, with mid-single-digit organic revenue growth, driven by India and Mexico and the recovery of all other markets, more proportional growth in EBITDA and an improved margin. Finally, we confirm the investment plan envisaged in the Business Plan, including ESG objectives, such as the reduction of CO2 emissions and water withdrawals”.

* * *

2022 operating overview adjusted to exclude IFRS 16 effects - F.I.L.A. Group

Revenue from sales and services of Euro 764.6 million increased on 2021 by Euro 111.1 million (+17.0%). Net of exchange gains of Euro 45.3 million (mainly concerning the US Dollar, the Indian Rupee and the Mexican Peso, partially offset by the weakening of the Turkish Lira and the Argentinian Peso), organic growth was Euro 65.8 million (+10.1%).

At geographical area level, this organic growth was seen in Asia for Euro 47.7 million (+70.2% on 2021) and in Central South America for Euro 27.3 million (+59.6% on 2021), partially offset by the decrease in North America for Euro 8.6 million (-2.9% on 2021) and in Europe for Euro 0.6 million (-0.23% on 2021), while the Rest of the World reports a substantially stable performance on the previous year.

Income of Euro 9.0 million increased on the previous year by Euro 2.1 million, mainly due to higher exchange gains on commercial transactions.

Operating Costs in 2022 of approx. Euro 663.3 million increased Euro 112.1 million on 2021. This increase is mainly due to inflationary pressures in the year on variable purchasing and sales costs linked to the increase in revenue, higher transportation costs, marketing expenses to developing revenue and the negative exchange rate effect upon revenue.

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Gross Operating Profit (EBITDA) of Euro 110.3 million increased by Euro 1.2 million on 2021 (+1.1%). At like-for-like exchange rates, an organic contraction of 2.3% against the previous year is reported.

The adjustment to 2022 EBITDA concerns non-recurring operating costs of approx. Euro 6.8 million, for Group level consultancy of Euro 3.5 million (principally concerning the undertaking of a new loan in July 2022 and the settlement of the previous loan - hereafter also the “refinancing”), reorganisation and restructuring charges of Euro 3.1 million, charges incurred to tackle the COVID-19 pandemic of Euro 1.1 million, the portion in the year for the medium/long-term “2022-2025 Performance Shares Incentive Plan” of Euro 0.2 million and the portion disbursed on the conclusion of the “2019-2021 Performance Shares Incentive Plan” of Euro 1.1 million.

Operating Profit (EBIT) was Euro 78.7 million, substantially in line with the previous year and including amortisation, depreciation and impairments of Euro 31.5 million, increasing Euro 1.3 million, mainly due to an increase in impairments and in the allowance for doubtful accounts following the increase in revenue, the poor economic-financial environment, in addition to higher amortisation and depreciation linked to a slight increase in investments, which were previously impacted by the COVID-19 related uncertainty.

The adjustment to Operating Profit was Euro 9.9 million, relating to the above-stated effects on EBITDA and the estimated impairments on doubtful accounts, mainly concerning the Russian subsidiary Fila Stationary O.O.O.

Net Financial Expense of Euro 24.7 million increased Euro 6.1 million, substantially due to the higher amortised cost on the refinancing transaction involving the parent F.I.L.A. S.p.A. and the US subsidiary Dixon Ticonderoga Company, in addition to the increased interest expense, principally due to the raising of interest rates and the greater use of credit lines.

The adjustment made to Net financial expense of Euro 3.5 million mainly refers to the financial expenses incurred by the parent F.I.L.A. S.p.A. and the U.S. subsidiary Dixon Ticonderoga Company for the refinancing transaction.

The Group's total adjusted **Taxes** amounted to Euro 11.3 million, decreasing on the previous year due to the release of Deferred Tax Assets, mainly related to the lower deferred taxes concerning the US company Dixon Ticonderoga Company.

