

(Translation from the Italian original which remains the definitive version)



F.I.L.A. GROUP
HALF-YEAR REPORT
AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2023

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

Via XXV Aprile 5 Pero (MI)

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DIRECTORS' REPORT

I - General information

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.

(**) Executive Director

Control, Risks and Related Parties Committee

Donatella Sciuto
Annalisa Matilde Barbera
Carlo Paris

Remuneration Committee

Carlo Paris
Annalisa Matilde Barbera
Giorgina Gallo

Board of Statutory Auditors

Chairperson	Gianfranco Consorti
Standing Auditor	Sonia Ferrero
Standing Auditor	Pietro Michele Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Gianna Luzzati

Independent Auditors

KPMG S.p.A.

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

The F.I.L.A. Group (hereafter also the “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 June 30, 2023 operates through 25 production facilities and 33 subsidiaries across the globe and employs approx. 11,700 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 arts and crafts. 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 (xiv) brands.

Directors' Report

Key Financial Highlights

The F.I.L.A. Group's H1 2023 key financial highlights are reported below.

Euro thousands	June 30, 2023	% revenue	June 30, 2022	% revenue	Change 2023 - 2022	2023 Adjustments	
						IFRS 16 effects	Adjustments for Non-recurring expense
Revenue	415,606	100.0%	390,572	100.0%	25,034 6.4%	-	-
Gross operating profit ⁽¹⁾	76,862	18.5%	71,838	18.4%	5,024 7.0%	7,999	(3,386)
Operating profit	55,093	13.3%	49,974	12.8%	5,119 10.2%	2,139	(3,386)
Net financial expense	(20,274)	(4.9%)	(13,921)	(3.6%)	(6,353) (45.6%)	(2,827)	-
Total taxes	(9,541)	(2.3%)	(8,772)	(2.2%)	(769) (8.8%)	151	600
Profit attributable to the owners of the Parent	21,276	5.1%	24,928	6.4%	(3,652) (14.6%)	(570)	(2,784)
<i>Earnings per share (€ cents)</i>							
	<i>basic</i>	0.42	0.49				
	<i>diluted</i>	0.41	0.48				

ADJUSTED Net of Non-recurring expense and IFRS 16 effects - Euro thousands	June 30, 2023	% revenue	June 30, 2022	% revenue	Change 2023 - 2022
Revenue	415,606	100.0%	390,572	100.0%	25,034 6.4%
Gross operating profit ⁽¹⁾	72,248	17.4%	64,810	16.6%	7,438 11.5%
Operating profit	56,340	13.6%	48,724	12.5%	7,616 15.6%
Net financial expense	(17,447)	(4.2%)	(11,020)	(2.8%)	(6,427) (58.3%)
Total taxes	(10,293)	(2.5%)	(9,098)	(2.3%)	(1,195) (13.1%)
Profit attributable to the owners of the Parent	24,630	5.9%	26,203	6.7%	(1,573) (6.0%)
<i>Earnings per share (€ cents)</i>					
	<i>basic</i>	0.48	0.51		
	<i>diluted</i>	0.47	0.51		

Euro thousands	June 30, 2023	June 30, 2022	Change 2023 - 2022
Cash flows used in operating activities	(6,495)	(25,752)	19,257
Investments	(17,852)	(7,188)	(10,664)
% revenue	4.3%	1.8%	

Euro thousands	June 30, 2023	December 31, 2022	Change 2023 - 2022	IFRS 16 effects
Net capital employed	935,376	862,812	72,564	(2,694)
Net Financial debt ⁽²⁾	(488,978)	(435,159)	(53,819)	1,950
Equity	(446,398)	(427,653)	(18,746)	744

(1) The gross operating profit corresponds to the operating profit before amortisation, depreciation and impairment losses;

(2) Financial indicator calculated as the aggregate of the current and non-current financial liabilities, 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 warning notice No. 5/21 of April 29, 2021, excluding non-current financial assets.

H1 2023 Adjustments:

- ▶ The adjustments to the H1 2023 “Gross Operating Profit” concern non-recurring operating costs of Euro 3.4 million, consisting of reorganisation and restructuring charges of Euro 2.3 million, Group consultancy costs of Euro 0.9 million and the portion for the period concerning the medium/long-term “2022-2026 Performance Shares” incentive plan of Euro 0.2 million;
- ▶ The adjustment to the operating profit was Euro 3.4 million, resulting from the aforementioned effects on the “Gross Operating Profit”;
- ▶ The adjustment to the H1 2023 “Profit attributable to the owners of the parent” was approx. Euro 2.8 million and principally concerns the above effects on the Gross Operating Profit, net of the tax effect.

H1 2022 Adjustments:

- ▶ The adjustment to the H1 2022 “Gross Operating Profit” concerns non-recurring operating costs of approx. Euro 0.5 million, incurred to handle the COVID-19 pandemic for Euro 0.6 million, reorganisation charges of Euro 0.3 million, other Group consultancy costs of Euro 0.3 million, restructuring charges of Euro 0.2 million, net of the portion released in closure of the “2019-2021 Performance Shares” incentive plan for Euro 0.9 million.
- ▶ The overall adjustment to the “operating profit” was approx. Euro 0.5 million, resulting from the aforementioned effects on the “Gross Operating Profit”.
- ▶ The adjustment to the H1 2022 “Profit attributable to the owners of the parent” was approx. Euro 0.3 million and principally concerns the above effects on the “Gross Operating Profit”, 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 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, (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 H1 2023 and H1 2022 with the Gross Operating Profit or EBITDA:

<i>Euro thousands</i>	June 30, 2023	June 30, 2022
Profit attributable to non-controlling interests	4,002	2,354
Profit attributable to the owners of the parent	21,276	24,928
Profit for the period	25,278	27,281
Income taxes	9,541	8,772
<i>Current taxes</i>	11,178	10,552
<i>Deferred taxes</i>	(1,637)	(1,780)
Amortisation, depreciation and impairment losses	21,769	21,864
Financial items	20,274	13,921
<i>Financial income</i>	(4,097)	(8,413)
<i>Financial expense</i>	24,882	22,700
<i>Share of losses of equity-accounted investees</i>	(510)	(366)
Gross operating profit	76,862	71,838

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>	June 30, 2023	June 30, 2022
Gross operating profit	76,862	71,838
Non-recurring expense	3,386	473
IFRS 16 effect	(7,999)	(7,501)
Adjusted gross operating profit	72,248	64,810

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>	June 30, 2023	June 30, 2022
Gross operating profit	76,862	71,838
Amortisation and depreciation	(20,661)	(20,739)
Impairment losses on trade receivables and other assets	(1,095)	(1,135)
Other impairment gains/losses	(13)	10
Operating profit	55,093	49,974

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>	June 30, 2023	June 30, 2022
Operating profit	55,093	49,974
Non-recurring expense	3,386	473
IFRS 16 effect	(2,139)	(1,723)
Adjusted Operating profit	56,340	48,724

Profit for the period attributable to the owners of the parent: profit for the reporting period, adjusted for non-controlling interests.

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

The following is the reconciliation of the profit for the period attributable to the owners of the parent with the adjusted profit for the period attributable to the owners of the parent:

<i>Euro thousands</i>	June 30, 2023	June 30, 2022
Profit for the period attributable to the owners of the parent	21,276	24,928
Non-recurring expense	2,784	340
IFRS 16 effect	570	936
Adjusted Profit for the period attributable to the owners of the parent	24,630	26,203

Net financial position (or net financial debt) – this is a valid measure of the F.I.L.A. Group’s financial structure. It is calculated as the aggregate of the current and non-current financial liabilities, 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 warning notice 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 June 30, 2023 and at December 31, 2022 respectively totalled Euro 2,646 thousand and Euro 1,990 thousand.

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

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

The F.I.L.A. Group's H1 Key Financial figures are reported below.

Adjusted financial performance

The H1 2023 F.I.L.A. Group results report an increase in the adjusted gross operating profit of 11.5% on the same period of 2022:

	June 30, 2023	% revenue	June 30, 2022	% revenue	Change 2023 - 2022	
<i>ADJUSTED - Euro thousands</i>						
Revenue	415,606	100.0%	390,572	100.0%	25,034	6.4%
Income	4,969		5,987		(1,018)	(17.0%)
Total revenue	420,575		396,559		24,016	6.1%
Total operating costs	(348,327)	(83.8%)	(331,749)	(84.9%)	(16,578)	(5.0%)
Gross operating profit	72,248	17.4%	64,810	16.6%	7,438	11.5%
Amortisation, depreciation and impairment losses	(15,909)	(3.8%)	(16,086)	(4.1%)	178	1.1%
Operating profit	56,340	13.6%	48,724	12.5%	7,616	15.6%
Net financial expense	(17,447)	(4.2%)	(11,020)	(2.8%)	(6,427)	(58.3%)
Pre-tax profit	38,892	9.4%	37,704	9.7%	1,189	3.2%
Total taxes	(10,293)	(2.5%)	(9,098)	(2.3%)	(1,195)	(13.1%)
Profit for the period	28,600	6.9%	28,606	7.3%	(6)	(0.0%)
Profit for the period attributable to non-controlling interests	3,969	1.0%	2,402	0.6%	1,567	65.2%
Profit attributable to the owners of the Parent	24,630	5.9%	26,203	6.7%	(1,573)	(6.0%)

The principal changes compared to H1 2022 are illustrated below:

“Revenue” of Euro 415,606 thousand increased by Euro 25,034 thousand on H1 2022 (+6.4%). Net of exchange losses of Euro 5,897 thousand (mainly concerning the Indian Rupee and the Argentinian Peso, partially offset by the strengthening of the Mexican Peso and the US Dollar), organic growth was Euro 30,931 thousand (+7.9%).

At geographical area level, organic growth was reported in Asia of Euro 19,202 thousand (+34.2% on the same period of the previous year), in North America for Euro 8,976 thousand (+5.2% on the same period of the previous year), in Central-South America for Euro 7,621 thousand (+20.6% on the same period of the previous year), in the Rest of the World for Euro 99 thousand (+5.6% on the same period of the previous year), while Europe saw a contraction of Euro 4,967 thousand (-4.0% on the same period of the previous year).

“Income” of Euro 4,969 thousand decreased by Euro 1,018 thousand compared to the same period of the previous year, mainly due to lower exchange gains on commercial transactions.

“Operating costs” in H1 2023 of Euro 348,327 thousand increased Euro 16,578 thousand on the same period of 2022. This increase mainly concerns the movement in the cost of sales, due to the increased revenues, in addition to the increase in personnel expense, mainly in Central-South America and Asia.

The “Gross Operating Profit” of Euro 72,248 thousand increased by Euro 7,438 thousand on the same period of 2022 (+11.5%). At like-for-like exchange rates, the increase was 10.0% on the same period of the previous year.

“Amortisation, depreciation and impairment losses” decreased Euro 178 thousand, mainly due to the lower impairment losses on trade receivables in the period.

"Net Financial Expense" increased by Euro 6,427 thousand, essentially due to exchange losses on financial transactions, in addition to higher net financial charges, mainly arising from the increase in variable interest rates and the use of credit lines.

Adjusted Group “Taxes” amounted to Euro 10,293 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 profit in H1 2023 was Euro 24,630 thousand, compared to Euro 26,203 thousand in the same period of 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 figures for H1 2023 and 2022 are reported below.

Euro thousands	2022				2023	
	First 3 mth. 2022	First 6 mth. 2022	First 9 mth. 2022	FY 2022	First 3 mth. 2023	First 6 mth. 2023
Revenue	166,020	390,572	595,045	764,580	178,688	415,606
<i>Full year portion</i>	21.7%	51.1%	77.8%	100.0%	43.0%	100.0%
Gross operating profit	26,027	71,838	102,874	119,231	26,290	76,862
<i>% revenue from sales and services</i>	15.7%	18.4%	17.3%	15.6%	14.7%	18.5%
<i>Full year portion</i>	21.8%	60.3%	86.3%	100.0%	34.2%	100.0%
Adjusted gross operating profit	22,672	64,810	95,540	110,253	24,339	72,248
<i>% revenue from sales and services</i>	13.7%	16.6%	16.1%	14.4%	13.6%	17.4%
<i>Full year portion</i>	20.6%	58.8%	86.7%	100.0%	33.7%	100.0%
Net Financial Debt	(473,058)	(524,749)	(510,949)	(435,159)	(490,413)	(488,978)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at June 30, 2023 are reported below:

<i>Euro thousands</i>	June 30, 2023	December 31, 2022	Change 2023 - 2022
Intangible assets	438,199	446,497	(8,298)
Property, plant & equipment	172,652	166,185	6,467
Biological assets	1,693	1,817	(124)
Financial assets	5,466	4,160	1,306
Net Non-Current Assets	618,010	618,659	(649)
Other Non-Current Assets/ Liabilities	25,218	24,032	1,186
Inventories	305,104	307,076	(1,972)
Trade receivables and other assets	198,558	115,376	83,182
Trade payables and other liabilities	(126,174)	(122,375)	(3,799)
Other current assets and liabilities	(2,895)	2,833	(5,728)
Net working capital	374,593	302,909	71,684
Provisions	(82,444)	(82,788)	344
Net invested capital	935,376	862,812	72,564
Equity	(446,398)	(427,653)	(18,745)
Net financial debt	(488,978)	(435,159)	(53,819)
Net funding sources	(935,376)	(862,812)	(72,564)

The F.I.L.A. Group's "Net Invested Capital" of Euro 935,376 thousand at June 30, 2023 was composed of "Net Non-current Assets" of Euro 618,010 thousand (Euro 618,659 thousand at December 31, 2022), "Net Working Capital" of Euro 374,593 thousand (increasing Euro 71,684 thousand on December 31, 2022) and "Other Non-current Assets/Liabilities" of Euro 25,218 thousand (increasing Euro 1,186 thousand on December 31, 2022), net of "Provisions" of Euro 82,444 thousand (Euro 82,788 thousand at December 31, 2022).

"Intangible Assets" decreased on December 31, 2022 by Euro 8,298 thousand, mainly due to the amortisation in the period of Euro 7,038 thousand and exchange losses in the period of Euro 2,405 thousand, partially offset by net investments of Euro 1,143 thousand, principally by the parent F.I.L.A. S.p.A. (Euro 1,118 thousand) to introduce the SAP system at a number of Group companies.

"Property, Plant and Equipment" and "Right of Use Assets" increased on December 31, 2022 by Euro 6,467 thousand, mainly due to the increase in "Property, Plant and Equipment" of Euro 9,313 thousand, partially offset by the decrease in "Right-of-Use Assets" of Euro 2,845 thousand.

Net investments in "Property, Plant and Equipment" in the period totalled Euro 16,765 thousand, and mainly concerned the subsidiary DOMS Industries Limited (India) for Euro 13,172 thousand to expand

the production site, Dixon Ticonderoga Company (U.S.A.) for Euro 634 thousand and Daler Rowney Ltd (United Kingdom) for Euro 632 thousand. We in addition report an increase from the recognition of exchange gains of Euro 271 thousand. The overall movement was offset mainly by depreciation of Euro 7,763 thousand.

The decrease in “Right-of-use Assets” was mainly due to depreciation in the period of Euro 5,860 thousand. The investments in the period of Euro 2,097 thousand were principally at Canson SAS (France) for Euro 719 thousand and Dixon Ticonderoga Company (U.S.A) for Euro 582 thousand, for the renewal of production site and local logistics contracts. The movement is also due to exchange gains of Euro 918 thousand.

“Biological Assets” decreased Euro 124 thousand compared to December 31, 2022, entirely due to exchange losses. 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” increased on December 31, 2022 by Euro 1,306 thousand, principally regarding the two associates held by DOMS Industries Limited (India), whose Carrying Amount was adjusted to reflect the portion of their equity owned. The increase in the caption was also due to the movement in financial assets of Euro 656 thousand, concerning the company DOMS Industries Limited (India).

The increase in “Net Working Capital” of Euro 71,684 thousand relates to the following:

- ▶ “Trade Receivables and Other Assets” – increasing Euro 83,182 thousand, mainly due to the seasonality of the F.I.L.A. Group’s business and the increased revenues. The increase in particular concerns higher “Trade Receivables” of Euro 82,273 thousand, mainly relating to the US subsidiary Dixon Ticonderoga Company for Euro 39,367 thousand and the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 17,448 thousand, in addition to the exchange gains of Euro 1,123 thousand recognised on the caption;
- ▶ “Inventories” – decreasing by Euro 1,972 thousand. The decrease in the caption was mainly due to the streamlining process put in place by the local management of the US subsidiary Dixon Ticonderoga Company;
- ▶ “Trade Payables and Other Liabilities” – increasing Euro 3,799 thousand, due to the higher amounts due to employees and the recognition of accrued expenses and deferred income. The increase was partially offset by the reduction in “Trade Payables” for Euro 3,040 thousand, mainly at the US subsidiary Dixon Ticonderoga Company for Euro 4,284 thousand. Exchange losses on the caption total Euro 787 thousand.

The decrease in “Provisions” on december 31, 2022 of Euro 344 thousand principally concerns:

- Decrease in “Deferred tax liabilities” of Euro 1,166 thousand, principally due to exchange gains of Euro 402 thousand and utilisations of Euro 557 thousand;
- Increase in “Provisions for Risks and Charges” for Euro 34 thousand, mainly due to exchange losses;
- Increase in “Employee benefits” for Euro 788 thousand, mainly due to exchange losses.

The “Equity” of the F.I.L.A. Group, amounting to Euro 446,398 thousand, increased on December 31, 2022 by Euro 18,745 thousand. Net of the profit for the period of Euro 25,278 thousand (of which a profit of Euro 4,002 thousand attributable to non-controlling interests), the residual movement mainly concerned the increase of the “fair value hedge” of the IRS derivatives for Euro 1,324 thousand and of the “Actuarial Reserve” of Euro 106 thousand. These movements were offset by the dividends paid of Euro 7,648 thousand, including Euro 6,105 thousand to the shareholders of F.I.L.A. S.p.A. and Euro 1,543 thousand to the non-controlling interests of the subsidiaries and the decrease in the translation reserve of Euro 1,362 thousand.

F.I.L.A. Group ”Net Financial Debt” at June 30, 2023 was Euro 488,978 thousand, increasing Euro 53,819 thousand on December 31, 2022.

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

Net financial debt and cash flows

The Group's Net Financial Debt at June 30, 2023 and cash flows for the period 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 warning notice 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 June 30, 2023 was Euro 488,978 thousand:

<i>Euro thousands</i>	June 30, 2023	December 31, 2022	Change 2023 - 2022
A Cash	252	130	122
B Cash equivalents	67,767	111,078	(43,312)
C Other current financial assets	1,728	873	855
D Liquidity (A + B + C)	69,746	112,082	(42,336)
E Current bank loans and borrowings	(131,164)	(105,492)	(25,672)
F Current portion of non-current bank loans and borrowings	(29,337)	(29,351)	14
G Current financial debt (E + F)	(160,501)	(134,843)	(25,658)
H Net current financial debt (G - D)	(90,755)	(22,761)	(67,993)
I Non-current bank loans and borrowings	(398,223)	(412,398)	14,175
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(398,223)	(412,398)	14,175
M Net financial debt (H + L)	(488,978)	(435,159)	(53,819)
N Non-current loan assets	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(488,978)	(435,159)	(53,819)

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

- ▶ captions “A – Cash” (Euro 252 thousand) and “B – Cash equivalents” (Euro 67,767 thousand) are included in “Note 10 – Cash and cash equivalents” (Euro 68,019 thousand);
- ▶ caption “C – Other current financial assets” refers to “Note 3 – Current financial assets” (Euro 1,728 thousand);
- ▶ caption “G – Current financial debt” relates to “Note 13 – Current Financial Liabilities” (Euro 160,501 thousand) and contains caption “F – Current portion of non-current bank loans and borrowings” (Euro 29,337 thousand) which refers to the current portion of Lease Liabilities (Euro 10,255 thousand) and to the current portion of non-current loans (Euro 19,082 thousand), and caption “E – Current bank loans and borrowings” for Euro 131,164 thousand;
- ▶ caption “I – Non-current bank loans and borrowings” (Euro 398,223 thousand) refers to “Note

13 – Non-Current Financial Liabilities” (Euro 402,700 thousand), including the Non-current Lease Liabilities of Euro 76,319 thousand, in addition to the hedging instrument (for a positive Euro 4,477 thousand), covered by “Note 3 – Non-Current Financial Assets”.