The **Net Profit** was Euro 42.8 million (Euro 44.1 million in 2021). The F.I.L.A. Group **Net Profit** in 2022, net of minorities for Euro 5.1 million, which rose significantly on 2021 (Euro 1.6 million) was Euro 37.7 million.

The adjustment to the Group Profit in 2022 was Euro 10.9 million, principally due to the above-stated effects on the Operating Profit and on Net Financial Expense, net of the relative tax effect.

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Statement of Financial Position review - F.I.L.A. Group

The F.I.L.A. Group's **Net Invested Capital** of Euro 862.8 million at December 31, 2022 was composed of Net Fixed Assets of Euro 618.7 million (decreasing Euro 4.3 million on December 31, 2021), Net Working Capital of Euro 302.9 million (increasing Euro 25.9 million on December 31, 2021) and Other Non-current Assets/Liabilities of Euro 24.0 million (increasing by Euro 4.9 million on December 31, 2021), net of Provisions of Euro 82.8 million (Euro 83.7 million at December 31, 2021).

Intangible Assets increased on December 31, 2021 by Euro 0.7 million, principally due to positive currency differences in the year of Euro 9.7 million, net investments of Euro 3.1 million, mainly by the parent F.I.L.A. S.p.A. (Euro 3.0 million for the implementation and roll out of the ERP at a number of Group companies and F.I.L.A. S.p.A.) and the net change in the consolidation scope of Euro 2.0 million, concerning the Schools brand of the English subsidiary Daler Rowney Ltd, which acquired the net assets of the English investee Creative Art Products Ltd from August 1, 2022. The increase in the year is offset by amortisation of Euro 14.3 million.

Property, plant and equipment decreased on December 31, 2021 by Euro 3.5 million due to the reduction in Property, Plant and Machinery of Euro 2.0 million and of Rights-of-Use of Euro 1.5 million. The decrease in Property, Plant and Machinery was mainly due to depreciation in the period of Euro 16.1 million. Net investments in the period totalled Euro 13.7 million and were undertaken mainly by DOMS Industries Pvt Ltd (India), Canson SAS (France) and Dixon Ticonderoga Company (U.S.A.). We in addition report an increase from the recognition of positive exchange differences of Euro 0.07 million.

Biological Assets decreased Euro 0.1 million on December 31, 2021, with Euro 0.08 million concerning impairments and Euro 0.04 million negative currency differences.

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 Euro 1.4 million on December 31, 2021, mainly regarding the Chinese subsidiary Fila Dixon Stationary Kunshan, which no longer holds financial-type bank products, which at December 31, 2021 amounted to Euro 3.1 million.

The increase in **Net Working Capital** of Euro 25.9 million relates to the following:

- **Inventories** – increase of Euro 35.8 million, mainly due to the net increase in stock at the F.I.L.A. Group, for approx. Euro 28.0 million, in particular at Dixon Ticonderoga Company (U.S.A.) and Grupo Fila- Dixon, S.A. de C.V. (Mexico) and positive currency differences of approx. Euro 6.3 million;

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- **Trade and Other Receivables** - decreasing Euro 6.0 million, mainly due to the decrease in Trade Receivables for Euro 8.6 million, principally in North America, offset by positive currency differences for approx. Euro 4.2 million;
- **Trade and Other Payables**- increasing Euro 6.9 million, due mainly to the increase in Trade Payables for approx. Euro 8.0 million, recognised by the Mexican subsidiary FILA-Dixon, S.A. de C.V. and the parent F.I.L.A. S.p.A.; This increase was sharpened by unfavourable exchange rates movements for Euro 1.5 million;
- **Other Current Assets and Liabilities** - increasing Euro 3.1 million, mainly due to the increase in current tax assets for Euro 4.1 million and the increase in current tax liabilities for a negative Euro 1.0 million.