Compared to December 31, 2022 (Euro 435,159 thousand), the Net Financial Debt at June 30, 2023 increased Euro 53,819 thousand, as outlined below in the Statement of Cash Flows:

<i>Euro thousands</i>	June 30, 2023	June 30, 2022
Operating profit net of IFRS 16 effect	52,954	48,251
Non-monetary adjustments net of IFRS 16 effect	20,278	16,077
Income taxes	(5,200)	(6,891)
Cash Flows from Operating Activities Before Changes in NWC	68,032	57,437
Change in NWC	(81,336)	(95,501)
Change in Inventories	(612)	(35,682)
Change in Trade Receivables and Other Assets	(83,172)	(81,424)
Change in Trade Payables and Other Liabilities	3,006	22,805
Change in Other Current Assets/Liabilities	(557)	(1,201)
Net Cash Flows used in Operating Activities	(13,303)	(38,064)
Investments in Property, Plant and Equipment and Intangible assets	(17,852)	(7,188)
Financial income	345	154
Net Cash Flows used in Investing Activities	(17,508)	(7,034)
Change in Equity	(7,648)	(14,028)
Financial Expense	(15,555)	(8,678)
Net Cash Flows used in Financing Activities	(23,202)	(22,706)
Exchange differences and other variations	(1,790)	3,842
Total Net Cash Flows	(55,803)	(63,963)
Effect of exchange gains (losses)	(949)	(18,745)
Change in amortized cost	(318)	(3,732)
Mark to mark hedging adjustment	1,302	9,123
NFD change due to IFRS16 FTA	1,950	(8,459)
NFD from M&A Transactions (Change in Consolidation Scope)	-	(1,721)
Change in Net Financial Debt - F.I.L.A. Group	(53,819)	(87,496)

The net cash flow used in “Operating activities” of Euro 13,303 thousand in the first half of 2023 (Euro 38,064 thousand in H1 2022), related to:

- Inflows of Euro 68,032 thousand (Euro 57,437 thousand in H1 2022) from “operating profit”, calculated as the difference of operating costs and revenue plus other operating items, excluding financial items;

- ▶ Outflows of Euro 81,336 thousand (outflow of Euro 95,501 thousand in H1 2022) attributable to the “Change in Working Capital”, primarily related to the increases in “Trade Receivables and Other Assets” and in “Inventories”, partially offset by the increase in “Trade Payables and Other Liabilities”.

“Investing activities” used net cash flows of Euro 17,508 thousand (Euro 7,034 thousand in H1 2022), mainly due to the use of cash for Euro 17,852 thousand (Euro 7,188 thousand in H1 2022) for net property, plant and equipment and intangible asset investment, particularly regarding DOMS Industries Limited (India) and the parent F.I.L.A. S.p.A..

The net cash flow from “Financing Activities” shows outflows of Euro 23,202 thousand (outflows of Euro 22,706 thousand in H1 2022), due to interest paid on loans and credit facilities granted to Group companies, amounting to Euro 15,555 thousand, mainly concerning 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), the dividends paid for Euro 7,648 thousand, including Euro 6,105 thousand to F.I.L.A. S.p.A. shareholders and Euro 1,543 thousand to the non-controlling interests of subsidiaries.

Net of the effect of translating the Net Financial Debt in currencies other than the Euro (net exchange loss of Euro 949 thousand), the decrease in the “Amortized cost” of Euro 318 thousand, the adjustment to Mark-to-Market hedges of a positive Euro 1,302 thousand and the Euro 1,950 thousand improvement in the Net Financial Debt due to the application of IFRS 16, the Group Net Financial Debt therefore rose Euro 53,819 thousand (Euro 87,496 thousand at June 30, 2022).

Changes in net cash and cash equivalents are detailed below:

<i>Euro thousands</i>	June 30, 2023	December 31, 2022
Opening Cash and Cash Equivalents	107,546	137,226
Cash and cash equivalents	111,209	145,985
Current account overdrafts	(3,663)	(8,759)
Closing Cash and Cash Equivalents	65,287	107,546
Cash and cash equivalents	68,019	111,209
Current account overdrafts	(2,732)	(3,663)

Key events of the reporting period

- ▶ On February 21, 2023, the Indian subsidiary DOMS Industries Limited acquired 30% of the toy manufacturer and associate Clapjoy Innovation Private Limited, for a total value of INR 15,013 thousand (Euro 168 thousand). The Indian subsidiary expects that, with this acquisition, it may repeat its success in the stationery business and become a major player in the toy industry by leveraging the synergies between the two companies;
- ▶ On March 28, 2023, the Indian subsidiary DOMS Industries Limited divested at cost value its holdings in the associated companies Uniwrite Pens and Plastics Pvt Ltd, Fixy Adhesives Private Limited and Inxon Pens & Stationary Private;
- ▶ On May 24, 2023, 10% of the investment held by the parent F.I.L.A. S.p.A. in the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. was transferred free of charge to the latter's current managing director;
- ▶ Activities are underway to conclude the 65% sale of the parent F.I.L.A. S.p.A.'s investment in the Russian subsidiary Fila Stationary O.O.O., to the current managing director of the latter.

▶ 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) 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 22count. 0.1% 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 June 30, 2023 of Euro 636 thousand, 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 June 30, 2023.

At Group level, the effects and the criticalities generated by the inflation of raw and ancillary materials for production continue to be monitored, assessing the possibility of identifying alternative procurement sources where needed or undertaking adequate compensatory measures.

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 June 30, 2023.

Events after the reporting period

On July 20, 2023, the Board of Directors of the Indian subsidiary, DOMS Industries Limited, approved the launch of its listing process. This will be conducted through an initial public offering of newly issued ordinary shares with a total value of approximately INR 350 crore (approximately Euro 39 million) and an offer for sale of ordinary shares for certain existing shareholders, in accordance with applicable Indian regulations.

The Parent F.I.L.A. S.p.A. on July 21, 2023, as the current controlling shareholder of the Indian company, approved participation in the transaction as a promoter by bringing a number of ordinary shares of DOMS Industries Limited totalling approximately INR 800 crore (corresponding to approximately Euro 90 million) for sale at the closing of the transaction, remaining the largest single shareholder of the company post-IPO.

The listing transaction is currently expected to close, subject to suitable market conditions and the receipt of the necessary approvals, by the end of 2023.

Outlook

The performance in the period confirms that the entire 2023 shall be impacted by the general macroeconomic environment. In particular, the significant increase in the cost of money shall lead clients to take a more prudent approach. On the other hand, procurement costs have showed signs of reduction and the increased prices applied at the beginning of 2023 are supporting the recovering margin. Despite this, the second half of the year is expected to improve on the first half, confirming therefore the expectations for 2023, in line with that announced by the company.

Treasury shares

On June 30, 2023, the Group held 186,891 treasury shares, for a total value of Euro 1,794 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

Related party transactions

For the procedures adopted in relation to transactions with related parties, also in accordance with Article 2391-*bis* of the Civil Code, reference should be made to the procedure adopted by the Parent on May 14, 2021 pursuant to the Regulation approved by Consob with Regulation No. 17221 of March 12, 2010 and subsequent amendments, published on the parent's website www.filagroup.it in the "Governance" section.

Reference should be made to the Related Party Transactions of the Notes to the Condensed Interim Consolidated Financial Statements of the F.I.L.A. Group.

Reconciliation between Parent and Group Equity

<i>Euro thousands</i>	Equity December 31, 2022	Changes in equity	Profit for June 2023	Equity June 30, 2023
F.I.L.A. S.p.A. financial statements	296,503	(5,369)	6,796	297,930
Consolidation effect of the financial statements of subsidiaries	120,739	1,590	14,478	136,808
Translation reserve	(17,874)	(964)		(18,838)
F.I.L.A. group consolidated financial statements	399,369	(4,743)	21,276	415,900
Equity attributable to non-controlling interests	28,284	(1,787)	4,002	30,498
Consolidated financial statements	427,653	(6,530)	25,278	446,398



**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2023

Condensed Interim Consolidated Financial Statements as at and for the six months ended June 30, 2023

Interim Consolidated Financial Statements

Statement of Financial Position

<i>Euro thousands</i>	June 30, 2023	December 31, 2022
Assets	1,231,348	1,193,601
Non-current assets	647,792	646,020
Intangible assets	Note 1 438,199	446,497
Property, plant and equipment	Note 2 172,652	166,185
Biological assets	Note 11 1,693	1,817
Non-current financial assets	Note 3 7,124	5,166
Equity-accounted investments	Note 4 2,794	2,144
Other equity investments	Note 5 26	26
Deferred tax assets	Note 6 25,305	24,185
Current assets	583,556	547,581
Current financial assets	Note 3 1,728	873
Current tax assets	Note 7 10,148	13,048
Inventories	Note 8 305,104	307,076
Trade receivables and other assets	Note 9 198,558	115,376
Cash and cash equivalents	Note 10 68,019	111,209
Liabilities and equity	1,231,348	1,193,601
Equity	Note 12 446,398	427,653
Share capital	46,986	46,986
Negative reserve for treasury shares in portfolio	(1,794)	(1,794)
Reserves	124,703	123,343
Retained earnings	224,729	205,562
Profit for the period/year	21,276	25,271
Equity attributable to the owners of the parent	415,900	399,369
Equity attributable to non-controlling interests	30,498	28,284
Non-current liabilities	483,988	497,312
Non-current financial liabilities	Note 13 402,700	415,574
Financial instruments	Note 17 -	-
Employee benefits	Note 14 10,632	9,844
Provision for risks and charges	Note 15 889	896
Deferred tax liabilities	Note 16 69,680	70,846
Other liabilities	Note 19 87	153
Current liabilities	300,962	268,636
Current financial liabilities	Note 13 160,501	134,843
Current provision for risks and charges	Note 15 1,244	1,203
Current tax liabilities	Note 18 13,043	10,215
Trade payables and other liabilities	Note 19 126,174	122,375

The notes from pages 47 to 91 are an integral part of these condensed interim consolidated financial statements

Statement of Comprehensive Income

<i>Euro thousands</i>		June 30, 2023	June 30, 2022
Revenue	Note 20	415,606	390,572
Income	Note 21	4,969	6,249
Total revenue		420,575	396,821
Raw materials, consumables, supplies and goods	Note 22	(194,657)	(221,963)
Services and use of third party assets	Note 23	(61,569)	(57,637)
Other costs	Note 24	(4,791)	(4,137)
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(2,526)	34,688
Personnel expense	Note 25	(80,170)	(75,935)
Amortisation and depreciation	Note 26	(20,661)	(20,739)
Impairment losses on trade receivables and other assets	Note 27	(1,095)	(1,135)
Other impairment losses	Note 28	(13)	10
Total operating costs		(365,482)	(346,847)
Operating profit		55,093	49,974
Financial income	Note 29	4,097	8,413
Financial expense	Note 30	(24,882)	(22,700)
Share of profit of equity-accounted investments	Note 32	510	366
Net financial expense		(20,274)	(13,921)
Pre-tax profit		34,819	36,053
Income taxes		(11,178)	(10,552)
Deferred taxes		1,637	1,780
Total taxes	Note 33	(9,541)	(8,772)
Profit from continuing operations		25,278	27,281
Profit for the period		25,278	27,281
<i>Attributable to:</i>			
Non-controlling interests		4,002	2,354
Owners of the parent		21,276	24,928
Other comprehensive income (expense) which may be reclassified subsequently to Profit or Loss		(37)	29,189
Net exchange gains (losses)		(1,362)	16,080
Hedging reserve		1,324	13,109
Other comprehensive income (expense) which may not be reclassified subsequently to Profit or Loss		106	1,022
Net actuarial gains		123	1,328
Taxes		(17)	(306)
Other comprehensive income (expense), net of tax effect		69	30,211
Comprehensive income (expense)		25,346	57,492
<i>Attributable to:</i>			
Non-controlling interests		3,605	3,005
Owners of the parent		21,741	54,487
Earnings per share:			
<i>basic</i>		0.42	0.49
<i>diluted</i>		0.41	0.48

The notes from pages 47 to 91 are an integral part of these condensed interim consolidated financial statements

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, 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									25,271	25,271		5,004	5,004	30,276
Other comprehensive income (expense)					(998)	13,511	3,631			16,144	(1,285)		(1,285)	14,859
Other changes		(1,306)		(32)		(1,904)		479		(2,764)	-		-	(2,764)
Profit for the year and gains (losses) recognised directly in equity	-	(1,306)	-	(32)	(998)	11,607	3,631	479	25,271	38,652	(1,285)	5,004	3,719	42,371
Allocation of the 2021 profit			659			(659)		38,014	(38,014)	-	1,411	(1,411)	-	-
Dividends								(11,699)		(11,699)	(1,146)		(1,146)	(12,845)
December 31, 2022	46,986	(1,794)	9,396	154,614	(975)	(21,818)	(17,874)	205,562	25,271	399,369	23,280	5,004	28,284	427,653
<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, 2022	46,986	(1,794)	9,396	154,614	(975)	(21,818)	(17,874)	205,562	25,271	399,369	23,280	5,004	28,284	427,653
Profit for the period									21,276	21,276		4,002	4,002	25,278
Other comprehensive income (expense)				-	105	1,324	(964)			466	(397)		(397)	69
Other changes		-		-	-	895	-			895	152		152	1,047
Profit for the period and gains (losses) recognised directly in equity	-	-	-	-	105	2,219	(964)	-	21,276	22,636	(244)	4,002	3,757	26,394
Allocation of the 2022 profit								25,271	(25,271)	-	5,004	(5,004)	-	-
Dividends								(6,105)		(6,105)	(1,543)		(1,543)	(7,648)
June 30, 2023	46,986	(1,794)	9,396	154,614	(870)	(19,599)	(18,838)	224,729	21,276	415,900	26,496	4,002	30,498	446,398

Note:

For information on the changes in equity, reference should be made to Note 12.

The notes from pages 47 to 91 are an integral part of these condensed interim consolidated financial statements

Consolidated Statement of Cash Flows

<i>Euro thousands</i>	June 30, 2023	June 30, 2022
Profit for the period	25,278	27,281
Non-monetary and other adjustments:	57,068	43,618
Amortisation and depreciation of intangible assets and property, plant and equipment	14,801	14,961
Depreciation of right-of-use assets	5,860	5,777
Net impairment losses on intangible assets and property, plant and equipment	13	(10)
Net impairment losses on trade receivables and write-downs of inventories	4,232	2,129
Accruals for post-employment and other employee benefits	1,287	(971)
Net exchange gains (losses) on foreign currency trade receivables and payables	1,114	(929)
Net gains on the sale of intangible assets and property, plant and equipment	(55)	(33)
Net financial expense	20,785	14,288
Net gains on equity investments	(510)	(366)
Taxes	9,541	8,772
Addition for:	(7,505)	(1,150)
Income taxes paid	(5,200)	(6,891)
Net unrealised exchange gains/losses on foreign currency assets and liabilities	(1,294)	5,472
Net realised exchange gains/losses on foreign currency assets and liabilities	(1,011)	268
Cash flows from operating activities before changes in net working capital	74,841	69,749
Changes in net working capital:	(81,336)	(95,501)
Change in inventories	(612)	(35,682)
Change in trade receivables and other assets	(83,172)	(81,424)
Change in trade payables and other liabilities	3,006	22,805
Change in other assets and liabilities	(42)	(560)
Change in post-employment and other employee benefits	(515)	(641)
Net cash flows used in operating activities	(6,495)	(25,752)
Net increase/decrease in intangible assets	(1,143)	(1,491)
Net increase/decrease in property, plant and equipment	(16,710)	(5,697)
Net increase/decrease in right-of-use assets	(2,097)	(7,993)
Net increase/decrease in equity investments measured at cost	-	(1,185)
Net increase/decrease in other financial assets	(1,229)	1,979
Interest collected	345	154
Net cash flows used in investing activities	(20,834)	(14,234)
Change in equity	(7,648)	(14,028)
Financial expense	(15,555)	(8,678)
Interest paid on right-of-use assets	(2,827)	(2,901)
Net increase/decrease in loans and borrowings and other financial liabilities	13,437	29,394
Net increase/decrease in right-of-use lease liabilities	(3,152)	3,158
Net cash flows from (used in) financing activities	(15,744)	6,945
Net exchange gains/losses	(1,362)	16,080
Other non-monetary changes	2,175	(17,994)
Net cash flows for the period	(42,260)	(34,955)
Opening cash and cash equivalents net of current account overdrafts	107,546	137,226
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	65,287	101,734

- 1) Cash and cash equivalents at June 30, 2023 totalled Euro 68,019 thousand; current account overdrafts amounted to Euro 2,732 thousand net of relative interest.
- 2) Cash and cash equivalents at December 31, 2022 totalled Euro 111,209 thousand; current account overdrafts amounted to Euro 3,663 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>	June 30, 2023	December 31, 2022
Opening cash and cash equivalents	107,546	137,226
Cash and cash equivalents	111,209	145,985
Current account overdrafts	(3,663)	(8,759)
Closing cash and cash equivalents	65,287	107,546
Cash and cash equivalents	68,019	111,209
Current account overdrafts	(2,732)	(3,663)

The notes from pages 47 to 91 are an integral part of these condensed interim consolidated financial statements

Statement of financial position with indication of related party transactions pursuant to Consob Resolution No. 15519 of July 27, 2006

<i>Euro thousands</i>		June 30, 2023	<i>of which:</i> Related Parties	December 31, 2022	<i>of which:</i> Related Parties
Assets		1,231,348	-	1,193,601	-
Non-current assets		647,792	-	646,020	-
Intangible assets	Note 1	438,199		446,497	
Property, plant and equipment	Note 2	172,652		166,185	
Biological assets	Note 11	1,693		1,817	
Non-current financial assets	Note 3	7,124		5,166	
Equity-accounted investees	Note 4	2,794		2,144	
Other equity investments	Note 5	26		26	
Deferred tax assets	Note 6	25,305		24,185	
Current assets		583,556	-	547,581	-
Current financial assets	Note 3	1,728		873	
Current tax assets	Note 7	10,148		13,048	
Inventories	Note 8	305,104		307,076	
Trade receivables and other assets	Note 9	198,558		115,376	
Cash and cash equivalents	Note 10	68,019		111,209	
Liabilities and equity		1,231,348	377	1,193,601	454
Equity	Note 12	446,398	-	427,653	-
Share capital		46,986		46,986	
Negative reserve for treasury shares in portfolio		(1,794)		(1,794)	
Reserves		124,703		123,343	
Retained earnings		224,729		205,562	
Profit for the period/year		21,276		25,271	
Equity attributable to the owners of the parent		415,900		399,369	
Equity attributable to non-controlling interests		30,498		28,284	
Non-current liabilities		483,988	-	497,312	-
Non-current financial liabilities	Note 13	402,700		415,574	
Financial instruments	Note 17	-		-	
Employee benefits	Note 14	10,632		9,844	
Provisions for risks and charges	Note 15	889		896	
Deferred tax liabilities	Note 16	69,680		70,846	
Other liabilities	Note 19	87		153	
Current liabilities		300,962	377	268,636	454
Current financial liabilities	Note 13	160,501		134,843	
Current provisions for risks and charges	Note 15	1,244		1,203	
Current tax liabilities	Note 18	13,043		10,215	
Trade payables and other liabilities	Note 19	126,174	377	122,375	454

The notes from pages 47 to 91 are an integral part of these condensed interim consolidated financial statements

Statement of Comprehensive Income with indication of related party transactions pursuant to Consob Resolution No. 15519 of July 27, 2006

<i>Euro thousands</i>		June 30, 2023	<i>of which:</i> Related Parties	<i>of which:</i> Non-recurring	June 30, 2022	<i>of which:</i> Related Parties	<i>of which:</i> Non-recurring
Revenue	Note 20	415,606			390,572		
Income	Note 21	4,969			6,249		262
Total revenue		420,575			396,821		262
Raw materials, consumables, supplies and goods	Note 22	(194,657)	(525)	(1,186)	(221,963)	(789)	(260)
Services and use of third party assets	Note 23	(61,569)	(8)	(1,009)	(57,637)	(209)	(359)
Other costs	Note 24	(4,791)		(185)	(4,137)		
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(2,526)			34,688		
Personnel expense	Note 25	(80,170)		(1,006)	(75,935)		(116)
Amortisation and depreciation	Note 26	(20,661)			(20,739)		
Impairment losses on trade receivables and other assets	Note 27	(1,095)			(1,135)		
Other impairment losses	Note 28	(13)			10		
Total operating costs		(365,482)	(533)	(3,386)	(346,847)	(998)	(735)
Operating profit		55,093	(533)	(3,386)	49,974	(998)	(473)
Financial income	Note 29	4,097			8,413		
Financial expense	Note 30	(24,882)			(22,700)		
Share of profits of equity-accounted investees	Note 32	510			366		
Net financial expense		(20,274)			(13,921)		
Pre-tax profit		34,819	(533)	(3,386)	36,053	(998)	(473)
Income taxes		(11,178)		600	(10,552)		115
Deferred taxes		1,637			1,780		
Total taxes	Note 33	(9,541)		600	(8,772)		115
Profit from continuing operations		25,278	(533)	(2,785)	27,281	(998)	(358)
Profit for the period		25,278	(533)	(2,785)	27,281	(998)	(358)
<i>Attributable to:</i>							
Non-controlling interests		4,002		(1)	2,354		(18)
Owners of the parent		21,276		(2,784)	24,928		(340)
Other comprehensive income (expense) which may be reclassified subsequently to profit or loss		(37)			29,189		
Net exchange gains (losses)		(1,362)			16,080		
Hedging reserve		1,324			13,109		
Other comprehensive income (expense) which may not be reclassified subsequently to profit or loss		106			1,022		
Net actuarial gains (losses)		123			1,328		
Taxes		(17)			(306)		
Other comprehensive income (expense), net of tax effect		69			30,211		
Comprehensive income (expense)		25,346			57,492		
<i>Attributable to:</i>							
Non-controlling interests		3,605			3,005		
Owners of the parent		21,741			54,487		
Earnings per share:							
<i>basic</i>		0.42			0.49		
<i>diluted</i>		0.41			0.48		

The notes from pages 47 to 91 are an integral part of these condensed interim consolidated financial statements

Notes to the condensed interim consolidated financial statements

Introduction

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 Parent F.I.L.A. S.p.A., Fabbrica Italiana Lapis ed Affini (hereafter “the Parent”) is a company limited by shares with registered office in Pero (Italy), Via XXV Aprile, 5. The ordinary shares of the Company were admitted for trading on the EXM – Euronext Milan (former MTA) STAR segment, organised and managed by Borsa Italiana S.p.A. on November 12, 2015.

The condensed interim consolidated financial statements of the F.I.L.A. Group have been prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union. They include the financial statements of F.I.L.A. S.p.A. and its subsidiaries. For the subsidiaries the financial statements are reported upon in specific financial reporting packages, for the purposes of the Group condensed interim consolidated financial statements, in order to comply with IFRS.

The Condensed Interim Consolidated Financial Statements of the F.I.L.A. Group as at and for the six months ended June 30, 2023 were prepared in accordance with IAS 34 Interim Financial Reporting, as established also by Article 154-ter of the Consolidated Finance Act (Legislative Decree No. 58/1998) and should be read together with the Consolidated Financial Statements of the F.I.L.A. Group at December 31, 2022 (the “latest financial statements”). Although not presenting all the information required for complete financial statement disclosure, specific notes are included outlining the events and transactions central to understanding the changes to the F.I.L.A. Group’s financial position and performance since the latest financial statements.

These condensed interim consolidated financial statements are presented in Euro, as the functional currency in which the Group operates and comprise the Statement of Financial Position, in which assets and liabilities are classified as current and non-current, the Statement of Comprehensive Income, the Statement of Cash Flows, prepared using the indirect method, the Statement of Changes in Equity, the Notes thereto and are accompanied by the Directors’ Report. All amounts reported in the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and in the Notes are expressed in thousands of Euro, except where otherwise stated and approximate to the nearest whole unit.

It should be noted that due to the rounding of figures used in the tables shown below, the values of the horizontal and/or vertical sums of the captions that make up the tables may not correspond with respect to the subtotals and totals of the tables.

With reference to Consob Resolution No. 15519 of July 27, 2006 in relation to the format of the Financial Statements, significant related party transactions and the income components from non-recurring items or transactions are indicated separately.

F.I.L.A. S.p.A., the parent, is in turn directly controlled by Pencil S.r.l., with registered office in Milan, and indirectly by WOOD S.r.l., which prepares the consolidated financial statements for the largest group of companies comprising the F.I.L.A. Group. These consolidated financial statements are available at the Milan Companies Registration Office.

These condensed interim consolidated financial statements were authorised for publication by the Parent's Board of Directors on August 3, 2023.

Basis of preparation and accounting standards

Except for that stated below, these Condensed Interim Consolidated Financial Statements were prepared using the same accounting policies used for the preparation of the latest annual financial statements. The changes to the accounting standards will also impact the Group's consolidated financial statements as at and for the year ending December 31, 2023.

These condensed interim consolidated financial statements are prepared on the basis of historical cost, adjusted where necessary for the measurement of certain financial instruments or for the application of the acquisition method under IFRS 3, and on a going concern assumption basis.

Accounting standards, amendments and interpretations applicable after January 1, 2023

IFRS 17 - Insurance contracts

New standard for the recognition, measurement, presentation and disclosure of insurance contracts issued by an entity and/or of reinsurance contracts held by an entity. Replaces IFRS 4, which contained a limited set of guidelines for the recognition of insurance contracts and deferred to national generally accepted accounting principles. This standard applies to all types of insurance contracts regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with characteristics of discretionary participation.

Amendments to IFRS 17 – “Insurance Contracts”: initial application of IFRS 17 and IFRS 9 – Comparative information

The amendment is a transition option related to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus improve the usefulness of comparative information for financial statement readers.

Amendments to IAS 1 – “Disclosure of accounting policies”

The objective of the project is to improve disclosure on accounting policies, establishing guidelines for the selection of accounting policies to be presented in the explanatory notes.

The amendment clarifies that: i) an entity is only required to describe material accounting policies, not all significant accounting policies; ii) information is material if, when considered together with other information included in the financial report and prepared for general purposes, it could reasonably influence the decisions made by the primary users of the financial report; iii) preference should be given to entity-specific information for the accounting policies, thereby avoiding generic or boilerplate information on the provisions of the IFRSs.

Amendments to IAS 8 - “changes to accounting estimates”

The purpose of the project is to clarify the distinction between changes in accounting policies (effects generally recognised retroactively) and changes in accounting estimates (effects recognised prospectively).

The amendment introduces: i) a new definition of accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”; ii) relationship between accounting estimates and accounting standards: an accounting estimate is made to achieve the objective of the accounting policy, such as estimates of fair value (IFRS 13), of losses on receivables (IFRS 9), of net realisable value (IAS 2), or of the useful lives of property, plant and equipment (IAS 16); iii) measurement techniques used for accounting estimates: accounting estimates are the result of measurement techniques that, in addition to the inputs, include estimation techniques, such as the measurement of losses on receivables based on IFRS 9, and valuation techniques, such as estimates of the fair value of investment property; iv) changes in accounting estimates: changes to an input or to a measurement technique in response to new information, to greater experience, or to new developments are changes in accounting estimates, except when it is the correction of an error made in a previous period.

Amendments to IAS 12 - “Deferred taxes on assets and liabilities arising from a single transaction”

The purpose of the project is to clarify the accounting treatment of deferred taxes (“DTA/DTL”) related to assets and liabilities recognised in the financial statements as a result of a single transaction, the book values of which differ from the tax values. For example: i) lease agreements (IFRS 16) – recognition of a right-of-use asset and of a financial liability; ii) a legal or implicit obligation to dispose of an asset or restore a site – recognition of a provision and increase in the carrying amount of the asset. The new rule specifically impacts the computation of taxes resulting from "initial recognition."

Amendments to IAS 12 "International Tax Reform - Pillar 2 Model Rules"

On December 14, 2022, the European Commission adopted EU Directive 2022/23523 introducing the “Top-up Tax” for Multinational Groups. This Directive must be transposed by member states by December 31, 2023. Under IAS 12, an entity is required to reflect the deferred tax impacts of its assets and liabilities based on tax rules enacted or substantially enacted at the reporting date. Given the complexity of the accounting issues and the limited time available to analyse them before the Pillar 2 rules are transposed in individual national jurisdictions, the IASB decided, as an urgent process, to amend IAS 12 in order to ensure greater comparability of financial statements and avoid the risk that entities may define accounting treatments that conflict with the requirements of IAS 12. This was achieved by providing a temporary mandatory exception to the recognition of deferred taxation related to the Pillar 2 rules and new disclosure requirements starting with annual financial statements for fiscal years beginning January 1, 2023.

With reference to the standards and interpretations applicable from the year beginning January 1, 2023, there is no material impact on the measurement of the Group's assets, liabilities, costs and revenue.

Accounting standards, amendments and interpretations not yet endorsed by the EU and applicable after January 1, 2024

Amendments to IFRS 16 "Lease Liabilities in a Sale and leaseback transaction"

Following the publication of the Agenda Decision, the IFRS Interpretation Committee recommended that the IASB Board amend IFRS 16 to define how to subsequently account for the lease liability recognised as a result of a sale & leaseback transaction in circumstances where it includes at the initial recognition date variable payments. The document was published in September 2022 and will be applicable from the financial statements of fiscal years beginning on or after January 1, 2024.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants"

The aim of the project is to clarify the seemingly discordant concepts in paragraphs 69(d) and 73 of IAS 1. According to the envisaged amendments to IAS 1, the right to defer settlement of the liability for at least 12 months after the reporting date must be substantial and existing at the reporting date and must not be unconditional; the intention to exercise the right is not relevant.

The amendments also clarify the right to defer settlement beyond 12 months of a liability arising from a loan agreement, subject to compliance with specific covenants, disclosure of subsequent non-adjusting events, and disclosure of non-current liabilities arising from loan agreements, the right to defer payment beyond 12 months of which is subject to compliance with covenants. The document was published in January 2020 and October 2022 and will be applicable from the financial statements of fiscal years beginning on or after January 1, 2024.

Amendments to IAS 7 and IFRS 7 " Supplier Finance Arrangements"

The objective of the project is to define new disclosure requirements with reference to "supplier finance" arrangements, also referred to as "supply chain financing", "payable finance", or "reverse factoring", which allow the entity to defer supplier payment terms; or which allow the entity's suppliers to collect in advance of the invoice due date. The objective of the disclosure is to enable users of financial statements to assess the effects of supplier finance arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk. The amendments, published in May 2023, include a list of new disclosure requirements and apply from financial statements for fiscal years beginning on or after January 1, 2024.

Share-based payment arrangement

2022-2026 Performance Shares Plan

In accordance with IFRS 2 - Share-based payments, the key data regarding the “2022-2026 Performance Shares Plan” approved by the shareholders of F.I.L.A. S.p.A. in their meeting of April 27, 2022 in replacement of the 2019-2021 Performance Share Plan closed and based on the free allocation of shares of the parent F.I.L.A. S.p.A to managers and senior executives of the F.I.L.A. Group, is presented below.

The Plan is for the Executive Directors, Senior Executives and Key Management, as identified individually by the Board of Directors of F.I.L.A. S.p.A..

The “2022-2026 Performance Shares Plan” represents a medium/long-term incentive system based on the free allocation of company shares and subject to the achievement of specific performance objectives, in addition to continued employment with the Group. In particular, the free allocation of shares is linked (i) partly to the achievement of the performance objectives calculated for all beneficiaries of the “2022-2026 Performance Shares Plan” with reference to the scope of the F.I.L.A. Group, and (ii) partly to the achievement of certain individual or organisational strategic objectives defined specifically for each beneficiary of the “2022-2026 Performance Shares Plan”, by reason of the role and position held.

It is a rolling share-based incentive plan, with three successive allocation cycles, each with its own three-year Vesting Period (January 1, 2022 - December 31, 2024 for the first cycle; January 1, 2023 - December 31, 2025 for the second cycle; and January 1, 2024 - December 31, 2026 for the third cycle). The maximum total number of shares to be allocated to beneficiaries of the “2022-2024 first LTI cycle” was set at 183,000 shares, while that of the “2023-2025 second LTI cycle” is 167,750 shares. These shares shall derive from the treasury shares from purchases made pursuant to Articles 2357 and 2357-ter of the Civil Code. Against a maximum 183,000 ordinary F.I.L.A. S.p.A. shares for the “2022-2024 LTI first cycle” and 167,750 ordinary F.I.L.A. S.p.A. shares for the “2023-2025 LTI second cycle” to be allocated to beneficiaries where achieving the maximum performance objectives set out under the Plan, the Board of Directors, on conclusion of the three-year Vesting period (January 1, 2022 - December 31, 2024 for the first cycle; January 1, 2023 - December 31, 2025 for the second cycle; and January 1, 2024 - December 31, 2026 for the third cycle) shall establish the effective number of shares to be allocated to the beneficiaries of the Plan, which shall be made available to each, according to the deadlines and methods established by the Plan and, in particular, not beyond 60 calendar days from the approval of the consolidated financial statements for the final year of each Vesting period.

For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. Where the entity cannot estimate reliably the fair value of the goods or services received, it shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments allocated.

The F.I.L.A. Group calculated the fair value of the benefit received against options on shares allocated referring to the fair value of the options granted, calculated on the grant date and using the binomial options pricing model.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used for the “2022-2024 first LTI cycle”:

Expected share price at the allocation date: Euro 9.14

Risk free interest rate (based on iBoxx Euro Sovereign): 0.50%;

Expected volatility (expressed as average weighted volatility): 34.6%;

Duration of the option: 3 years;

Expected dividends: 1.10% per year.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used for the “2023-2025 second LTI cycle”:

Expected share price at the allocation date: Euro 7.08

Risk free interest rate (based on iBoxx Euro Sovereign): 3.1%;

Expected volatility (expressed as average weighted volatility): 32.6%;

Duration of the option: 3 years;

Expected dividends: 1.45% per year.

The expected volatility is estimated according to the historic average price volatility of the shares over the three years since the allocation date.

IAS 29 - Hyperinflationary Economies

This standard should be applied to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy. According to International Monetary Fund (IMF) World Economic Outlook (WEO) inflation data released on April 30, 2022, Turkey and Argentina are among the countries with hyperinflationary economies. For this reason, the Company adopts IAS 29 for its Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. and its Argentine subsidiary FILA Argentina S.A.

Fair value measurement

For measuring the fair value of an asset or a liability, the Group as far as possible refers to observable market data. The fair values are broken down into hierarchical levels based on the input data utilised for measurement, as outlined below.

- ▶ Level 1: observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;
- ▶ Level 2: inputs other than the quoted prices in determined in level 1 that are directly or indirectly observable for that asset or liability;
- ▶ Level 3: inputs not based on observable market data.

Where the input data utilised to calculate the fair value of an asset or a liability may be classified to differing fair value hierarchy levels, the entire measurement is included in the lowest hierarchy level of the input which is significant for the entire measurement.

The Group records the transfers between the various fair value hierarchy levels at the end of the period in which the transfer took place.

Exchange rates adopted for translation

The assets and liabilities of foreign operations, including goodwill and Fair Value adjustments deriving from acquisition, are translated into Euro utilising the exchange rate at the reporting date. The costs and revenue of foreign operations are translated into Euro using the average exchange rate for the year. The exchange differences are recorded under other comprehensive income and included in the translation reserve, except for exchange differences attributable to non-controlling interests.