The decrease in **Provisions** compared to December 31, 2021 (Euro 0.9 million) is principally due to:

- Decrease in **Deferred tax liabilities** of Euro 1.0 million, principally due to utilisations in the year of Euro 2.6 million, offset by negative exchange rate translation effects of Euro 1.2 million;
- Decrease in **Provisions for Risks and Charges** of Euro 0.2 million, mainly for the release by the French subsidiary Canson SAS in relation to the previous reorganisation plans, which have now being completed;
- Increase in **Employee benefits** for Euro 0.3 million, mainly due to the actuarial gains of the company Daler Rowney Ltd (United Kingdom).

F.I.L.A. Group **Equity** of Euro 427.7 million increased Euro 29.5 million over December 31, 2021. Net of the profit for the year of Euro 25.3 million (of which a profit of Euro 5.0 million attributable to non-controlling interests), the residual movement mainly concerned the increase in the currency reserve of Euro 2.3 million and the fair value gains on IRSs of Euro 13.5 million.

These changes were offset by the decrease in the “Actuarial Gains/Losses” reserve of Euro 1.0 million, the purchase of treasury shares by the parent F.I.L.A. S.p.A. for Euro 2.3 million, the release of the Shares Based Premium Reserve and of “Treasury Shares” for Euro 1.1 million, in relation to the 2019-2021 medium/long-term incentive plan, by the Euro 0.2 million increase against the new 2022-2024 medium/long-term incentive plan and by dividends paid for Euro 12.8 million, of which Euro 11.7 million to the shareholders of F.I.L.A. S.p.A. and Euro 1.1 million to the non-controlling interests of the subsidiaries.

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The **Net Financial Debt** of the F.I.L.A. Group at December 31, 2022 was Euro 435.2 million, improving on December 31, 2021 by Euro 2.1 million (negative for Euro 437.3 million). This decrease was mainly due the following factors:

- The net cash flow generated in the year from Operating Activities of Euro 68.9 million (Euro 100.6 million in 2021) concerns:
 - inflows of Euro 88.0 million (Euro 97.4 million in 2021) from Operating Profit, calculated as the difference of operating costs and revenue plus other operating items, excluding financial items;
 - outflows of Euro 19.1 million (generation of Euro 3.2 million in 2021) attributable to Working Capital movements and principally the increase in Inventories, partially offset by the increase in Trade Payables and Other Liabilities and the reduction in Trade Receivables and Other Assets.

Investing activities absorbed liquidity of Euro 16.4 million (Euro 11.8 million in 2021), mainly due to the use of cash for Euro 16.7 million (Euro 12.0 million in 2021) for net property, plant and equipment and intangible asset investment, particularly regarding DOMS Industries Pvt Ltd (India), Canson SAS (France), Dixon Ticonderoga Company (U.S.A.), Daler Rowney Ltd (United Kingdom) and the parent F.I.L.A. S.p.A.

Financing activities absorbed net cash flows of Euro 40.3 million (Euro 25.7 million absorbed in 2021) due to interest paid on loans and credit lines granted to Group companies of Euro 25.2 million, mainly the parent F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), to the dividends paid totalling Euro 12.8 million (to the shareholders of F.I.L.A. S.p.A. for Euro 11.7 million and to the minority shareholders of the subsidiaries for Euro 1.1 million) and the purchase of treasury shares for Euro 2.3 million.

Net of the exchange losses relating to the translation of Net Debt in currencies other than the Euro (Euro 14.4 million), the Mark to Market Hedging adjustment of Euro 13.0 million, the increase in Net Financial Debt due to the application of IFRS 16 amounting to Euro 1.2 million, the change in “Amortised cost”, amounting to a negative Euro 1.9 million, in addition to the overall net increase generated by M&A’s of Euro 1.5 million (cash out relating to the acquisition of Creative Art Products Limited, amounting to Euro 0.9 million), the increase in the F.I.L.A. Group's Net Financial Debt is therefore Euro 2.1 million (increase of Euro 56.2 million at December 31, 2021).

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Key events in the year

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 Euro 0.9 million. From August 1, 2022, the company's business has been fully managed by its UK subsidiary Daler Rowney Ltd, which acquired the net assets of the investee company;

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 2.3 million.

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.

Prior to the launch of the Program, the company held 51,500 ordinary treasury shares, representing 0.1009% of the share capital.

In addition, during the period the reserve altered due to the free allocation of shares of the parent F.I.L.A. S.p.A. to each beneficiary of the “2019-2021 Performance Shares” Plan on the basis of the achievement of the performance objectives on conclusion of the three-year vesting period. On closure of the “2019-2021 Performance Shares” Plan, 104,609 ordinary treasury shares have been allocated for Euro 1.0 million.

On December 31, 2022, the Group held 186,891 ordinary treasury shares, for a total value of Euro 1.8 million (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

On July 28, 2022, the transaction for the undertaking of a new medium to long-term loan totalling **Euro 232.5 million and USD 133.1 million, in addition to an RCF line of Euro 75.0 million**, was completed. The transaction made it possible to settle the existing medium to long-term debt in advance of its natural maturity, arising from the loan agreed in 2018 with a bank syndicate, subsequently amended in 2019 as part of the acquisition of the French subsidiary Fila Arches, and the loan signed in 2020 with Cassa Depositi e Prestiti during the initial stages of the COVID-19 pandemic and subsequently extended in 2021, and thus to extend the maturity of its financial payables. As a whole, the transaction sought to allow both a reduction in the existing medium to long-term debt through the use of excess cash in order to reduce the amount of borrowing costs, and an appropriate **rescheduling** of payment maturities, ensuring that the Company has the resources to continue on its growth trajectory.

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It should be noted that the loan provided to the parent F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) was granted by the following institutions:

- BNP Paribas and Intesa Sanpaolo as Global Coordinators, Bookrunners, Mandated Lead Arrangers, and Sustainability Coordinators;
- Banco BPM as Bookrunner and Mandated Lead Arranger;
- BPER Bank, Credit Agricole, Mediobanca and UniCredit as Mandated Lead Arrangers;
- Cassa Depositi e Prestiti and JP Morgan as Lead Arrangers;
- BNL BNP Paribas with the role of Agent Bank.

The operation is broken down as follows:

- Term Loan A in Euro - amortising tranche disbursed to the parent F.I.L.A. S.p.A. for Euro 87.5 million, with a 5 year duration and average life of 3.7 years, for the refinancing and to cover the costs of the Transaction;
- Term Loan A in USD - amortising tranche disbursed to Dixon Ticonderoga Company (U.S.A.) of USD 99.1 million, with 5 year duration and average life of 3.7 years, for the refinancing and to cover the costs of the Transaction;
- Term Loan B in Euro – bullet tranche disbursed to the parent F.I.L.A. S.p.A of Euro 111.6 million and to Dixon Ticonderoga Company (U.S.A.) of Euro 33.4 million, with 5 year duration, for the refinancing and to cover the costs of the Transaction;
- Term Loan B in USD – bullet tranche disbursed to Dixon Ticonderoga Company (U.S.A.) of USD 34.0 million, with 5 year duration, for the refinancing and to cover the costs of the Transaction;
- RCF - revolving credit facility multicurrency and multiborrower of Euro 75.0 million, with 5 year duration, both for the refinancing and the financing of any future requirements generated by the working capital of the F.I.L.A. Group.

On **September 23, 2022**, a cash management contract was entered into regarding the Italian subsidiary Industria Maimeri S.p.A., and on **September 29, 2022**, a cash management contract was entered into concerning the Spanish subsidiary F.I.L.A. Iberia.

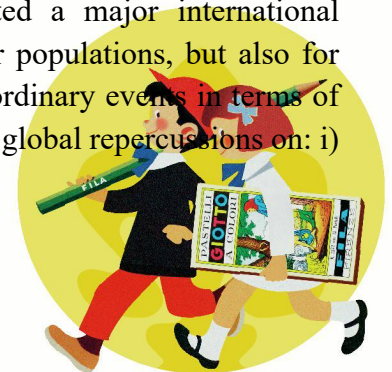
The cash pooling has enabled groups to optimise the management of Group liquidity, minimising expenses for banking transactions thanks to the relative economies of scale, increased bargaining power and to have greater control over financial risks.