The exchange rates adopted for the translation of local currencies into Euro are as follows:

EXCHANGE RATES		
	Average Exchange Rates June 30, 2023	Closing Exchange Rates June 30, 2023
Argentinean Peso	229.138	278.502
Australian Dollar	1.599	1.640
Brazilian Real	5.483	5.279
Canadian Dollar	1.457	1.442
Swiss Franc	0.986	0.979
Chilean Peso	871.240	872.590
Renminbi Yuan	7.490	7.898
Dominican Peso	59.759	60.131
Euro	1.000	1.000
Pound	0.877	0.858
Indonesian Rupiah	16,274.920	16,384.540
Shekel	3.885	4.049
Indian Rupee	88.878	89.207
Mexican Peso	19.655	18.561
Polish Zloty	4.626	4.439
Russian Ruble	83.766	97.118
Swedish Krona	11.331	11.806
Singapore Dollar	1.444	1.473
Turkish Lira	21.544	28.319
US Dollar	1.081	1.087
South Africa Rand	19.680	20.579

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 Group's key statement of financial position figures by geographical segment, at June 30, 2023 and December 31, 2022, are reported below:

June 30, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	135,492	223,749	1,105	17,020	-	60,833	438,199
Property, plant & equipment	61,525	43,159	21,693	45,713	562	-	172,652
Biological Assets	-	-	-	1,693	-	-	1,693
Total non-current assets	197,017	266,908	22,798	64,426	562	60,833	612,544
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	117,519	118,751	48,673	30,663	1,695	(12,197)	305,104
Trade receivables and Other assets	103,808	76,071	52,482	19,709	1,084	(54,596)	198,558
Trade payables and Other liabilities	(81,801)	(44,100)	(24,015)	(24,324)	(2,601)	50,667	(126,174)
Other Current Assets and Liabilities	(794)	(714)	71	(1,438)	(20)	-	(2,895)
Net Working Capital	138,732	150,008	77,211	24,610	158	(16,126)	374,593
<i>of which Infragroup</i>	<i>(17,292)</i>	<i>(3,626)</i>	<i>6,714</i>	<i>(4,248)</i>	<i>2,325</i>		
Net Financial Debt	(211,919)	(209,928)	(52,572)	(4,344)	(4,135)	(6,080)	(488,978)
<i>of which Infragroup</i>	<i>(16,016)</i>	<i>(4,708)</i>	<i>10,459</i>	<i>21</i>	<i>4,164</i>		
December 31, 2022							
<i>Euro thousands</i>							
Intangible Assets	135,866	230,933	1,060	17,980	-	60,658	446,497
Property, plant & equipment	62,552	46,473	20,421	36,284	455	-	166,185
Biological Assets	-	-	-	1,817	-	-	1,817
Total non-current assets	198,418	277,406	21,481	56,081	455	60,658	614,499
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	110,134	132,846	41,871	31,544	1,994	(11,313)	307,076
Trade Receivables and other assets	75,809	29,360	34,918	15,835	1,271	(41,817)	115,376
Trade payables and other liabilities	(75,946)	(35,379)	(21,982)	(22,866)	(3,429)	37,227	(122,375)
Other Current Assets and Liabilities	(623)	4,157	92	(770)	(23)	-	2,833
Net Working Capital	109,374	130,984	54,899	23,743	(187)	(15,903)	302,909
<i>of which Infragroup</i>	<i>(17,502)</i>	<i>160</i>	<i>2,400</i>	<i>(4,078)</i>	<i>3,117</i>		
Net Financial Position (Debt)	(186,330)	(211,749)	(33,092)	395	(3,236)	(1,147)	(435,159)
<i>of which Infragroup</i>	<i>5,316</i>	<i>(4,677)</i>	<i>(5,456)</i>	<i>29</i>	<i>3,641</i>		

Business Segments – Income statement

The Group's key income statement figures broken down by geographical segment for the six months ended June 30, 2023 and June 30, 2022, are reported below:

June 30, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	161,148	188,337	57,930	89,464	1,699	(82,972)	415,606
<i>of which Infragroup</i>	(44,212)	(5,921)	(14,157)	(18,679)	(2)	-	-
Gross operating profit (loss)	19,306	33,712	8,708	16,190	(70)	(984)	76,862
Operating profit (loss)	10,432	26,818	6,841	12,455	(193)	(1,260)	55,093
Net financial income (expense)	63	(8,089)	(3,935)	(111)	(288)	(7,914)	(20,274)
<i>of which Infragroup</i>	(7,476)	(671)	76	28	129	-	-
Profit (loss) for the period	9,448	14,127	1,498	9,501	(480)	(8,816)	25,278
Profit (loss) attributable to Non-controlling interests	102	119	-	3,782	(1)	-	4,002
Profit (loss) attributable to the owners of the Parent	9,348	14,008	1,498	5,719	(479)	(8,816)	21,276

June 30, 2022	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	176,874	179,687	56,864	69,871	1,754	(94,478)	390,572
<i>of which Infragroup</i>	(53,182)	(7,656)	(19,893)	(13,747)	-	-	-
Gross operating profit (loss)	28,309	31,116	7,705	8,610	63	(3,965)	71,838
Operating profit (loss)	19,549	23,893	6,072	4,695	(54)	(4,181)	49,974
Net financial income (expense)	12,642	(5,047)	(2,318)	(212)	41	(19,027)	(13,921)
<i>of which Infragroup</i>	(19,517)	(60)	461	33	56	-	-
Profit (loss) for the period	27,832	14,698	3,491	3,421	(32)	(22,129)	27,281
Profit (loss) attributable to Non-controlling interests	366	334	-	1,654	-	-	2,354
Profit (loss) attributable to the owners of the Parent	27,467	14,364	3,491	1,768	(33)	(22,129)	24,928

Business Segments – Other Information

The “Other information”, i.e. the Group companies’ net investments in property, plant and equipment and intangible assets broken down by geographical segment at June 30, 2023 and June 30, 2022, are reported below:

June 30, 2023	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	1,143	-	-	-	-	1,143
Property, plant and equipment	1,909	679	949	13,211	17	16,765
Right-of-use assets	1,455	582	-	(174)	234	2,097
Net investments	4,507	1,261	949	13,037	251	20,005

June 30, 2022	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	1,467	24	-	-	-	1,491
Property, plant and equipment	2,398	707	510	2,056	59	5,729
Right-of-use assets	3,728	2,998	(64)	1,068	263	7,993
Net investments	7,593	3,729	446	3,124	322	15,214

Note 1 - Intangible Assets

Intangible Assets at June 30, 2023 amount to Euro 438,199 thousand (Euro 446,497 thousand at December 31, 2022) and comprise for Euro 171,417 thousand intangible assets with indefinite useful lives – goodwill (“Note 1.B - Goodwill”) and for Euro 266,782 thousand of intangible assets with finite useful lives (“Note 1.C – Intangible Assets with finite useful lives”).

The changes in the period were as follows:

Note 1.A - INTANGIBLE ASSETS						
	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>						
Historical cost at December 31, 2021	168,401	200	156,477	197,759	3,516	526,353
Increases	4,407	-	3,766	8,900	59	17,132
Increases (Investments)	-	-	38	1,148	1,951	3,137
Transfers from assets under development	-	-	-	1,892	(1,892)	-
Revaluations	-	-	-	5	-	5
<i>Change in consolidation scope</i>	-	-	3,805	-	-	3,805
Net exchange gains (losses)	4,407	-	(77)	5,853	-	10,183
Other increases	-	-	-	2	-	2
Decreases	-	-	(1,744)	-	-	(1,744)
<i>Change in consolidation scope</i>	-	-	(1,744)	-	-	(1,744)
Historical cost at December 31, 2022	172,808	200	158,498	206,659	3,576	541,741
Increases	-	-	35	2,477	(1,367)	1,145
Increases (Investments)	-	-	19	771	353	1,143
Transfers from assets under development	-	-	-	1,720	(1,720)	-
Revaluations	-	-	-	2	-	2
Other increases	-	-	16	(16)	-	-
Decreases	(1,391)	-	1,106	(1,751)	(1)	(2,037)
Net exchange gains (losses)	(1,391)	-	1,106	(1,751)	(1)	(2,037)
Historical cost at June 30, 2023	171,417	200	159,639	207,386	2,208	540,849

	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>						
Accumulated amortisation at December 31, 2021	-	(183)	(39,670)	(40,677)	-	(80,530)
Increases	-	(6)	(5,432)	(9,277)	-	(14,715)
Amortisation	-	(6)	(5,216)	(9,054)	-	(14,276)
Net exchange gains (losses)	-	-	(216)	(222)	-	(438)
Other increases	-	-	-	(1)	-	(1)
Accumulated amortisation at December 31, 2022	-	(190)	(45,102)	(49,952)	-	(95,244)
Increases	-	(2)	(3,104)	(4,300)	-	(7,406)
Amortisation	-	(2)	(2,457)	(4,579)	-	(7,038)
Net exchange gains (losses)	-	-	(647)	279	-	(368)
Accumulated amortisation at June 30, 2023	-	(192)	(48,206)	(54,252)	-	(102,650)
Carrying amount at December 31, 2021	168,401	16	116,807	157,083	3,516	445,823
Carrying amount at December 31, 2022	172,808	10	113,396	156,707	3,576	446,497
Carrying amount at June 30, 2023	171,417	8	111,433	153,134	2,208	438,199
Change	(1,391)	(2)	(1,963)	(3,573)	(1,368)	(8,298)

Intangible Assets with Indefinite Useful Lives

Intangible Assets with Indefinite Useful Lives are comprised entirely of goodwill for a total amount of Euro 171,417 thousand (Euro 172,808 thousand at December 31, 2022). The movement compared to December 31, 2022 was entirely due to exchange losses of Euro 1,391 thousand, relating to the weakening against the Euro of the US Dollar for Euro 1,354 thousand, of the main currencies of the Central-South America area for Euro 36 thousand and of the Indian Rupee for Euro 1 thousand.

Goodwill is not amortised but subject only to an impairment test at least annually and whenever facts or circumstances arise which may indicate the risk of an impairment loss.

In accordance with the provisions of IAS 36, goodwill is allocated to the various cash generating units (CGU's) and at least on an annual basis subject to recoverability analysis through an impairment test.

The cash generating units relate to the operating segments, on a geographical basis, in line with the minimum level at which goodwill is monitored for internal management purposes. The breakdown of the Group assets by CGU and the identification criteria has not changed compared to December 31, 2022.

The CGUs to which goodwill is allocated are as follows:

NOTE 1.B GOODWILL BY CASH GENERATING UNIT					
	June 30, 2023	December 31, 2022	Change	Exchange gains (losses)	Impairment Losses
<i>Euro thousands</i>					
North America (2)	101,481	102,835	(1,354)	(1,354)	-
DOMS Industries Limited (India)	33,262	33,263	(1)	(1)	-
Canson Group (4)	17,015	17,015	-	-	-
Daler - Rowney Group (5)	5,922	5,922	-	-	-
Fila Arches	5,473	5,473	-	-	-
Dixon Group - Central / South America (1)	2,015	2,051	(36)	(36)	-
Fila Hellas (Greece)	1,932	1,932	-	-	-
Industria Maineri S.p.A. (Italy)	1,695	1,695	-	-	-
St. Cuthberts Holding (UK) (6)	1,323	1,323	-	-	-
Lyra Group (3)	1,217	1,217	-	-	-
FILA SA (South Africa)	83	83	-	-	-
Total	171,417	172,808	(1,391)	(1,391)	-

(1) - Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico); F.I.L.A. Chile Ltda (Chile); FILA Argentina S.A. (Argentina).

(2) - Dixon Ticonderoga Company (U.S.A.); Dixon Canadian Holding (Canada); Bridesshore srl (Dominican Republic) as CGU North America; Dixon Ticonderoga ART ULC; Princeton Hong Kong (U.S.A.).

(3) - Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany); FILA Nordic AB (Sweden); PT. Lyra Akrelux (Indonesia); Daler Rowney GmbH (Germany).

(4) - Canson SAS (France); Lodi 12 SAS (France); Canson Brasil I.P.E. LTDA (Brazil); Canson Australia PTY LTD (Australia); Canson Qingdao Ltd.(China); Fila Iberia S.L (Spain); Fila Yixing (China); Canson Italy (Italy).

(5) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (UK); Creative Art Products Limited (UK); Bridesshore s.r.l. (Dominican Republic) in CGU Daler.

(6) - St. Cuthberts Holding (UK); St. Cuthberts Mill (UK).

Goodwill was allocated considering individual CGUs or Groups of CGUs based on potential synergies and similar operating strategies on the various markets.

The impairment tests carried out for the purpose of the consolidated financial statements at December 31, 2022 did not indicate any impairment of the goodwill recognised to the financial statements. At June 30, 2023, an analysis was carried out to highlight the presence of any indicators of impairment. The analysis carried out at June 30, 2023 considered the impact of the trends in the actual data for the present period compared to the forecast data used in the impairment tests at December 31, 2022, and the trend in interest rates to assess their impact in estimating the discount rate (WACC) to be applied to the expected cash flows. The analysis also took into account the sensitivities developed at December 31, 2022 in order to better appreciate the impacts these changes could generate in determining the recovery value of the cash generating units identified above. No indicators of impairment emerged as a result of this analysis.

Therefore, in the absence of indicators of impairment, no specific impairment tests were carried out on this item when preparing the condensed interim consolidated financial statements.

Intangible Assets with Finite Useful Lives

The changes at June 30, 2023 of “Intangible Assets with Finite Useful Lives” are reported below:

Note 1.C - INTANGIBLE ASSETS WITH FINITE USEFUL LIVES					
	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>					
Historical cost at December 31, 2021	200	156,477	197,759	3,516	357,952
Increases	-	3,766	8,900	59	12,725
Increases (Investments)	-	38	1,148	1,951	3,137
Transfers from assets under development	-	-	1,892	(1,892)	-
Revaluations	-	-	5	-	5
<i>Change in consolidation scope</i>	-	<i>3,805</i>	-	-	<i>3,805</i>
Net exchange gains (losses)	-	(77)	5,853	-	5,776
Other increases	-	-	2	-	2
Decreases	-	(1,744)	-	-	(1,744)
<i>Change in consolidation scope</i>	-	<i>(1,744)</i>	-	-	<i>(1,744)</i>
Historical cost at December 31, 2022	200	158,498	206,659	3,576	368,933
Increases	-	35	2,477	(1,367)	1,154
Increases (Investments)	-	19	771	353	1,143
Transfers from assets under development	-	-	1,720	(1,720)	-
Revaluations	-	-	2	-	2
Other increases	-	16	(16)	-	-
Decreases	-	1,106	(1,751)	(1)	(646)
Net exchange gains (losses)	-	1,106	(1,751)	(1)	(646)
Historical cost at June 30, 2023	200	159,639	207,386	2,208	369,432

<i>Euro thousands</i>	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
Accumulated amortisation at December 31, 2021	(183)	(39,670)	(40,677)	-	(80,530)
Increases	(6)	(5,432)	(9,277)	-	(14,715)
Amortisation	(6)	(5,216)	(9,054)	-	(14,276)
Net exchange gains (losses)	-	(216)	(222)	-	(438)
Other increases	-	-	(1)	-	(1)
Accumulated amortisation at December 31, 2022	(190)	(45,102)	(49,952)	-	(95,244)
Increases	(2)	(3,104)	(4,300)	-	(7,406)
Amortisation	(2)	(2,457)	(4,579)	-	(7,038)
Net exchange gains (losses)	-	(647)	279	-	(368)
Accumulated amortisation at June 30, 2023	(192)	(48,206)	(54,252)	-	(102,650)
Carrying amount at December 31, 2021	16	116,807	157,083	3,516	277,422
Carrying amount at December 31, 2022	10	113,396	156,707	3,576	273,689
Carrying amount at June 30, 2023	8	111,433	153,134	2,208	266,782
Change	(2)	(1,963)	(3,573)	(1,368)	(6,907)

“Industrial Patents and Intellectual Property Rights” amount to Euro 8 thousand at June 30, 2023 (Euro 10 thousand at December 31, 2022).

The average residual useful life of the “Industrial Patents and Intellectual Property Rights”, recognised at June 30, 2023, is 5 years.

“Concessions, Licences, Trademarks and Similar Rights” amount to Euro 111,433 thousand at June 30, 2023 (Euro 113,396 thousand at December 31, 2022).

The carrying amount decreased on December 31, 2022 by Euro 1,963 thousand, mainly due to amortisation of Euro 2,457 thousand, offset by exchange gains of Euro 459 thousand and increases in investments for Euro 19 thousand.

In addition, a significant amount of the amortisation relates to the intangible assets recognised as a result of the business combinations undertaken in 2018 and concerning the brands held by the Pacon Group (Euro 31,903 thousand) and with regards to those undertaken in 2016 and relating to the brands held by the English Group Daler Rowney (Euro 40,223 thousand) and by the Canson Group (Euro 32,400 thousand).

The other historic brands subject to amortisation refer principally to “Lapimex” held by Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and the “Lyra” brands held by Lyra KG (Germany) and “DOMS” held by DOMS Industries Limited (India).

The average useful life of the “Concessions, Licences, Trademarks and Similar Rights”, recognised at June 30, 2023, is 30 years. Brands are amortised on the basis of their useful lives and tested for impairment to below their recoverable amount when there are signs that they may have become impaired.

“Other Intangible Assets” amount to Euro 153,134 thousand at June 30, 2023 (Euro 156,707 thousand at December 31, 2022). The change on the previous year of Euro 3,573 thousand is mainly due to (i) decreases due to amortisation of Euro 4,579 thousand, referring in particular to the value of “Development Technology” recognised by the companies of the Daler-Rowney Lukas Group (Euro 30,532 thousand), the Canson Group (Euro 1,500 thousand) and St. Cuthberts Holding (Euro 2,462 thousand), identified as strategic assets through the purchase price allocation procedure as part of the business combinations undertaken in 2016 and the amount of the “Customer Relationship” determined by the purchase price allocation procedure” as part of the business combination resulting in the acquisition of the Pacon Group; (ii) exchange losses of Euro 1,472 thousand, (iii) the placement in service of assets under development for Euro 1,720 thousand and net investments of Euro 771 thousand, which mainly involved the implementation and roll-out of ERP at certain Group companies.

The average useful life of “Other”, recognised at June 30, 2023, is 30 years.

“Assets under development” totalled Euro 2,208 thousand (Euro 3,576 thousand at December 31, 2022), entirely concerning F.I.L.A. S.p.A. and relating to investments for the installation of the new ERP (Enterprise Resource Planning) system not activated during the year.

With regards to intangible assets with finite useful lives, no impairment indicators were identified during the year.

Note 2 - Property, Plant and Equipment

“Property, Plant and Equipment” at June 30, 2023 amount to Euro 172,652 thousand (Euro 166,185 thousand at December 31, 2022), comprising Euro 102,239 thousand of Property, Plant and Equipment (“Note 2.A - Property, Plant and Equipment”) and Euro 70,414 thousand of Right-of-Use assets (“Note 2.B - Right-of-Use assets”).

The changes of the year are shown below:

Note 2.A - PROPERTY, PLANT AND EQUIPMENT							
	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Historical cost at December 31, 2021	13,411	67,215	147,081	21,988	10,772	2,646	263,113
Increases	(384)	882	12,580	1,232	1,543	1,485	17,337
Increases (Investments)	-	675	7,883	966	1,151	3,129	13,804
Transfers from assets under construction	-	80	1,548	30	44	(1,702)	-
Reclassifications	-	-	-	-	87	-	87
Revaluations	-	-	-	-	9	-	9
<i>Change in consolidation scope</i>	-	-	2,860	-	-	-	2,860
Net exchange gains (losses)	(384)	127	18	236	40	58	96
Other increases	-	-	271	-	211	-	482
Decreases	-	(38)	(3,638)	(153)	(709)	-	(4,538)
Decreases (Disinvestments)	-	(38)	(2,058)	(151)	(91)	-	(2,338)
Impairment losses	-	-	(1)	(2)	(81)	-	(84)
<i>Change in consolidation scope</i>	-	-	(1,475)	-	-	-	(1,475)
Other decreases	-	-	(104)	-	(537)	-	(641)
Historical cost at December 31, 2022	13,027	68,060	156,022	23,067	11,604	4,131	275,911
Increases	8,796	1,049	8,395	159	304	(159)	18,544
Increases (Investments)	8,719	362	5,692	174	358	1,857	17,162
Transfers from assets under construction	-	183	1,855	7	31	(2,076)	-
Reclassifications	-	-	-	-	18	-	18
Revaluations	-	-	-	-	3	-	3
Net exchange gains (losses)	77	504	703	(22)	(233)	60	1,089
Other increases	-	-	145	-	127	-	272
Decreases	-	-	(587)	(240)	(62)	-	(889)
Decreases (Disinvestments)	-	-	(582)	(240)	(49)	-	(871)
Impairment losses	-	-	(5)	-	(13)	-	(18)
Historical cost at June 30, 2023	21,823	69,109	163,829	22,986	11,847	3,972	293,566

<i>Euro thousands</i>	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
Accumulated depreciation at December 31, 2021	-	(39,467)	(102,674)	(17,387)	(8,644)	-	(168,172)
Increases	-	(2,701)	(13,456)	(1,782)	(1,024)	-	(18,963)
Depreciation	-	(2,619)	(10,853)	(1,735)	(886)	-	(16,093)
Impairment losses	-	-	-	-	53	-	53
<i>Change in consolidation scope</i>	-	-	(2,401)	-	-	-	(2,401)
Net exchange gains (losses)	-	(82)	112	(47)	(13)	-	(29)
Other increases	-	-	(314)	-	(178)	-	(492)
Decreases	-	38	3,383	140	588	-	4,149
Decreases (Disinvestments)	-	38	2,011	140	41	-	2,230
Reclassifications	-	-	-	-	13	-	13
<i>Change in consolidation scope</i>	-	-	1,238	-	-	-	1,238
Other decreases	-	-	134	-	534	-	668
Accumulated depreciation at December 31, 2022	-	(42,130)	(112,748)	(19,029)	(9,079)	-	(182,986)
Increases	-	(1,425)	(6,276)	(777)	(337)	-	(8,816)
Depreciation	-	(1,197)	(5,408)	(775)	(383)	-	(7,763)
Net exchange gains (losses)	-	(228)	(726)	(2)	139	-	(818)
Other increases	-	-	(142)	-	(93)	-	(235)
Decreases	-	-	197	240	37	-	474
Decreases (Disinvestments)	-	-	197	240	37	-	474
Accumulated depreciation at June 30, 2023	-	(43,555)	(118,828)	(19,566)	(9,378)	-	(191,327)
Carrying amount at December 31, 2021	13,411	27,748	44,406	4,601	2,128	2,646	94,941
Carrying amount at December 31, 2022	13,027	25,930	43,274	4,038	2,526	4,131	92,926
Carrying amount at June 30, 2023	21,823	25,554	45,002	3,420	2,468	3,972	102,239
Change	8,796	(376)	1,728	(618)	(58)	(159)	9,313

“Land” at June 30, 2023 amounts to Euro 21,823 thousand (Euro 13,027 thousand at December 31, 2022) and includes the land relating to the buildings and production facilities owned by the Parent F.I.L.A. S.p.A. (Rufina Scoperti – Italy), by the subsidiary Lyra KG (Germany), by DOMS Industries Limited (India), Daler Rowney Ltd (United Kingdom) and by Canson SAS (France). The increase in the period of Euro 8,796 thousand entirely owes to the Indian subsidiary DOMS Industries Limited for Euro 8,719 thousand and exchange gains for Euro 77 thousand.