Impacts of events related to the conflict in Ukraine

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

The geo-political tensions involving Russia and Ukraine have prompted a major international humanitarian and social crisis, with significant impacts primarily for their populations, but also for internal economic activities and commercial trade in the area. These extraordinary events in terms of their nature and extent, added to those stemming from COVID-19, have had global repercussions on: i)

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supply chains, particularly with regard to raw material and energy supply and prices; ii) international market demand levels; iii) inflation and the consequent restrictive interest rate policies; iv) the strengthening of the dollar as a haven from risk and rising interest rates.

The operating and financial impacts of the conflict between Russia and Ukraine on the F.I.L.A. Group and on its Russian commercial subsidiary Fila Stationary O.O.O. are not considered significant, also in view of the fact that the revenue of the subsidiary accounts for approx. 0.2% of the Group's total. The F.I.L.A. Group does not have suppliers or production plant in the area.

The Russian subsidiary has a net commercial exposure to third parties at December 31, 2022 of Euro 1.5 million, which takes into account the impairment made by the Group on the basis of assessments upon their recoverability. Group management continues to monitor the recoverability of the net exposure to third parties of the Russian subsidiary.

In light of these serious events, the Group is in addition monitoring the short-term situation so as to be ready to offset the impacts of all future decisions upon the presence in Russia.

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

At Group level, the effects and the criticalities generated by the general inflation of raw and ancillary materials for production are also 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, which are currently considered as stable.

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 December 31, 2022.

Subsequent events

No subsequent events to year-end are reported further to those outlined in the "Key Events in the year" paragraph, with the exception of the activities underway to conclude the 65% sale of the holding of the parent F.I.L.A. S.p.A. in the Russian subsidiary Fila Stationary O.O.O., and of the minority stake held by the parent company in the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co., both to the current managing directors of these companies.

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Outlook

As confirmed by the performance in the initial months of the year, 2023 will continue to see a prudent approach among both businesses and consumers, alongside stable inflation and a subsequent gradual recovery in consumption.

The F.I.L.A. Group has consequently adopted for 2023 a global product price increase policy, highlighting - as in the past and thanks to the vertical chain integration - its capacity to manage inflation. “Art” product growth is particularly forecast and specifically in North America. This growth shall be further driven by the upward trajectory for “Schools” products, thanks to expected strong performances in India and Mexico. In this regard we highlight the major investments in India to support the strong growth expected.

The margin is forecast to recover in 2023, alongside satisfying cash generation and a consequent reduction in the debt, in line with the need to maintain appropriate stock levels to handle any consequences from an escalation of the Russia-Ukraine conflict.

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Allocation of the profit for the year and dividend distribution proposal

The Board of Directors of F.I.L.A. proposed to the Shareholders' Meeting called for April 21, 2023:

1. to allocate the Net Profit for the year of Euro 15,668,544.54 as follows:

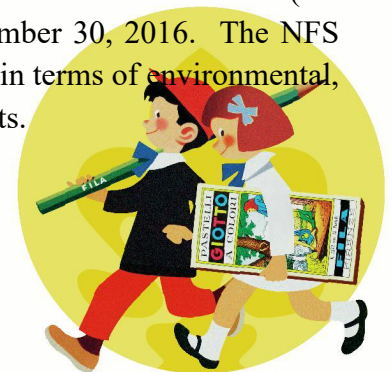
- to the distribution of a dividend to shareholders in the amount of Euro 0.12 for each of the 51,058,297 F.I.L.A. S.p.A. shares (ordinary and special) that will be issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), for a total maximum amount of Euro 6,126,995.64;
- the residual amount to “Retained earnings”, for a total minimum amount of Euro 9,541,548.90, which may be increased in relation to the dividend not distributed in respect of treasury shares held in portfolio at the record date;

2. to pay, gross of any withholding taxes, a dividend in the amount of Euro 0.12 for each of the F.I.L.A. S.p.A. shares (ordinary and special) issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), with ex-dividend date, record date and payment date on May 22, 23 and 24, 2023, respectively.

Consolidated non-financial statement

The Board of Directors of F.I.L.A. 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.

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Remuneration Policy and Report

The Board of Directors of F.I.L.A. reviewed and approved, subject to the favourable opinion of the Remuneration Committee, the 2023 remuneration policy and 2022 report (the "**Remuneration Report**"), prepared as per Article 123-ter of the CFA and Article 84-quater of the Regulation approved by CONSOB Resolution No. 11971 of May 14, 1999. (the "**CONSOB Issuers' Regulation**").

Section I of the Remuneration Report (i.e. containing the remuneration policy of the company for 2023) shall be submitted for the consultative vote of the Shareholders' Meeting, called for April 21, 2023, 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 2022) will, however, be submitted to the non-binding vote of the Shareholders' Meeting, called for April 21, 2023, pursuant to Article 123-ter, paragraph 6, of the CFA.

Corporate Governance and Ownership Report

The Board of Directors of F.I.L.A. approved the 2022 Corporate Governance and Ownership Report drawn up pursuant to Article 123-bis of the CFA.

Identification of beneficiaries for the second award cycle (2023-2025) of the "2022-2026 Stock Grant Plan"

With regard to the rolling "2022-2026 Stock Grant Incentive Plan" for employees and/or senior directors of the Company and/or the other F.I.L.A. companies, approved by the Shareholders' Meeting of April 27, 2022 (the "**Plan**"), the Board of Directors approved the identification of the following beneficiaries of the second grant cycle (2023-2025) of the Plan: (a) Massimo Candela, chief executive officer of the company; (b) Luca Pelosin, executive director of the company; (c) 5 senior executives, i.e. executives of the F.I.L.A. Group with the power and responsibility, directly or indirectly, for the planning, management and control of the operations of the company and/or of the F.I.L.A. Group; and (d) 38 senior managers, i.e. employees of the F.I.L.A. Group in positions identified for the growth and sustainability of the F.I.L.A. Group's business over the long-term.

In this regard, the Plan comprises 3 annual vestings of shares ("rolling" plan), each of which corresponds to a three-year performance period (2022-2024 for the first cycle, 2023-2025 for the second cycle and 2024-2026 for the third cycle). At the beginning of each three-year vesting period (i.e. January 1, 2022, 2023 and 2024), the Plan beneficiaries shall be freely granted the right to receive free of charge a certain number of ordinary F.I.L.A. ordinary shares subject to the verification, by the Board of Directors on conclusion of each three-year vesting period (i.e. December 31, 2024, December 31, 2025 and December 31, 2026), of the following conditions: (i) the continuance, on the Share vesting date, of the position of employment or management of the beneficiary with a F.I.L.A. Group company and the continued qualification, by the beneficiary, as a company executive director or as a senior executive or

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senior manager of the Group; and (ii) the achievement of the minimum qualitative and quantitative performance objectives.

The terms and conditions of the Plan are described in the disclosure document prepared as per Article 84-*bis* and in compliance with Annex 3A of the CONSOB Issuers' Regulation, made available to the public at the registered office and on the company website (www.filagroup.it in the "Governance" section, and the additional means and timings established by the applicable regulation.

Filing of documentation

The statutory financial statements at December 31, 2022 and the consolidated financial statements at December 31, 2022, in addition to the documentation approved by the Board of Directors and concerning the Shareholders' Meeting called for April 21, 2023 in single call, 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 "EMARKET STORAGE" authorised storage mechanism (www.emarketstorage.com).

* * *

The Executive Officer for Financial Reporting Cristian Nicoletti declares, in accordance with Article 154-*bis*, paragraph 2, of the CFA, that the accounting information contained in this press release corresponds to the underlying accounting documents, records and accounting entries.