“Buildings” at June 30, 2023 amount to Euro 25,554 thousand (Euro 25,930 thousand at December 31, 2022) and principally concern the buildings of the Group production facilities. The decrease on December 31, 2022 was Euro 376 thousand. Net investments amounts to Euro 362 thousand and mainly concern the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Euro 188 thousand), the parent F.I.L.A. S.p.A. (Euro 69 thousand), the Indian subsidiary DOMS Industries Limited (Euro 60 thousand) and relate to the expansion plan for the storage and production sites, while capitalisations of assets totalled Euro 183 thousand.

Depreciation of Euro 1,197 thousand particularly concerns Canson SAS (France), the parent F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and DOMS Industries Limited (India), while exchange gains contributed Euro 276 thousand.

“Plant and Machinery” amount to Euro 45,002 thousand (Euro 43,274 thousand at December 31, 2022). Compared to the previous year, this caption increased Euro 1,728 thousand. The main movements in

this category concern net investments of Euro 5,307 thousand, mainly by DOMS Industries Limited (India) for Euro 3,828 thousand, by Daler Rowney Ltd (UK) for Euro 602 thousand and by the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. for Euro 293 thousand. In addition, capitalisations on fixed assets under development amounted to Euro 1,855 thousand. These increases were offset by depreciation of Euro 5,408 thousand and exchange losses of Euro 23 thousand.

“Industrial and Commercial Equipment” amount to Euro 3,420 thousand at June 30, 2023 (Euro 4,038 thousand at December 31, 2022). The decrease of Euro 618 thousand is mainly due to depreciation in the period of Euro 775 thousand and exchange losses of Euro 24 thousand. The reduction is partially offset by net investments of Euro 174 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 49 thousand and Fila Nordic (Sweden) for Euro 37 thousand, in addition to the reclassification of fixed assets under development for Euro 7 thousand.

“Other Assets” amount to Euro 2,468 thousand at June 30, 2023 (Euro 2,526 thousand at December 31, 2022) and include furniture and office equipment, EDP and motor vehicles. A decrease of Euro 58 thousand is reported, mainly relating to depreciation in the period of Euro 383 thousand, in addition to exchange losses of Euro 94 thousand. The decreases were offset by net investments of Euro 346 thousand, mainly by DOMS Industries Limited (India) for Euro 237 thousand.

“Assets under construction” include internal constructions undertaken by the individual companies of the Group which are not yet up and running. The carrying amount at June 30, 2023 was Euro 3,972 thousand, decreasing compared to the previous period by Euro 159 thousand, due to transfers of assets of Euro 2,076 thousand, mainly by the French subsidiary Canson SAS (Euro 1,681 thousand) and the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Euro 254 thousand), offset by net investments in the period of Euro 1,857 thousand, mainly by Dixon Ticonderoga Company (U.S.A.) for Euro 592 thousand, Canson SAS (France) for Euro 537 thousand and DOMS Industries Limited (India) for Euro 328 thousand.

Exchange gains amounted to Euro 60 thousand.

There is no property, plant and equipment subject to restrictions.

Right-of-Use assets

The changes of the year are shown below:

Nota 2.B RIGHT-OF-USE ASSETS							
	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Historical cost at December 31, 2021	-	97,494	698	1,530	4,155	-	103,877
Increases	-	11,701	31	(5)	604	-	12,331
Increases (Investments)	-	8,239	50	61	586	-	8,936
Net exchange gains (losses)	-	3,190	(19)	(66)	18	-	3,123
Other increases	-	272	-	-	-	-	272
Decreases	-	(988)	(57)	(784)	(715)	-	(2,544)
Decreases (Disinvestments)	-	(988)	(57)	(784)	(715)	-	(2,544)
Historical cost at December 31, 2022	-	108,208	672	741	4,044	-	113,665
Increases	-	1,529	310	108	811	-	2,759
Increases (Investments)	-	671	323	103	820	-	1,917
Net exchange gains (losses)	-	858	(13)	5	(9)	-	842
Decreases	-	(450)	-	(88)	(700)	-	(1,238)
Decreases (Disinvestments)	-	(450)	-	(88)	(700)	-	(1,238)
Historical cost at June 30, 2023	-	109,287	982	761	4,155	-	115,185
Accumulated depreciation at December 31, 2021	-	(26,535)	(248)	(333)	(2,049)	-	(29,165)
Increases	-	(11,375)	(125)	(150)	(1,074)	-	(12,725)
Depreciation	-	(10,511)	(137)	(166)	(1,066)	-	(11,880)
Net exchange gains (losses)	-	(597)	12	16	(8)	-	(578)
Other increases	-	(267)	-	-	-	-	(267)
Decreases	-	841	57	33	553	-	1,484
Decreases (Disinvestments)	-	841	57	33	553	-	1,484
Accumulated depreciation at December 31, 2022	-	(37,070)	(317)	(449)	(2,570)	-	(40,406)
Increases	-	(5,142)	(89)	(88)	(541)	-	(5,860)
Depreciation	-	(5,142)	(89)	(88)	(541)	-	(5,860)
Decreases	-	516	6	83	889	-	1,494
Decreases (Disinvestments)	-	450	-	88	880	-	1,418
Net exchange gains (losses)	-	66	6	(5)	9	-	76
Accumulated depreciation at June 30, 2023	-	(41,696)	(400)	(454)	(2,222)	-	(44,772)
Carrying amount at December 31, 2021	-	70,960	450	1,197	2,105	-	74,712
Carrying amount at December 31, 2022	-	71,139	355	292	1,473	-	73,259
Carrying amount at June 30, 2023	-	67,591	583	307	1,933	-	70,414
Change	-	(3,548)	228	15	460	-	(2,845)

The Group adopted IFRS 16 Leasing from January 1, 2019 and recognised in the statement of financial position the right-of-use assets and the lease liabilities, with the exception of short-term contracts (less than 12 months) or low value leases (less than Euro 5 thousand), for which the Group applied the recognition and measurement exemptions under IFRS 16.

“Buildings” at June 30, 2023 amounted to Euro 67,591 thousand (Euro 71,139 thousand at December 31, 2022), decreasing Euro 3,548 thousand on the previous year. This decrease mainly concerns depreciation in the period of Euro 5,142 thousand, offset by net investments of Euro 671 thousand, by the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 413 thousand and the subsidiary Canson Australia (Australia) for Euro 234 thousand, in addition to exchange gains of Euro 924 thousand.

“Plant and Machinery” amounted to Euro 583 thousand at June 30, 2023 (Euro 355 thousand at December 31, 2022). This increase for Euro 228 thousand is mainly due to net investments of Euro 323 thousand, exclusively by the UK subsidiary Daler Rowney Ltd , partially offset by depreciation in the period of Euro 89 thousand and exchange losses of Euro 7 thousand.

“Industrial and Commercial Equipment” amount to Euro 307 thousand at June 30, 2023 (Euro 292 thousand at December 31, 2022). The increase of Euro 15 thousand is mainly due to net investments of Euro 103 thousand, mainly by the subsidiary Fila Arches (France) for Euro 76 thousand, offset by depreciation in the period of Euro 88 thousand.

“Other Assets” referred mainly to vehicles at June 30, 2023 and amounted to Euro 1,933 thousand (Euro 1,473 thousand at December 31, 2022). Compared to the previous year, this caption increased Euro 460 thousand, comprising net investments of Euro 1,000 thousand, mainly by the French subsidiary Canson SAS for Euro 618 thousand, by the US subsidiary Dixon Ticonderoga Company for Euro 169 thousand and by the parent F.I.L.A. S.p.A. for Euro 133 thousand, offset by depreciation in the period of Euro 541 thousand.

Note 11 - Biological Assets

"Biological Assets" amounted to Euro 1,693 thousand at June 30, 2023 (Euro 1,817 thousand at December 31, 2022) and exclusively include the fair value of the tree plantation of the Chinese company Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. In accordance with "IAS 41 - Biological Assets". The decrease of Euro 124 thousand compared to the previous year is entirely due to exchange losses.

Note 3 – Financial Assets

“Financial Assets” amount to Euro 8,852 thousand at June 30, 2023 (Euro 6,039 thousand at December 31, 2022):

Note 3.A - FINANCIAL ASSETS

	Loans and Financial assets	Other financial assets	Total
<i>Euro thousands</i>			
December 31, 2022	22	6,017	6,039
non-current portion	-	5,166	5,166
current portion	22	851	873
June 30, 2023	-	8,852	8,852
non-current portion	-	7,124	7,124
current portion	-	1,728	1,728
Change	(22)	2,835	2,813
non-current portion	-	1,958	1,958
current portion	(22)	877	855

Other Financial Assets

“Other Financial Assets” totalled Euro 8,852 thousand (Euro 6,017 thousand at December 31, 2022), increasing Euro 2,835 thousand. The amount mainly refers to the fair value of the derivatives on the loan (hedged instrument) issued in favour of F.I.L.A. S.p.A for Euro 2,789 thousand and Dixon Ticonderoga Company (U.S.A.), for Euro 1,575 thousand. Canson SAS (France) also entered into a derivative to hedge borrowings (hedged instrument) agreed by the subsidiary in support of investments relating to the implementation of the Annonay logistics hub of Euro 113 thousand.

The caption also comprises the guarantee deposits paid for goods and service supply contracts of the various Group companies, including in particular DOMS Industries Limited (India) (for Euro 1,932 thousand) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) (for Euro 336 thousand). The increase is mainly due to the increase in derivative instruments for Euro 1,302 thousand, in addition to the increase in guarantee deposits paid as guarantee regarding the subsidiary DOMS Industries Limited (India) for Euro 656 thousand.

“Loans and financial assets” and “Other financial assets” are stated at amortised cost in accordance with IFRS 9.

The accounting treatment adopted for the hedging instruments, based on IFRS 9, is based on hedge accounting and in particular that concerning “cash flow hedges” and involving the recognition of a financial asset or liability and an equity reserve.

Note 4 - Equity-accounted investments

Note 4.A EQUITY-ACCOUNTED INVESTMENTS	
<i>Euro thousands</i>	Inv. in associates
December 31, 2021	1,481
Increases	777
Changes in equity investments	777
Decreases	(114)
Exchange losses	(114)
December 31, 2022	2,144
Increases	678
Increases (Investments)	168
Changes in equity investments	510
Decreases	(28)
Exchange losses	(26)
Decreases (Disinvestments)	(2)
June 30, 2023	2,794
Change	650

“Equity-accounted investments” amount to Euro 2,794 thousand (Euro 2,144 thousand at December 31, 2022).

The increase in the period mainly relates to the two investments in associates held by DOMS Industries Limited (India). At June 30, 2023, the “Carrying amount” of the investments was adjusted in line with the share of Equity held in the associates.

We in addition report an increase in the value of equity-accounted investments due to the acquisition of 30% of the associate Clapjoy Innovation Private Limited for Euro 168 thousand, and a reduction of Euro 2 thousand following the sale of shares of the associates Uniwrite Pens and Plastics Pvt Ltd, Fixy Adhesives Private Limited and Inxon Pens & Stationary Private.

Net exchange gains were recognised of Euro 26 thousand.

Note 5 - Other investments

“Other Investments”, amounting to Euro 26 thousand, relate to the Parent’s investment of Euro 23 thousand in Maimeri S.r.l., corresponding to 1% of the share capital, and in the consortiums Conai, Energia Elettrica Zona Mugello and Energia Elettrica Milano at June 30, 2023.

Note 6 – Deferred Tax Assets

“Deferred Tax Assets” amount to Euro 25,305 thousand at June 30, 2023 (Euro 24,185 thousand at December 31, 2022).

The changes in “Deferred Tax Assets” are illustrated in the table below with indication of the opening balance, changes during the period and the closing balance at June 30, 2023:

Note 6.A - CHANGES IN DEFERRED TAX ASSETS	
<i>Euro thousands</i>	
December 31, 2021	19,325
Increase	7,605
Utilisation	(2,869)
<i>Change in consolidation scope</i>	145
Net exchange gains	650
Increase recognised in equity	155
Other net decreases	(825)
December 31, 2022	24,185
Increase	4,445
Utilisation	(3,609)
Net exchange gains	263
Increase recognised in equity	21
June 30, 2023	25,305
Change	1,120

Increases in the period mainly concern the parent F.I.L.A. S.p.A. for Euro 2,787 thousand, the elimination of inventory margins for Euro 274 thousand, the accrual for the tax effects of the right-of-use of Euro 151 thousand and exchange gains of Euro 263 thousand.

Deferred tax assets accounted for through an equity reserve relate to the change in the actuarial reserve.

Deferred tax assets recognised at the reporting date concerned the amounts of probable realisation on the basis of management estimates of future taxable income.

Note 7 - Current Tax Assets

At June 30, 2023, tax assets relating to corporation tax amounted overall to Euro 10,148 thousand (Euro 13,048 thousand at December 31, 2022), and refer principally to the subsidiaries DOMS Industries Limited (India) for Euro 4,273 thousand, Dixon Ticonderoga Company (U.S.A.) for Euro 2,893

thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 881 thousand, the parent F.I.L.A. S.p.A. for Euro 706 thousand and Canson SAS (France) for Euro 446 thousand.

Note 8 - Inventories

Inventories at June 30, 2023 amount to Euro 305,104 thousand (Euro 307,076 thousand at December 31, 2022):

Note 8.A - INVENTORIES				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2022	72,829	30,627	203,620	307,076
June 30, 2023	73,533	34,523	197,048	305,104
Change	704	3,896	(6,572)	(1,972)

The caption decreased by Euro 1,972 thousand, mainly due to the streamlining process put in place by the management of the US subsidiary Dixon Ticonderoga Company. In addition, exchange gains of Euro 81 thousand are reported.

Inventories are presented net of the allowance for inventory write-down for raw materials (Euro 2,390 thousand), work-in-progress (Euro 635 thousand) and finished goods (Euro 6,747 thousand). The provisions refer to obsolete or slow-moving materials for which it is not considered possible to recover their value through sale.

Note 8.B - CHANGE IN THE ALLOWANCE FOR INVENTORY WRITE-DOWN				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2021	1,524	580	3,324	5,428
Accruals	537	61	800	1,398
Utilisation	(119)	(27)	(115)	(261)
Change in consolidation scope	52	-	42	94
Net exchange gains (losses)	10	-	(26)	(16)
December 31, 2022	2,004	614	4,025	6,643
Accruals	457	88	2,767	3,312
Utilisation	(77)	-	(17)	(94)
Release	-	(66)	(13)	(79)
Net exchange gains (losses)	6	(1)	(15)	(10)
June 30, 2023	2,390	635	6,747	9,772
Change	386	21	2,722	3,129

Note 9 – Trade receivables and other assets

Trade receivables and other assets amount to Euro 198,558 thousand at June 30, 2023 (Euro 115,376 thousand at December 31, 2022):

Note 9.A - TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	June 30, 2023	December 31, 2022	Change
Trade receivables	182,948	98,930	84,018
Tax assets	2,669	4,159	(1,490)
Other	7,643	7,646	(3)
Prepayments and accrued income	5,298	4,641	657
Total	198,558	115,376	83,182

Trade receivables increased on December 31, 2022 by Euro 84,018 thousand, which net of the exchange gains of Euro 1,123 thousand, is mainly due to Dixon Ticonderoga Company (U.S.A.) for Euro 39,367 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 17,448 thousand and F.I.L.A. S.p.A. for Euro 12,038 thousand.

The changes in the loss allowance are illustrated in the table below:

Note 9.B - CHANGES IN THE LOSS ALLOWANCE	
<i>Euro thousands</i>	
December 31, 2021	5,327
Accruals	4,243
Utilisation	(768)
Release	(157)
Net exchange gains	102
December 31, 2022	8,747
Accruals	1,118
Utilisation	(399)
Release	(42)
Net exchange gains	18
June 30, 2023	9,442
Change	695

The Group measures the loss allowance at an amount reflecting the lifetime expected credit losses of the asset. In order to establish whether the credit risk concerning a financial asset has increased significantly after initial recognition in order to assess expected credit losses, the Group considers reasonable and demonstrable information which is pertinent and available without excessive cost or burden. Quantitative and qualitative information and analysis, based on historical Group experience, to assess the asset - in addition to information indicative of expected developments - is included. Accruals

to the allowance amounted to Euro 1,118 thousand, mainly concerning the parent F.I.L.A. S.p.A. for Euro 598 thousand. We also report the utilisation of Euro 399 thousand, mainly regarding the US subsidiary Dixon Ticonderoga Company for Euro 320 thousand.

At June 30, 2023, “Tax Assets” totalled Euro 2,669 thousand (Euro 4,159 thousand at December 31, 2022) and include VAT assets (Euro 1,536 thousand) and other tax assets for local taxes other than direct income taxes (Euro 1,133 thousand). The decrease on the previous year mainly relates to the parent F.I.L.A. S.p.A. for Euro 1,406 thousand.

“Other Assets” amount to Euro 7,643 thousand at June 30, 2023 (Euro 7,646 thousand at December 31, 2022) and mainly concern advances paid to suppliers (Euro 5,149 thousand), principally concerning the Indian and French subsidiaries, amounts due from employees (Euro 269 thousand) and from social security institutions (Euro 13 thousand). The carrying amount of “Other assets” represents the fair value at the reporting date.

All of the above assets are due within 12 months.

Note 10 - Cash and cash equivalents

“Cash and Cash Equivalents” at June 30, 2023 amount to Euro 68,019 thousand (Euro 111,209 thousand at December 31, 2022):

Note 10 - CASH AND CASH EQUIVALENTS			
<i>Euro thousands</i>	Bank and postal deposits	Cash in hand and other cash equivalents	Total
December 31, 2022	111,079	130	111,209
June 30, 2023	67,767	252	68,019
Change	(43,312)	122	(43,190)

"Bank and postal deposits" consist of temporary liquid funds generated within the treasury management and relate to ordinary current accounts of the parent F.I.L.A. S.p.A. for Euro 10,541 thousand and current accounts of the subsidiaries for Euro 57,225 thousand, in particular: Dixon Ticonderoga Company (U.S.A.) for Euro 23,702 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 4,137 thousand, Dixon Ticonderoga Art ULC (Canada) for Euro 3,263 thousand, DOMS Industries Limited (India) for Euro 3,159 thousand and Daler Rowney Ltd (United Kingdom) for Euro 2,766 thousand.

“Cash in hand and other cash equivalents” amount to Euro 252 thousand, of which Euro 7 thousand relates to the Parent F.I.L.A. S.p.A and Euro 245 thousand to the various subsidiaries.

Bank and postal deposits are remunerated at rates indexed to inter-bank rates such as Libor and Euribor. There are no bank and postal deposits subject to restrictions.

Reference should be made to the “Statement of Financial Position” section for comments relating to the Net Financial Debt of the F.I.L.A. Group.

Net Financial Debt

The F.I.L.A. Group “Net Financial Debt” at June 30, 2023 was Euro 488,978 thousand, increasing Euro 53,819 thousand on December 31, 2022. This increase is due also to financial liabilities from the new loans drawn down by the Group companies:

<i>Euro thousands</i>	June 30, 2023	December 31, 2022	Change
A Cash	252	130	122
B Cash equivalents	67,767	111,078	(43,312)
C Other current financial assets	1,728	873	855
D Liquidity (A + B + C)	69,746	112,082	(42,336)
E Current bank loans and borrowings	(131,164)	(105,492)	(25,672)
F Current portion of non-current bank loans and borrowings	(29,337)	(29,351)	14
G Current financial debt (E + F)	(160,501)	(134,843)	(25,658)
H Net current financial debt (G - D)	(90,755)	(22,761)	(67,993)
I Non-current bank loans and borrowings	(398,223)	(412,398)	14,175
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(398,223)	(412,398)	14,175
M Net financial debt (H + L)	(488,978)	(435,159)	(53,819)
N Non-current loan assets	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(488,978)	(435,159)	(53,819)

Reference should be made to the “Statement of Financial Position” section for comments relating to the Net Financial Debt of the F.I.L.A. Group.

Note 12 - Share Capital and Equity

Share capital

The subscribed and issued share capital at June 30, 2023 of the parent F.I.L.A. S.p.A., fully paid-in, comprises 51,058,297 shares, as follows:

- 42,976,441 ordinary shares, without nominal value;
- 8,081,856 class B shares, without nominal value, which attribute 3 votes exercisable at the shareholders' meeting (ordinary and extraordinary) of F.I.L.A. S.p.A..

The breakdown of the share capital of F.I.L.A. S.p.A. is illustrated below:

Share capital composition - June 30, 2023	No. of shares	% of share capital	Euro	Listing
Ordinary shares	42,976,441	84.17%	39,548,544	EXM - Euronext STAR
Class B shares (multiple votes)	8,081,856	15.83%	7,437,229	Unquoted Shares

According to the available information, published by Consob and updated at June 30, 2023, the main shareholders of the Parent were:

Shareholders	Ordinary shares	%
Pencil S.r.l.	11,628,214	27.06%
Market investors*	31,348,227	72.94%
Total	42,976,441	

Shareholders	Ordinary shares	Class B shares	Total	Voting rights
Pencil S.r.l.	11,628,214	8,081,856	19,710,070	53.37%
Market investors*	31,348,227		31,348,227	46.63%
Total	42,976,441	8,081,856	51,058,297	

*includes 186,891 treasury shares

Each ordinary share attributes voting rights without limitations.

Each class B share attributes three votes, in accordance with Article 127-*sexies* of Legislative Decree No. 58/1998.

Negative reserve for Treasury Shares in portfolio

On June 30, 2023, the Group held 186,891 treasury shares, for a total value of Euro 1,794 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

Legal reserve

At June 30, 2023, this caption amounted to Euro 9,396 thousand and was unchanged on the previous year.

Share premium reserve

The reserve at June 30, 2023 amounts to Euro 154,614 thousand and did not change on December 31, 2022.

Actuarial reserve

Following the application of IAS 19, the equity reserve is positive for Euro 870 thousand, showing a decrease of Euro 105 thousand solely limited to the portion attributable to the owners of the parent.

Other reserves

At June 30, 2023, the "Other reserves" are positive for Euro 19,599 thousand, increasing Euro 2,219 thousand on December 31, 2022. The changes concern the following events:

- ▶ The “Cash Flow Hedge” reserve recognises the fair value of the hedging instruments (IRS) entered into by the parent F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Canson SAS (France); at June 30, 2023 the reserve was positive for Euro 4,977 thousand, an increase of Euro 1,324 thousand compared to December 31, 2022 (positive for Euro 3,653 thousand) due to the adjustment of the financial instruments. This change in the value of financial instruments relates for Euro 855 thousand to the fair value adjustment of the derivative of the subsidiary Dixon Ticonderoga Company (U.S.A.), for Euro 505 thousand to the fair value adjustment of the derivative of F.I.L.A. S.p.A. and for a negative Euro 35 thousand to the fair value adjustment of the derivative of Canson SAS (France). For further information, reference should be made to “Note 3 - Non-Current Financial Assets”.
- ▶ The “Share Based Premium” reserve, totalling Euro 436 thousand, increased Euro 237 thousand, due to the allocation in the period for the 2022-2026 medium/long-term incentive plan for F.I.L.A. Group Management from April 27, 2022. The accounting treatment applied is in line with the accounting standards which establish that for equity-settled share-based payments, the fair value at the vesting date of the share options granted to employees is recorded under personnel expense, with a corresponding increase in equity under “Other reserves and

retained earnings”, over the period in which the employees will obtain the unconditional right to the incentives. The amount recorded as cost is adjusted to reflect the effective number of incentives (options) for which the conditions have vested and the achievement of non-market conditions, in order that the final cost recorded is based on the number of incentives which will vest. Similarly, in the initial estimate of the fair value of the options assigned, consideration is taken of the non-vesting conditions. The changes to market value subsequent to the grant date will not produce any financial statement effect.

- ▶ Reclassification of 10% of the equity of the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) to equity attributable to non-controlling interests following the sale of the investment to third parties for Euro 152 thousand.

Translation reserve

The reserve refers to the exchange differences relating to the translation of the financial statements of subsidiaries prepared in local currencies and converted into Euro as the consolidation currency.

The changes in the “Translation Reserve” in H1 2023 are illustrated below (limited to the portion attributable to the owners of the parent):

TRANSLATION RESERVE	
<i>Euro thousands</i>	
December 31, 2022	(17,874)
Changes	
Difference between the average rate for the period and the closing rate	(781)
Difference between the historical rate and the closing rate	(183)
June 30, 2023	(18,838)
Change	(964)

Retained earnings

The reserve totalled Euro 224,729 thousand and increased on the previous year-end by Euro 19,166 thousand, relating to the allocation of the 2022 profit of Euro 25,271 thousand and to the distribution of the dividend approved by the Shareholders’ Meeting of the Parent F.I.L.A. S.p.A. of April 21, 2023. We highlight in addition the restriction on the distribution of a portion of retained earnings related to the revaluation of the investment held in the company DOMS Industries Limited (India) (Euro 15,052 thousand), in accordance with Article 6, paragraph 1, letter a) of Legislative Decree No. 38 of February 28, 2015, following the purchase of the controlling interest.

Equity attributable to Non-Controlling Interests

Equity attributable to non-controlling interests increased Euro 2,214 thousand, principally due to:

- Profit for the period attributable to non-controlling interests of Euro 4,002 thousand;
- Reclassification of 10% of the equity of the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) following the sale of the investment to third parties for Euro 152 thousand.
- Actuarial reserve attributable to non-controlling interests of Euro 1 thousand;
- Exchange losses of Euro 398 thousand;
- Distribution of dividends to non-controlling interests of Euro 1,543 thousand;

With reference to the "Statement of Changes in Equity", the caption "Reserves" includes the "Legal reserve", the "Share premium reserve", "Actuarial reserve", "Other reserves" and the "Translation reserve".

Basic and diluted earnings per share

The basic earnings per share is calculated by dividing the profit or loss of the Group by the weighted average number of ordinary shares outstanding during the period, excluding any treasury shares in portfolio.

The diluted earnings/(loss) per share is calculated by dividing the profit or loss of the Group by the weighted average number of ordinary shares outstanding during the period and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

The basic and diluted earnings per share are reported in the Statement of Comprehensive Income, to which reference should be made.

Earnings of the period/year attributable to holders of ordinary shares (basic)	June 30, 2023	December 31, 2022
Earnings of the period/year, attributable to shareholders (i) - €,000	21,276	25,271
Earnings adjusted of the period/year, attributable to shareholders (ii) - €,000	24,630	37,679

Average weighted number of ordinary shares (basic)	June 30, 2023	December 31, 2022
Average ordinary shares of the period/year	51,058,297	51,057,876
Treasury shares effect in portfolio	(186,891)	(186,891)
Average weighted number of ordinary shares (basic) (iii)	50,871,406	50,870,985

Earnings of the period/year per share (basic)	0.42	0.50
Earnings adjusted of the period/year per share (basic)	0.48	0.74

Average weighted number of ordinary shares (diluted)	June 30, 2023	December 31, 2022
Average ordinary shares of the period/year	51,058,297	51,057,876
Treasury shares effect in portfolio	(186,891)	(186,891)
Potential shares	1,040,750	873,000
Average weighted number of ordinary shares (diluted) (iii)	51,912,156	51,743,985

Earnings of the period/year per share (diluted)	0.41	0.49
Earnings adjusted of the period/year per share (diluted)	0.47	0.73

Reconciliation between the Equity of the Parent and Consolidated Equity

The table below illustrates the reconciliation between the equity of the Parent F.I.L.A. S.p.A. and the consolidated equity and the reconciliation between the profit for the period of the Parent F.I.L.A. S.p.A. and the profit for the period shown in the consolidated financial statements:

Reconciliation at June 30, 2023 between the Parent's Equity and F.I.L.A. Group Equity

Euro thousands

F.I.L.A. S.p.A. equity	297,930
Elimination of intragroup profits and other consolidation entries	(8,025)
Consolidation effect FILA Art and Craft (Israel)	911
Consolidation effect Dixon Ticonderoga Group	109,899
Consolidation effect Lyra Group	5,696
Consolidation effect FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	(2,025)
Consolidation effect FILA Stationary O.O.O. (Russia)	(1,014)
Consolidation effect FILA Hellas (Greece)	1,176
Consolidation effect Industria Maimeri S.p.A. (Italy)	(2,405)
Consolidation effect FILA S.A. (South Africa)	(2,272)
Consolidation effect Fila Polska Sp. Z.o.o (Poland)	1,343
Consolidation effect DOMS Industries Pvt Ltd (India)	29,972
Consolidation effect Daler-Rowney Group	(16,215)
Consolidation effect St. Cuthberts Holding (England)	558
Consolidation effect FILA Iberia S.L. (Spain)	5,135
Consolidation effect Canson Group	14,602
Consolidation effect FILA Art Product AG (Switzerland)	523
Consolidation effect Pacon Group	9,815
Consolidation effect Fila Arches	796
Total equity	446,398
Consolidation effects attributable to non-controlling interests	30,498
F.I.L.A. group equity	415,900

Reconciliation at June 30, 2023 between the Parent's Profit and F.I.L.A. Group Profit

Euro thousands

F.I.L.A. S.p.A.'s profit for the period	6,796
Profit for the period of the subsidiaries of the Parent	27,298
Elimination of the effects of transactions between consolidated companies:	
Dividends	(8,743)
Net Inventory Margins	(627)
Adjustments to Group accounting policies:	
Stock Option Plan recognised by the Parent to the Subsidiaries	(83)
FTA of IFRS 9	(193)
F.I.L.A. S.p.A. - Impairment gains on equity investments in FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	407
F.I.L.A. S.p.A. - Impairment gains on infragroup receivables	422
Total profit for the period	25,278
Profit for the period attributable to non-controlling interests	4,002
Profit for the period attributable to the owners of the parent	21,276

Note 13 - Financial Liabilities

The balance at June 30, 2023 amounts to Euro 563,201 thousand (Euro 550,417 thousand at December 31, 2022), of which Euro 402,700 thousand is non-current and Euro 160,501 thousand is current. The account refers to both non-current and current portions of the loans granted by banks, other lenders and bank overdrafts in addition to financial liabilities arising from the application of IFRS 16.

The breakdown at June 30, 2023 is illustrated below:

Note 13.A - FINANCIAL LIABILITIES: Third parties													
Euro thousands	Bank loans and borrowings			Other loans and borrowings			Current account overdrafts			Lease liabilities			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
December 31, 2022	455,586	(656)	454,930	3,139	17	3,156	3,663	145	3,808	88,523	-	88,523	550,417
non-current portion	338,923	(1,742)	337,181	13	(1)	12	-	-	-	78,381	-	78,381	415,574
current portion	116,663	1,086	117,749	3,126	18	3,144	3,663	145	3,808	10,142	-	10,142	134,843
June 30, 2023	471,224	(687)	470,537	3,230	15	3,245	2,732	113	2,845	86,574	-	86,574	563,201
non-current portion	327,792	(1,424)	326,368	14	(1)	13	-	-	-	76,319	-	76,319	402,700
current portion	143,432	737	144,169	3,216	16	3,232	2,732	113	2,845	10,255	-	10,255	160,501
Change	15,638	(31)	15,607	91	(2)	89	(931)	(32)	(963)	(1,949)	-	(1,949)	12,784
non-current portion	(11,131)	318	(10,813)	1	-	1	-	-	-	(2,062)	-	(2,062)	(12,874)
current portion	26,769	(349)	26,420	90	(2)	88	(931)	(32)	(963)	113	-	113	25,658

Bank loans and borrowings

With reference to "Bank loans and borrowings", the total exposure of the Group amounts to Euro 470,537 thousand, of which Euro 144,169 thousand considered as current (Euro 117,749 thousand at December 31, 2022) and Euro 326,368 thousand as non-current (Euro 337,181 thousand at December 31, 2022).

“Bank interest liabilities” amounting to Euro 687 thousand (Euro 656 thousand at December 31, 2022) include a positive Euro 1,424 thousand (positive Euro 1,742 thousand at December 31, 2022) regarding the amortised cost for the non-current financial liabilities in the period of Euro 737 thousand, principally concerning interest expense matured on outstanding loans, mainly regarding the Parent F.I.L.A. S.p.A. and the subsidiary Dixon Ticonderoga Company (U.S.A.).

The decrease in the non-current portion of Euro 10,813 thousand mainly concerns:

- Decreases due to reclassifications of the current portion of loans of Euro 9,567 thousand, concerning the structured loans recognised by the Parent F.I.L.A. S.p.A. (Euro 4,375 thousand), the US subsidiary Dixon Ticonderoga Company (Euro 4,560 thousand), the French subsidiary Canson SAS (Euro 422 thousand), in addition to Euro 209 thousand concerning the loans recognised by the Indian subsidiary DOMS Industries Limited;
- Net exchange losses of Euro 2,087 thousand;
- Increases due to the change in amortised cost, net of currency effects of Euro 141 thousand;
- Increases of Euro 702 thousand, due to the agreement of a new loan by the Indian subsidiary DOMS Industries Limited.

Capital bank borrowings at June 30, 2023, amounting to Euro 471,224 thousand (Euro 455,586 thousand at December 31, 2022) mainly comprise the structured loan taken out by the parent F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) for Euro 369,199 thousand, details of which for each facility are provided below:

Note 13.B - BANK LOANS AND BORROWINGS: BREAKDOWN			
<i>Euro thousands</i>	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
Facility A1	80,938	-	80,938
Facility A2	-	84,362	84,362
Facility B1	111,600	-	111,600
Facility B2	-	31,290	31,290
Facility B3	-	33,400	33,400
RCF	-	27,609	27,609
Total	192,538	176,661	369,199

**carrying amounts translated at the rate for the period*

Facility A1 (Euro 80,938 thousand) and Facility A2 (Euro 84,362 thousand) stipulate a residual repayment plan consisting of 8 half-yearly instalments, of which 2 instalments are classified as current, as scheduled for December 31, 2023 and for June 30, 2024, Facility B1 (Euro 111,600 thousand) and Facility B2 (Euro 31,290 thousand) and Facility B3 (Euro 33,400 thousand) are Bullet loans, with fixed

single repayment respectively on July 23, 2027 and July 25, 2027.

The Revolving Credit Facility stipulates the issue of short-term tranches of 1, 3 or 6 months, for a maximum amount of Euro 75,000 thousand, currently utilised for Euro 27,609 thousand.

The repayment plans by Facility are outlined below:

Note 13.C - BANK LOANS AND BORROWINGS: REPAYMENT PLAN				
	Facility	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
<i>Euro thousands</i>				
December 31, 2023	Facility A1, A2	4,375	4,560	8,935
June 30, 2024	Facility A1, A2	4,375	4,560	8,935
Current portion		8,750	9,120	17,870
December 31, 2024	Facility A1, A2	6,563	6,840	13,403
June 30, 2025	Facility A1, A2	6,563	6,840	13,403
December 31, 2025	Facility A1, A2	6,563	6,840	13,403
June 30, 2026	Facility A1, A2	10,938	11,400	22,338
December 31, 2026	Facility A1, A2	10,938	11,400	22,338
July 23, 2027	Facility A1, A2	30,625	31,921	62,546
Total - Facility A1, A2		80,938	84,362	165,299
Bullet Loan - July 23, 2027	Facility B1	111,600	-	111,600
Total - Facility B1		111,600	-	111,600
Bullet Loan - July 23, 2027	Facility B2	-	31,290	31,290
Total - Facility B2		-	31,290	31,290
Bullet Loan - July 25, 2027	Facility B3	-	33,400	33,400
Total - Facility B3		-	33,400	33,400
Bullet Loan - July 23, 2027	RCF	-	27,609	27,609
Total - RCF		-	27,609	27,609
Grand Total		192,538	176,661	369,199

*carrying amounts translated at the rate for the period

The loans were initially recognised at fair value, including directly associated transaction costs. The initial carrying amount was subsequently adjusted to account for repayments of principal, any impairment losses and amortisation of the difference between the repayment amount and initial carrying amount. Amortisation is calculated on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial carrying amount (amortised cost method). The effect on the statement of comprehensive income in H1 2023 of the amortised cost method on the structured loan is interest expense of Euro 200 thousand (of which interest expense of Euro 544 thousand concerning F.I.L.A. S.p.A. and interest income of Euro 344 thousand concerning the US subsidiary Dixon Ticonderoga Company). The non-current portion, in addition to the loan, includes the fair value of the negotiation charges related to the derivative financial instruments of Euro 1,140 thousand.

In addition to the loans outlined above, at June 30, 2023, capital bank borrowings include an additional

Euro 102,025 thousand, comprising a current portion of Euro 97,951 thousand (Euro 70,496 thousand at December 31, 2022) and a non-current portion of Euro 4,074 thousand (Euro 4,186 thousand at December 31, 2022), as described below.