* * *

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

* * *

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. F.I.L.A. has been listed on EXM – Euronext STAR segment of the Italian Stock Exchange since November 2015. The company, with revenue of Euro 764.6 million in 2022, 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 25 production facilities (of which two in Italy) and 33 subsidiaries across the globe and employs over 11,300.

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For further information:

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

| <i>Euro millions</i> | December 2022 | % core business revenue | December 2021 | % core business revenue | Change 2022 - 2021 | |
|--|----------------|-------------------------|----------------|-------------------------|--------------------|---------------|
| Revenue | 764,580 | 100% | 653,278 | 100% | 111,302 | 17,0% |
| Income | 10,053 | | 6,823 | | 3,230 | 47,3% |
| Total Revenue | 774,633 | | 660,101 | | 114,532 | 17,4% |
| Total operating expense | (655,402) | -85,7% | (540,175) | -82,7% | (115,227) | -21,3% |
| EBITDA | 119,231 | 15,6% | 119,927 | 18,4% | (0,696) | -0,6% |
| Amortisation, depreciation and write-downs | (46,487) | -6,1% | (41,379) | -6,3% | (5,108) | -12,3% |
| EBIT | 72,744 | 9,5% | 78,547 | 12,0% | (5,803) | -7,4% |
| Net financial expense | (34,122) | -4,5% | (24,091) | -3,7% | (10,031) | -41,6% |
| Pre-Tax Profit | 38,622 | 5,1% | 54,456 | 8,3% | (15,834) | -29,1% |
| Total income taxes | (8,347) | -1,1% | (15,031) | -2,3% | 6,684 | 44,5% |
| Net profit - Continuing Operations | 30,276 | 4,0% | 39,425 | 6,0% | (9,149) | -23,2% |
| Net Profit for the period | 30,276 | 4,0% | 39,425 | 6,0% | (9,149) | -23,2% |
| Non-controlling interest profit | 5,004 | 0,7% | 1,411 | 0,2% | 3,593 | 254,6% |
| F.I.L.A. Group Net Profit | 25,271 | 3,3% | 38,014 | 5,8% | (12,743) | -33,5% |

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

| <i>NORMALIZED - Euro millions</i> | December 2022 | % core business revenue | December 2021 | % core business revenue | Change 2022 - 2021 | |
|--|----------------|-------------------------|----------------|-------------------------|--------------------|---------------|
| Revenue | 764,580 | 100% | 653,471 | 100% | 111,109 | 17,0% |
| Income | 8,966 | | 6,823 | | 2,144 | 31,4% |
| Total Revenue | 773,546 | | 660,294 | | 113,252 | 17,2% |
| Total operating expense | (663,293) | -86,8% | (551,219) | -84,4% | (112,074) | -20,3% |
| EBITDA | 110,253 | 14,4% | 109,075 | 16,7% | 1,179 | 1,1% |
| Amortization, depreciation and write-downs | (31,508) | -4,1% | (30,216) | -4,6% | (1,292) | -4,3% |
| EBIT | 78,745 | 10,3% | 78,858 | 12,1% | (0,113) | -0,1% |
| Net financial expense | (24,665) | -3,2% | (18,570) | -2,8% | (6,096) | -32,8% |
| Pre-Tax Profit | 54,080 | 7,1% | 60,289 | 9,2% | (6,209) | -10,3% |
| Total income taxes | (11,293) | -1,5% | (16,191) | -2,5% | 4,899 | 30,3% |
| Net profit - Continuing Operations | 42,787 | 5,6% | 44,097 | 6,7% | (1,310) | -3,0% |
| Net Profit for the period | 42,787 | 5,6% | 44,097 | 6,7% | (1,310) | -3,0% |
| Non-controlling interest profit | 5,108 | 0,7% | 1,561 | 0,2% | 3,547 | 227,2% |
| F.I.L.A. Group Net Profit | 37,679 | 4,9% | 42,536 | 6,5% | (4,857) | -11,4% |