The main bank current account exposures of the Group companies to banks concern:

- Current “hot money” financing obtained by the Parent F.I.L.A. S.p.A. from five banks (BNL for Euro 15,000 thousand, Credit Agricole for Euro 5,000 thousand, Credem for Euro 4,000 thousand, BPER for Euro 4,000 thousand and BPM for Euro 4,000 thousand) in order to access a source of immediate funding at much lower cost than opening a line of credit in a current account;
- Credit lines granted by Grupo Financiero BBVA Bancomer S.A., Banco Santander S.A., Banco Sabadell S.A. and Scotiabank Inverlat S.A., Banco Nacional de Mexico, S.A. and Sabadell S.A. to Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for a total of Euro 30,906 thousand. During the period, the total amount increased by Euro 1,056 thousand, including Euro 3,690 thousand due to the negative exchange rate effect, which increased the exposure.
- Current loans of the subsidiary Dixon Ticonderoga Company (U.S.A.) contracted with Unicredit New York and Intesa San Paolo amounting to Euro 29,450 thousand;
- The current portion of non-current loans of Euro 307 thousand and the credit lines granted to DOMS Industries Limited (India) by HDFC Bank for Euro 3,671 thousand; the exposure increased by Euro 1,902 thousand compared to December 31, 2022;
- The current portion of the non-current loan contracted by Canson SAS (France) for Euro 844 thousand;
- Current loans granted to Fila Art and Craft Ltd (Israel) by Bank Leumi for Euro 346 thousand;
- Current financing granted to the Brazilian subsidiary Fila Canson do Brasil, issued by Banco Itaù for Euro 135 thousand and by Banco BNP for Euro 85 thousand;
- Current loans granted to Fila Chile Ltda (Chile) by Bank BICE and Bank BCI for Euro 209 thousand; The company’s total financial exposure decreased by Euro 137 thousand on December 31, 2022;

Non-current bank loans and borrowings amount to Euro 4,074 thousand and principally relate to the non-current portion of the loans granted to:

- Canson SAS (France) from Intesa Sanpaolo for Euro 1,495 thousand;
- DOMS Industries Limited (India) from HDFC Bank for Euro 1,439 thousand;
- The fair value of the negotiation charges related to the derivative instruments subscribed in 2023 by the parent F.I.L.A. S.p.A. of Euro 802 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A.) of Euro 338 thousand.

Covenants

The F.I.L.A. Group, against the debt undertaken with leading credit institutions (BNP Paribas, Intesa Sanpaolo, Banco BPM, BPER, Credit Agricole, Mediobanca, Unicredit, Cassa Depositi e Prestiti, JP Morgan, BNL), is subject to commitments and “covenants”.

Covenants are verified half-yearly and annually. Specifically, the covenants are calculated taking into account the following indicators: Net Financial Debt (NFD), gross operating profit (loss) and Net Financial expense, calculated on the basis of the F.I.L.A. Group’s half-year and annual consolidated financial statements prepared in accordance with the IFRS.

The criteria for the calculation of the NFD and gross operating profit (loss) are established by the related loan contract. The covenants for the loan undertaken by F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) are outlined below, applied from June 30, 2023:

June 2023 Leverage Ratio: $NFD / EBITDA < 4.90$

As required by Consob Communication No. DEM/6064293 of 28/07/2006, we report that the impact of non-compliance with the covenants as established by the underlying contracts essentially concerns the possibility that the lending banks may revoke the loan contract and/or declare forfeiture of the repayment conditions upon all or part of the loans.

At June 30, 2023, the F.I.L.A Group verified compliance with the above covenants.

Financial liabilities - Other loans and borrowings

“Financial Liabilities – Other Loans and Borrowings” at June 30, 2023 totalled Euro 3,245 thousand (Euro 3,156 thousand at December 31, 2022), with the current portion totalling Euro 3,232 thousand (Euro 3,144 thousand at December 31, 2022).

Financial Liabilities - Current Account Overdrafts

“Current account overdrafts” amounted to Euro 2,845 thousand (Euro 3,808 thousand at December 31, 2022) and mainly concern the overdrafts of the French subsidiary Canson SAS (Euro 2,423 thousand), the Russian subsidiary Fila Stationary O.O.O. (Euro 309 thousand) and the parent F.I.L.A. S.p.A. for Euro 110 thousand.

IFRS 16

“Financial liabilities” at June 30, 2023 include the effects deriving from the adoption by the Group of IFRS 16 which came into force on January 1, 2019 and which led to a decrease of Euro 1,949 thousand as at June 30, 2023, of which Euro 2,062 thousand as the decrease in the non-current portion and Euro

113 thousand the increase in the current portion.

Liabilities at fair value at June 30, 2023 and December 31, 2022 are broken down as follows by hierarchy level:

<i>Euro thousands</i>	June 30, 2023	Measurement model	Level 1	Level 2	Level 3
Bank Loans and Borrowings	470,537	<i>Amortised cost</i>			
Other Loans and Borrowings	3,245	<i>Amortised cost</i>			
Current account overdrafts	2,845	<i>Amortised cost</i>			
Trade Payables and Other Liabilities	126,174	<i>Amortised cost</i>			
Total Financial Liabilities	602,801		-	-	-

<i>Euro thousands</i>	December 31, 2022	Measurement model	Level 1	Level 2	Level 3
Bank Loans and Borrowings	454,930	<i>Amortised cost</i>			
Other Loans and Borrowings	3,156	<i>Amortised cost</i>			
Current account overdrafts	3,808	<i>Amortised cost</i>			
Trade Payables and Other Liabilities	122,375	<i>Amortised cost</i>			
Total Financial Liabilities	584,269		-	-	-

Note 14 - Employee Benefits

The F.I.L.A. Group companies guarantee post-employment benefits for employees, both directly and through contributions to external funds.

The means for accruing these benefits varies according to the legal, tax and economic conditions of each Country in which the Group operates. These benefits are based on remuneration and years of employee service.

The benefits recognised to employees of the Parent F.I.L.A. S.p.A. concern salary-based Post-Employment Benefits, governed by Italian legislation and in particular Article 2120 of the Italian Civil Code. The amount of these benefits is in line with the contractually-established remuneration agreed between the parties on hiring.

The other Group companies, particularly Daler Rowney Ltd (United Kingdom), Canson SAS (France), DOMS Industries Limited (India), Fila Hellas (Greece), Fila Arches (Francia), Dixon Ticonderoga Company (U.S.A.), Industria Maimeri S.p.A., Grupo F.I.L.A.-Dixon, S.A. de C.v. (Mexico) guarantee post-employment benefits, both through defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the Group companies pay the contributions to public or private insurance institutions based on legal or contractual obligations, or on a voluntary basis. With the payment of contributions, the companies fulfil all of their obligations. The cost is accrued based on employment rendered and is recorded under personnel expense.

The defined benefit plans may be unfunded, or they may be partially or fully funded by the contributions

paid by the company, and sometimes by its employees to a company or fund, legally separate from the company which provides the benefits to the employees. The plans provide for a fixed contribution by the employees and a variable contribution by the employer, necessary to at least satisfy the funding requirements established by law and regulation in the individual countries.

Finally, the Group grants employees other long-term benefits, generally issued on the reaching of a fixed number of years of service or in the case of invalidity. In this instance, the amount of the obligation recognised in the financial statements reflects the probability that the payment will be made and the duration for which it will be made. These plans are calculated on an actuarial basis, utilising the “projected unit credit” method.

The amounts at June 30, 2023 were as follows:

Note 14.A - POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS			
<i>Euro thousands</i>	Post-employment benefits	Other employee benefits	Total
December 31 , 2021	2,536	7,024	9,560
Benefits paid	(1,280)	(501)	(1,781)
Interest cost	58	49	107
Service cost	1,429	571	2,000
Actuarial (gains) losses	(2,004)	3,376	1,372
Exchange (gains) losses	-	40	40
Other changes	4,548	(6,002)	(1,454)
December 31 , 2022	5,287	4,557	9,844
Benefits paid	(417)	(97)	(514)
Interest cost	174	70	244
Service cost	674	376	1,050
Actuarial (gains) losses	64	(208)	(144)
Exchange (gains) losses	-	153	153
June 30 , 2023	5,782	4,851	10,632
Change	495	294	788

Actuarial losses accrued in the period totalled Euro 144 thousand and were recognised, net of the tax effect, in the statement of comprehensive income and are mainly attributable to the subsidiary Daler Rowney Ltd (United Kingdom) for Euro 212 thousand.

The following table outlines the amount of employee benefits, broken down by funded and unfunded by plan assets over the last two years:

EMPLOYEE BENEFIT PLANS

1. Employee benefit obligations	June 30, 2023	December 31, 2022
Present value of obligations not covered by plan assets	5,782	5,287
	5,782	5,287
Present value of obligations covered by plan assets	33,912	33,766
Fair value of plan assets relating to the obligations	(29,062)	(29,209)
	4,851	4,557
Total	10,632	9,844

The financial assets at June 30, 2023 invested by the F.I.L.A. Group to cover financial liabilities arising from “Employee benefits” amount to Euro 29,062 thousand (Euro 29,209 thousand at December 31, 2022) and relate to Daler Rowney Ltd (United Kingdom) for Euro 25,427 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 2,214 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 1,421 thousand. The financial investments have an average return of 3.43% on invested capital. The table below highlights the net cost of employee benefit components recognised in profit or loss:

2. Cost recognised in profit or loss (averages)	June 30, 2023	December 31, 2022
Service cost	1,050	2,000
Interest cost	244	107
Cost recognised in profit or loss (averages)	1,294	2,107

The principal actuarial assumptions used for the estimate of the post-employment benefits were the following:

3. Main actuarial assumptions at reporting date (average amounts)	June 30, 2023	December 31, 2022
Annual technical discount rate	3.8%	4.4%
Increase in cost of living index	3.3%	3.8%
Future salaries increase	2.0%	2.2%
Future pensions increase	2.2%	2.5%

Note 15 – Provisions for Risks and Charges

“Provisions for Risks and Charges” at June 30, 2023 amount to Euro 2,133 thousand (Euro 2,099 thousand at December 31, 2022), of which Euro 889 thousand (Euro 896 thousand at December 31, 2022) concerning the non-current portion and Euro 1,244 thousand (Euro 1,203 thousand at December 31, 2022) concerning the current portion.

Note 15.A - PROVISIONS FOR RISKS AND CHARGES					
	Provisions for legal disputes	Pension and similar provisions	Restructuring provisions	Other provisions	Total
<i>Euro thousands</i>					
December 31, 2022	157	711	255	976	2,099
non-current portion	-	711	-	185	896
current portion	157	-	255	791	1,203
June 30, 2023	179	753	155	1,046	2,133
non-current portion	-	753	-	136	889
current portion	179	-	155	910	1,244
Change	22	42	(100)	70	34
non-current portion	-	42	-	(49)	(7)
current portion	22	-	(100)	119	41

The changes in “Provisions for Risks and Charges” at June 30, 2023 are as follows:

Note 15.B - PROVISIONS FOR RISKS AND CHARGES: CHANGES					
	Provisions for legal disputes	Pension and similar provisions	Restructuring provisions	Other provisions	Total
<i>Euro thousands</i>					
December 31, 2021	213	841	538	725	2,317
Utilisation	-	(116)	(55)	-	(171)
Accruals	22	44	-	285	351
Release	(90)	-	(512)	(51)	(653)
Discounting	-	(58)	-	-	(58)
<i>Change in consolidation scope</i>	-	-	282	-	282
Net exchange gains	13	-	3	15	31
December 31, 2022	157	711	255	976	2,099
Utilisation	-	-	(113)	(53)	(166)
Accruals	11	59	7	211	288
Release	-	-	-	(82)	(82)
Discounting	-	(16)	-	-	(16)
Net exchange gains (losses)	11	-	6	(6)	11
June 30, 2023	179	753	155	1,046	2,133
Change	22	42	(100)	70	34

Provisions for legal disputes

The provisions concern accruals made in relation to:

- Legal proceedings arising from ordinary operating activities;
- Legal proceedings concerning disputes with employees, former employees and agents.

The provision, compared to the previous period end, increased by Euro 22 thousand due to the provisions accrued by the subsidiary Fila Canson do Brasil Ltda (Brazil) for Euro 11 thousand. In addition, net exchange losses of Euro 11 thousand were recognised.

Pension and similar provisions

The caption includes the agent supplementary indemnity provision at June 30, 2023 of the Parent F.I.L.A. S.p.A. and of the Italian subsidiary Industria Maimeri S.p.A.. The actuarial gains in H1 2023 amount to Euro 16 thousand. The actuarial changes in the period, net of the tax effect, are recognised directly in equity.

Restructuring provisions

For the integration and reorganisation of the Group structure following the corporate finance transactions of recent years, a number of companies accrued provisions for risks and charges concerning personnel redundancy plans for a total of Euro 155 thousand at June 30, 2023, down Euro 100 thousand on the same period of the previous year. The plans involve in particular the reorganisation of the North American strategic segment beginning in 2019, which led to an accrual by the US subsidiary Dixon Ticonderoga Company. In addition, utilisation of the provision for Euro 113 thousand is reported by the UK subsidiary Daler Rowney Ltd.

Other provisions

The total provision amounts to Euro 1,046 thousand, increasing Euro 70 thousand. The main movement in the period concerns the provisions made of Euro 211 thousand and regarding the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 185 thousand. In addition, other movements mainly concern the utilisation of the provisions for Euro 53 thousand by the same US subsidiary for Euro 30 thousand.

Note 16 - Deferred Tax Liabilities

“Deferred Tax Liabilities” amount to Euro 69,680 thousand at June 30, 2023 (Euro 70,846 thousand at December 31, 2022):

In questa tabella

Note 16.A CHANGES IN DEFERRED TAX LIABILITIES	
<i>Euro thousands</i>	
December 31, 2021	71,839
Increase	669
Utilisation	(2,642)
Net exchange gains	1,167
Decrease recognised in equity	(182)
Other net decreases	(5)
December 31, 2022	70,846
Increase	(244)
Utilisation	(557)
Net exchange losses	(402)
Decrease recognised in equity	37
June 30, 2023	69,680
Change	(1,166)

The decrease on the previous year end totalled Euro 1,166 thousand and mainly concerned exchange losses of Euro 402 thousand and utilisations of the provision for Euro 557 thousand. Against the gradual amortisation and depreciation of the assets so calculated, the Parent gradually releases the related deferred taxes.

The decrease recognised in Equity (Euro 37 thousand) represents the tax effect of the “Actuarial gains/losses” calculated on the “Post-employment benefits and employee benefits” and recognised, in accordance with IAS 19, as an Equity reserve.

Note 17 - Financial instruments

“Financial Instruments” at June 30, 2023 show a nil balance as the fair value of the derivative instruments is positive and is recognised under “Other Financial Assets”.

Nota 18 - Current Tax Liabilities

“Tax liabilities” total Euro 13,043 thousand at June 30, 2023 (Euro 10,215 thousand at December 31, 2022), relating mainly to the Indian subsidiary DOMS Industries Limited (India) for Euro 5,571 thousand and the US subsidiary Dixon Ticonderoga Company for Euro 3,503 thousand.

Note 19 - Trade payables and other liabilities

“Trade payables and Other Liabilities” at June 30, 2023 amount to Euro 126,174 thousand (Euro 122,375 thousand at December 31, 2022). The breakdown of “Trade payables and other liabilities” of the F.I.L.A. Group is reported below:

Note 19.A - TRADE PAYABLES AND OTHER LIABILITIES			
<i>Euro thousands</i>	June 30, 2023	December, 2022	Change
Trade payables	87,942	90,395	(2,453)
Tax liabilities	8,777	7,535	1,242
Other	26,665	23,724	2,941
Accrued expenses and deferred income	2,790	721	2,069
Total	126,174	122,375	3,799

The decrease in “Trade Payables” was Euro 2,453 thousand and principally concerned the US subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 4,284 thousand and the Indian subsidiary DOMS Industries Limited for Euro 1,353 thousand. This decrease is however offset by the increase in trade payables of the Mexican subsidiary Grupo FILA-Dixon, S.A. de C.V. for 4,156 thousand, in addition to exchange losses of Euro 586 thousand.

The carrying amount of trade payables at the reporting date approximates their “fair value”.

The trade payables reported above are due within 12 months.

“Tax Liabilities” to third parties amount to Euro 8,777 thousand at June 30, 2023 (Euro 7,535 thousand at December 31, 2022), of which Euro 5,880 thousand VAT liabilities and Euro 2,897 thousand concerning tax liabilities other than current taxes, primarily recognised by F.I.L.A. S.p.A. (Euro 270 thousand) and relating to liabilities in connection with independent contractors. The residual amount mainly concerns Dixon Ticonderoga Company (U.S.A.) for Euro 1,169 thousand and Canson SAS (France) for Euro 446 thousand.

“Other” amounts to Euro 26,665 thousand at June 30, 2023 (Euro 23,724 thousand at December 31, 2022) and primarily includes:

- ▶ Employee salaries of Euro 15,799 thousand (Euro 14,052 thousand at December 31, 2022);
- ▶ Social security contributions to be paid of Euro 6,532 thousand (Euro 6,241 thousand at December 31, 2022);
- ▶ Agent commissions of Euro 889 thousand (Euro 318 thousand at December 31, 2022);
- ▶ Residual liabilities of Euro 3,445 thousand mainly concerning advances from clients (Euro 3,112 thousand at December 31, 2022).

The carrying amount of “Tax Liabilities”, “Other” and “Accrued Expenses and Deferred Income” at the reporting date approximate their fair value.

Other non-current liabilities, at June 30, 2023 amounted to Euro 87 thousand and concern the parent F.I.L.A. S.p.A. for Euro 45 thousand and the French subsidiary Canson SAS for Euro 42 thousand.

Note 20 – Revenue

Revenue in the first half of 2023 amounted to Euro 415,606 thousand (Euro 390,572 thousand in H1 2022):

Note 20.A - REVENUE			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Revenue	440,429	416,554	23,875
Adjustments to Sales	(24,823)	(25,982)	1,159
<i>Returns on Sales</i>	(4,524)	(6,487)	1,963
<i>Discounts, Allowances and Bonuses</i>	(20,299)	(19,495)	(804)
Total	415,606	390,572	25,034

The “Revenue” of Euro 415,606 thousand increased Euro 25,034 thousand on the same period of the previous year.

Net of exchange losses of Euro 5,897 thousand (mainly concerning the Indian Rupee and the Argentinian Peso, partially offset by the strengthening of the Mexican Peso and the US Dollar), organic growth was Euro 30,931 thousand (+7.9%).

Note 20.B - REVENUE BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Europe	116,934	123,693	(6,759)
North America	182,416	172,031	10,385
Central - South America	43,773	36,971	6,802
Asia	70,785	56,124	14,661
Other	1,698	1,753	(55)
Total	415,606	390,572	25,034

Note 21 – Income

Income relates to ordinary operations not relating to the sale of goods and provision of services, and realised and unrealised exchange gains on commercial transactions.

For further details on exchange differences, reference should be made to “Note 31 - Foreign currency transactions”. “Income” in H1 2023 amounted to Euro 4,969 thousand (Euro 6,249 thousand in H1 2022):

Note 21 - INCOME

<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Gains on Sale of Property, Plant and Equipment	56	33	23
Unrealised Exchange Gains on Commercial Transactions	1,651	2,773	(1,122)
Realised Exchange Gains on Commercial Transactions	1,678	1,942	(264)
Other Revenue and Income	1,585	1,501	84
Total	4,969	6,249	(1,280)

“Other Revenue and Income”, in the amount of Euro 1,585 thousand in H1 2023, principally includes income from the sale of production waste by Group companies, income on the subleasing and sale of pallets by the American subsidiary Dixon Ticonderoga Company, reimbursements for government grants obtained by the French company Canson SAS, and insurance reimbursements obtained by the German subsidiary Lyra KG.

Note 22 - Raw Materials, Consumables, Supplies and Goods and Change in Raw Materials, Semi-Finished Products, Work in progress and Finished Goods

This account includes all purchases of raw materials, semi-finished products, transport of purchases, goods and consumables for the operations of the core business.

The caption totalled Euro 194,657 thousand in H1 2023 (Euro 221,963 thousand in H1 2022).