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

| <i>Euro millions</i> | December 2022 | December 2021 | Change 2022 - 2021 |
|--|------------------|------------------|-----------------------|
| Intangible Assets | 446,497 | 445,823 | 0,674 |
| Property, plant & equipment | 166,185 | 169,653 | (3,468) |
| Biological Assets | 1,817 | 1,936 | (0,119) |
| Financial assets | 4,160 | 5,585 | (1,425) |
| Net Fixed Assets | 618,659 | 622,997 | (4,338) |
| Other non Current Asset/Liabilities | 24,032 | 19,119 | 4,913 |
| Inventories | 307,076 | 271,269 | 35,807 |
| Trade and Other Receivables | 115,376 | 121,357 | (5,981) |
| Trade and Other Payables | (122,375) | (115,430) | (6,945) |
| Other Current Assets and Liabilities | 2,833 | (0,218) | 3,051 |
| Net Working Capital | 302,909 | 276,979 | 25,930 |
| Provisions | (82,788) | (83,716) | 0,928 |
| Net Invested Capital | 862,812 | 835,379 | 27,433 |
| Equity | (427,653) | (398,127) | (29,526) |
| Net Financial Indebtness | (435,159) | (437,253) | 2,093 |
| Net Funding Sources | (862,812) | (835,379) | (27,433) |

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GIOTTO | tratto | | PONGO | DAS | LYRA | MAIMERI | DALER | ROWNEY
 | ST CUTHBERTS MILL | CANSON | Strathmore | PRINCETON ARTIST BRUSH | ARCHES





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

| <i>Euro millions</i> | December 2022 | December 2021 | Change 2022 - 2021 |
|--|-----------------|-----------------|-----------------------|
| EBIT net of IFRS 16 effect | 68,880 | 74,753 | (5,873) |
| Non-monetary adjustments net of IFRS 16 effect | 36,741 | 31,791 | 4,950 |
| Income taxes | (17,645) | (9,109) | (8,536) |
| Cash Flow from Operating Activities Before Changes in NWC | 87,975 | 97,435 | (9,460) |
| Change NWC | (19,051) | 3,165 | (22,216) |
| Change in Inventories | (28,009) | (4,477) | (23,532) |
| Change in Trade and Other Receivables | 6,705 | (1,934) | 8,639 |
| Change in Trade and Other Payables | 4,619 | 10,543 | (5,924) |
| Change in Other Current Assets/Liabilities | (2,367) | (0,967) | (1,400) |
| Cash Flow from Operating Activities | 68,924 | 100,600 | (31,676) |
| Investments in Property, Plant and Equipment and Intangible assets | (16,747) | (12,000) | (4,747) |
| Financial Income | 0,390 | 0,159 | 0,231 |
| Cash Flow from Investing Activities | (16,357) | (11,841) | (4,516) |
| Change in Equity | (15,169) | (7,022) | (8,147) |
| Financial Expense | (25,172) | (18,689) | (6,483) |
| Cash Flow from Financing Activities | (40,341) | (25,711) | (14,630) |
| Exchange differences and other variations | (4,196) | 2,258 | (6,454) |
| Total Net Cash Flow | 8,030 | 65,307 | (57,277) |
| Effect of exchange gains (losses) | (14,359) | (13,089) | (1,270) |
| Changes in Amortized cost | (1,916) | (2,510) | 0,594 |
| Mark to Market Hedging adjustment | 13,033 | 8,909 | 4,124 |
| NFD change due to IFRS16 FTA | (1,224) | (2,415) | 1,191 |
| NFD from M&A Operations (Creative Art Products Limited) | (1,470) | 0,000 | (1,470) |
| Change in Net Financial Indebtness of F.I.L.A. Group | 2,093 | 56,203 | (54,110) |

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Fine Comunicato n.1565-11

Numero di Pagine: 19