The relative detail is shown below:

Note 22 - RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Raw materials, Consumables, Supplies and Goods	(162,605)	(179,964)	17,359
Transport costs	(8,126)	(20,787)	12,661
Packaging	(10,701)	(8,106)	(2,595)
Import Charges and Customs Duties	(5,351)	(5,497)	146
Other purchase costs	(7,323)	(7,228)	(95)
Maintenance Materials	(804)	(638)	(166)
Adjustments to Purchases	251	257	(6)
Returns on purchases	7	7	-
Discounts, rebates and rewards on purchases	244	249	(5)
Total	(194,657)	(221,963)	27,306

The decrease in “Costs for Raw Materials, Consumables, Supplies and Goods” in H1 2023 was Euro 27,306 thousand. This decrease is mainly attributable to the lower costs incurred by Group companies

for the purchase of raw materials, as such companies mostly used materials in stock, in addition to the lower transportation costs with the overcoming of the supply chain difficulties of 2022.

The decreases in inventories in H1 2023 totalled Euro 2,526 thousand, of which:

- ▶ Increase in “Raw Materials, Consumables, supplies and Goods” of Euro 158 thousand (increase of Euro 11,713 thousand in H1 2022);
- ▶ Increase in “Contract Work in Progress and Semi-Finished products” of Euro 3,802 thousand (increase of Euro 3,442 thousand in H1 2022);
- ▶ Decrease in “Finished Products” of Euro 6,486 thousand (increase of Euro 19,533 thousand in H1 2022).

For further details, reference should be made to the “Adjusted financial performance” section of the Directors’ Report.

Note 23 - Services and Use of Third-Party Assets

“Services and Use of Third-Party Assets” amounted in H1 2023 to Euro 61,569 thousand (Euro 57,637 thousand in H1 2022).

Services are broken down as follows:

Note 23 - SERVICES AND USE OF THIRD-PARTY ASSETS			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Sundry services	(4,441)	(4,495)	54
Transport	(15,623)	(15,667)	44
Warehousing	(1,220)	(1,155)	(65)
Maintenance	(7,212)	(6,980)	(232)
Utilities	(7,730)	(5,953)	(1,777)
Consulting fees	(5,447)	(5,183)	(264)
Directors' and Statutory Auditors' Fees	(2,774)	(1,701)	(1,073)
Advertising, Promotions, Shows and Fairs	(2,442)	(2,313)	(129)
Cleaning	(568)	(493)	(75)
Bank Charges	(613)	(731)	118
Agents	(4,937)	(5,094)	157
Travel, accommodation and sales representatives	(2,259)	(1,678)	(581)
Sales Commissions	(1,055)	(1,153)	98
Insurance	(1,590)	(1,546)	(44)
Other Services	(1,721)	(1,803)	82
Rent	(1,614)	(1,263)	(351)
Royalties and Patents	(323)	(429)	106
Total	(61,569)	(57,637)	(3,932)

The increase in “Services and Use of Third-Party Assets” compared to H1 2022 was Euro 3,932 thousand.

The increase in utilities was due to inflation.

Note 24 – Other Costs

These totalled Euro 4,791 thousand in H1 2023 (Euro 4,137 thousand in H1 2022).

This caption principally includes realised and unrealised exchange losses on commercial transactions. For further details on exchange differences, reference should be made to “Note 31 - Foreign currency transactions”.

“Other costs” are broken down as follows:

Note 24 - OTHER COSTS			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Unrealised Exchange Losses on Commercial Transactions	(2,178)	(2,108)	(70)
Realised Exchange Losses on Commercial Transactions	(2,266)	(1,677)	(589)
Other Operating Costs	(347)	(352)	5
Total	(4,791)	(4,137)	(654)

The decrease in “Other operating costs” of Euro 5 thousand in H1 2023 primarily relates to tax charges other than income taxes, such as municipal taxes on property.

Note 25 – Personnel Expense

“Personnel Expense” includes all costs and expenses incurred for employees.

It amounted to Euro 80,170 thousand in H1 2023 (Euro 75,935 thousand in H1 2022).

These costs are broken down as follows:

Note 25 – PERSONNEL EXPENSE

<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Wages and Salaries	(60,981)	(58,200)	(2,781)
Social Security Charges	(15,598)	(14,884)	(714)
Employee Benefits	(376)	(401)	25
Post-Employment Benefits	(674)	(714)	40
Other	(2,541)	(1,736)	(805)
Total	(80,170)	(75,935)	(4,235)

“Personnel expense” increased Euro 4,235 thousand on H1 2022.

The following table reports the breakdown of the F.I.L.A. Group workforce at June 30, 2023 and December 31, 2022 by geographical segment:

	Europe	North America	Central - South America	Asia	Rest of the World	Total
December 31, 2022	1,151	552	1,770	7,854	25	11,352
June 30, 2023	1,119	598	1,555	8,483	24	11,779
Change	(32)	46	(215)	629	(1)	427

For further details, reference should be made to the “Adjusted financial performance” section of the Directors’ Report.

Note 26 – Amortisation and Depreciation

“Amortisation and Depreciation” in H1 2023 amounted to Euro 20,661 thousand (Euro 20,739 thousand in H1 2022). Amortisation and depreciation in H1 2023 and 2022 are reported below:

Note 26 – AMORTISATION AND DEPRECIATION			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Depreciation of Property, plant and equipment	(7,763)	(7,921)	158
Amortisation of Intangible assets	(7,038)	(7,041)	3
Depreciation of Right-of-use assets	(5,860)	(5,777)	(83)
Total	(20,661)	(20,739)	78

The amount is in line with the first half of 2022.

For further details, reference should be made to “Note 1 – Intangible Assets” and “Note 2 – Property, Plant and Equipment”.

Note 27 – Net Impairment Gains (Losses) on Trade Receivables and Other assets

“Net Impairment Gains (Losses) on Trade Receivables and Other Assets” show net losses of Euro 1,095 thousand in H1 2023 (net losses of Euro 1,135 thousand in H1 2022).

Note 27 - IMPAIRMENT GAINS (LOSSES) ON TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Net impairment losses on trade receivables and other assets	(1,095)	(1,135)	40
Total	(1,095)	(1,135)	40

This amount is in line with the first half of 2022. The small decrease is mainly attributable to lower impairment losses and accruals to the loss allowance.

Note 28 – Other Net Impairment Gains (Losses)

Total “Other net impairment gains (losses)” amount to net losses of Euro 13 thousand in H1 2023 (net gains of Euro 10 thousand in H1 2022):

Note 28 – OTHER IMPAIRMENT GAINS (LOSSES)			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Net impairment gains (losses) on Property, Plant and Equipment	(15)	6	(21)
Net impairment gains on Intangible Assets	2	4	(2)
Total	(13)	10	(21)

For further details, reference should be made to “Note 2 – Property, Plant and Equipment”.

Note 29 – Financial Income

The caption amounted to Euro 4,097 thousand in H1 2023 (Euro 8,413 thousand in H1 2022).

Financial income, together with the comment on the main changes on the same period of the previous year, was as follows:

Note 29 – FINANCIAL INCOME

<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Interest income on Bank Deposits	553	118	435
Other Financial Income	290	82	208
Unrealised Exchange Gains on Financial Transactions	3,146	7,906	(4,760)
Realised Exchange Gains on Financial Transactions	108	307	(199)
Total	4,097	8,413	(4,316)

The decrease concerns the “Unrealised Exchange Gains on Financial Transactions” and “Realised Exchange Gains on Financial Transactions” captions.

Note 30 – Financial Expense

The caption amounted to Euro 24,882 thousand in H1 2023 (Euro 22,700 thousand in H1 2022).

Financial expense, together with the main changes on the same period of the previous year, was as follows:

Note 30 - FINANCIAL EXPENSE

<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Interest on current account Overdrafts	(298)	(35)	(263)
Interest on Bank Loans and borrowings	(14,469)	(8,873)	(5,596)
Interest on Other loans and borrowings	(402)	(191)	(211)
Other Financial Expense	(2,441)	(7,298)	4,857
Unrealised Exchange Losses on Financial Transactions	(3,914)	(3,098)	(816)
Realised Exchange Losses on Financial Transactions	(531)	(304)	(227)
Lease interest expense - Right-of-use assets	(2,827)	(2,901)	74
Total	(24,882)	(22,700)	(2,182)

The increase in “Financial Expense” in the first half of 2023 was Euro 2,182 thousand and mainly concerned the considerations regarding exchange losses, which accounted for an increase of Euro 1,043 thousand, in addition to the increased expense incurred by the parent F.I.L.A. S.p.A. for the refinancing transaction of July 2022.

The portion of Amortised Cost accruing in 2023 was Euro 200 thousand (Euro 3,683 thousand in H1 2022) and was mainly matured on the F.I.L.A. S.p.A. loan (for a negative Euro 544 thousand) and regarding the US subsidiary Dixon Ticonderoga Company (for a positive Euro 344 thousand) at June 30, 2023.

For further details concerning these issues, reference should be made to “Note 13 - Financial Liabilities”.

Note 31 – Foreign Currency Transactions

Exchange differences on financial and commercial transactions in foreign currencies in H1 2023 are reported below:

Note 31 - FOREIGN CURRENCY TRANSACTIONS			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Unrealised Exchange Gains on Commercial Transactions	1,651	2,773	(1,122)
Realised Exchange Gains on Commercial Transactions	1,679	1,942	(262)
Unrealised Exchange Losses on Commercial Transactions	(2,178)	(2,108)	(70)
Realised Exchange Losses on Commercial Transactions	(2,266)	(1,677)	(589)
Net exchange gains (losses) on commercial transactions	(1,114)	930	(2,043)
Unrealised Exchange Gains on Financial Transactions	3,146	7,906	(4,760)
Realised Exchange Gains on Financial Transactions	108	307	(199)
Unrealised Exchange Losses on Financial Transactions	(3,914)	(3,098)	(816)
Realised Exchange Losses on Financial Transactions	(531)	(304)	(227)
Net exchange gains (losses) on financial transactions	(1,191)	4,811	(6,002)
Net exchange gains (losses)	(2,305)	5,741	(8,046)

The trend in net exchange losses in H1 2023 arose from the performance of foreign currencies against the Euro, in addition to the change in the period of foreign currency assets and liabilities relating to commercial and financial transactions.

Note 32 – Share of profits (losses) of Equity-Accounted Investees

“Share of profits (losses) of Equity-Accounted Investees” shows net profit of Euro 510 thousand (net profits of Euro 366 thousand in H1 2022), due to the adjustment of the investments in associates held by DOMS Industries Limited (India), consolidated under the Equity method.

Note 33 – Income Taxes

“Income taxes” overall in the first half of 2023 amounted to Euro 9,541 thousand (Euro 8,772 thousand in H1 2022) and comprised current taxes of Euro 11,178 thousand (Euro 10,552 thousand in H1 2022) and a change in deferred taxes of Euro 1,637 thousand (Euro 1,780 thousand in H1 2022).

Note 33.A – Current Taxes

The relative detail is shown below:

Note 33.A - CURRENT TAXES			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Current Italian taxes	(125)	(415)	290
Current foreign taxes	(11,053)	(10,137)	(916)
Total	(11,178)	(10,552)	(626)

Current Italian taxes concern F.I.L.A. S.p.A. and Industria Maimeri S.p.A.

The breakdown of current foreign taxes is illustrated below:

Note 33.A.1 - FOREIGN INCOME TAXES			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
FILA (Italy)	(332)	(140)	(192)
Dixon Ticonderoga Company (U.S.A.)	(4,646)	(4,333)	(313)
Dixon Canadian Holding Inc.	-	1	(1)
Dixon (Mexico)	(157)	(170)	13
FILA (Chile)	(45)	(50)	5
FILA (Argentina)	(421)	-	(421)
Lyra KG (Germany)	(372)	(157)	(214)
Fila Nordic (Scandinavia)	(67)	(89)	22
Lyra Akrelux (Indonesia)	(24)	(39)	16
FILA (Turkey)	(218)	(122)	(97)
DOMS Industries PVT Ltd (India)	(2,611)	(1,300)	(1,311)
FILA Hellas (Greece)	(97)	(109)	13
FILA (South Africa)	-	(19)	19
Fila Dixon (Kunshan)	(333)	-	(333)
FILA Benelux	(135)	(110)	(25)
Daler Rowney Ltd (UK)	-	(172)	172
Brideshore srl (Dominican Republic)	(57)	(17)	(41)
FILA (Poland)	(60)	(59)	(1)
FILA (Yixing)	33	(59)	92
St.Cuthberts Mill Limited Paper (UK)	(51)	(117)	66
FILA Iberia	(673)	(804)	131
Canson Bresil (Brazil)	(176)	(222)	46
Canson SAS (France)	-	(953)	953
FILA Art Products AG	(7)	(39)	33
Fila Art and Craft Ltd	(29)	(30)	1
Dixon Ticonderoga Art ULC	(454)	(455)	1
Princeton Hong Kong	(107)	(80)	(27)
Fila Arches	(13)	(492)	479
Total	(11,053)	(10,137)	(916)

The foreign income taxes also include the tax charge relating to F.I.L.A S.p.A. concerning the tax representation of the German subsidiary Lyra KG (Euro 332 thousand).

Nota 33.B – Deferred Taxes

The relative detail is shown below:

Note 33.B - DEFERRED TAXES			
<i>Euro thousands</i>	June 30, 2023	June 30, 2022	Change
Change in deferred tax liabilities	802	407	395
Change in deferred tax assets	684	1,161	(477)
Change in deferred tax assets on Right-of-use assets	151	212	(61)
Total	1,637	1,780	(143)

Attachments

Attachment 1 - Related party transactions

For the procedures adopted for related party transactions, also in accordance with Article 2391-*bis* of the Civil Code, reference should be made to the procedure adopted by the Parent on May 14, 2021 pursuant to the Regulation approved by the “Commissione Nazionale per le Società in Borsa” (“Consob”) (Italian Companies and Exchange Commission), with Regulation No. 17221 of March 12, 2010 and subsequent amendments, published on the parent’s website www.filagroup.it in the “Governance” section.

In accordance with Consob Communication No. 6064293 of July 28, 2006, the following table outlines the commercial and financial transactions with related parties for the first half of 2023:

F.I.L.A. GROUP RELATED PARTY TRANSACTIONS - H1 2023													
Euro thousands		June 30, 2023						June 30, 2023					
		Statement of Financial Position						Statement of comprehensive income					
		ASSETS			LIABILITIES			REVENUE			COSTS		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Bank loans and borrowings	Financial Liabilities (Other)	Trade Payables	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	373	-	-	-	525	-	-
Studio Legale Salonia e Associati	Legal Consultancy	-	-	-	-	-	-	-	-	-	-	-	-
Vidett (first HR Trustees, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	4	-	-	-	-	8	-
Total		-	-	-	-	-	377	-	-	-	525	8	-

F.I.L.A. GROUP RELATED PARTY TRANSACTIONS - 2022													
Euro thousands		December 31, 2022						June 30, 2022					
		Statement of Financial Position						Statement of comprehensive income					
		ASSETS			LIABILITIES			REVENUE			COSTS		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Bank loans and borrowings	Financial Liabilities (Other)	Trade Payables	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	432	-	-	-	789	-	-
Studio Legale Salonia e Associati	Legal Consultancy	-	-	-	-	-	9	-	-	-	-	198	-
Vidett (first HR Trustees, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	12	-	-	-	-	11	-
Total		-	-	-	-	-	454	-	-	-	789	209	-

Nuova Alpa Collanti S.r.l.

Nuova Alpa Collanti S.r.l., a shareholder of which is a member of F.I.L.A. S.p.A.’s board of directors, supplies glue.

VIDETT

VIDETT (previously called “HR Trustees” and thereafter “Punter Southall Governance Services”), a

shareholder of which is related to the management of a F.I.L.A. Group company, is a United Kingdom based company specialised in the provision of professional pension plan services.

Studio Legale Salonia e Associati

The law firm Studio Legale Salonia e Associati, a shareholder of which was related to the parent's controlling shareholder until June 30, 2022, principally provides legal consultancy.

The related party transactions carried out by the F.I.L.A. Group refer to normal transactions and are regulated at market conditions, i.e. the conditions that would be applied between two independent parties, and are undertaken in the interests of the Group. Typical or normal transactions are those which, by their object or nature, are not outside the normal course of business of the F.I.L.A. Group and those which do not involve particular critical factors due to their characteristics or to the risks related to the nature of the counterparty or the time at which they are concluded; normal market conditions relate to transactions undertaken at standard Group conditions in similar situations.

On this basis, the exchange of goods, services and financial transactions between the various group companies were undertaken at competitive market conditions.

Attachment 2 - List of companies included in the consolidation scope and other investments

Company	Country	Segment IFRS 8 ¹	Year of acquisition	% Held directly (F.L.L.A. S.p.A.)	% Held indirectly	% Held F.L.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.L.L.A. Nordic AB ²	Sweden	EU	2008	0.00%	50.00%	50.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	50.00%
FILA Stationary and Office Equipment Industry Ltd. Co.	Turkey	EU	2011	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
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.L.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.L.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.L.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-Line	0.00%
Beijing F.L.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.L.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0.00%	100.00%	100.00%	Beijing F.L.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.L.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.L.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 Bénélux 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	Dominican 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 Productos 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%
Clapjoy Innovations Private Limited	India	AS	2023	0.00%	30.00%	30.00%	DOMS Industries Pvt Ltd	Equity method	70.00%

1 - EU - Europe; NA - North America; CSA - Central South America; AS - Asia; RM - Rest of the world

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

Atypical and/or Unusual Transactions

In accordance with Consob Communication of July 28, 2006, it is noted that during H1 2023 the F.I.L.A. Group did not carry out any atypical and/or unusual transactions as defined by such 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 group's assets and the protection of non-controlling interests.

The Board of Directors
 THE CHAIRPERSON
 Mr. Giovanni Gorno Tempini
 (signed on the original)

Statement of the Manager in Charge of financial reporting and the Corporate Bodies



Fabbrica Italiana Lapis ed Affini

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

August 3, 2023

Statement of the Manager in Charge of Financial Reporting and Corporate Bodies – Condensed Interim Consolidated Financial Statements (ref. Article 154-bis, paragraph 5)

The undersigned Massimo Candela, as Chief Executive Officer, and Cristian Nicoletti, as Manager in Charge of Financial Reporting of F.I.L.A. S.p.A., declare, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the group and
- the effective application

of the administrative and accounting procedures for the preparation of the Condensed Interim Consolidated Financial Statements.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of Condensed Interim Consolidated Financial Statements at June 30, 2023 is based on a process defined by F.I.L.A. S.p.A. in accordance with the Internal Control - Integrated Framework model defined by the Committee of the Sponsoring Organisations of the Treadway Commission, a benchmark framework generally accepted at international level.

It is also declared that the:

1. Condensed Interim Consolidated Financial Statements at June 30, 2023:
 - are drawn up in conformity with the applicable International Financial Reporting Standards recognised by the European Union in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and the Commission of July 19, 2002;
 - match the underlying accounting records and books;
 - give a true and fair view of the financial position and performance of the issuer and of the other companies in the consolidation scope.
2. The Directors' Report at June 30, 2023 includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed interim consolidated financial statements, with a description of the principal risks and uncertainties for the remaining six months. The Report also includes a reliable analysis of the information on significant related party transactions.

The Chief Executive Officer

Massimo Candela

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Report on the review of the condensed interim consolidated financial statements



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
 F.I.L.A. S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the F.I.L.A. Group, comprising the statement of financial position as at 30 June 2023, the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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 Catania Como Firenze Genova
 Lecce Milano Napoli Novara
 Padova Palermo Parma Perugia
 Pescara Roma Torino Treviso
 Trieste Varese Verona

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the F.I.L.A. Group as at and for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 4 August 2023

KPMG S.p.A.

(signed on the original)

Annalisa Violante
Director of Audit