

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



F.I.L.A. GROUP 2023 ANNUAL REPORT

F.I.L.A. S.p.A. 2023 ANNUAL REPORT

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

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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 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 December 31, 2023 operates through 25 production facilities and 33 subsidiaries across the globe and employs approx. 11,800 people, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, DAS, LYRA, Canson, Maimeri, Daler-Rowney Lukas, Ticonderoga, Pacon, Strathmore, Princeton and Arches.

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

respected globally involved in the production and distribution of high added value paper for the fine arts, design, leisure and schools, but also for artists' editions and technical and digital drawing materials (xi).

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

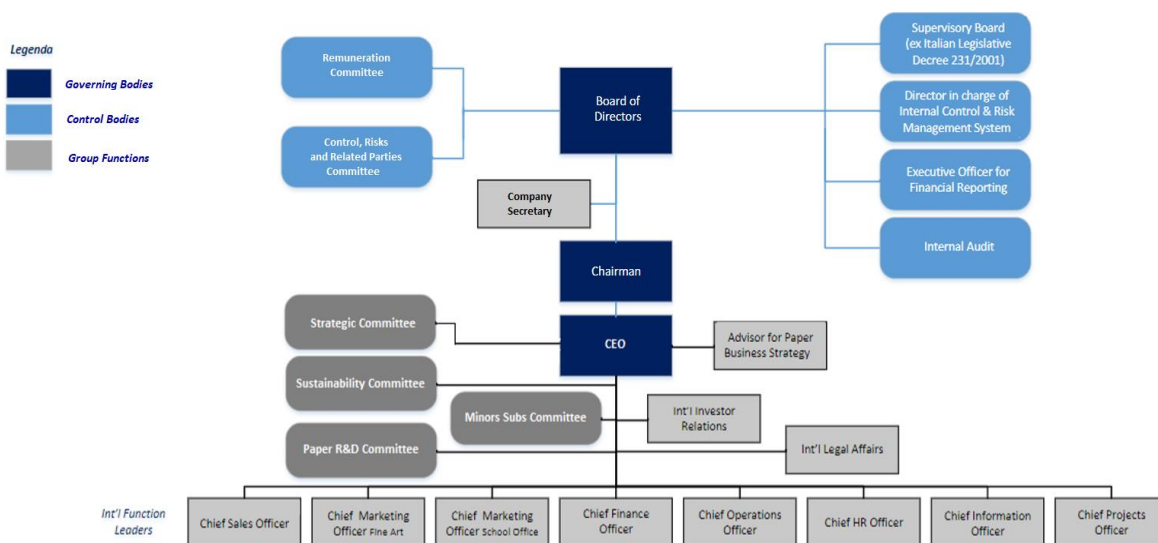
On March 2, 2020, F.I.L.A.- Arches S.A.S., a French company wholly-owned by F.I.L.A. S.p.A., completed the purchase from the Ahlstrom-Munksjö Group of the fine art business unit specialised in fine art operating through the ARCHES® brand (xiii).

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

On December 20, 2023, the listing of the subsidiary DOMS Industries Limited on the National Stock Exchange of India was completed. Following the public listing, F.I.L.A. S.p.A. still remained a shareholder of the Indian company with a 30.6% interest (xv).

Organisational structure

The F.I.L.A. S.p.A. organisational structure is reported below.





F.I.L.A. GROUP AND F.I.L.A. S.p.A. 2023 DIRECTORS' REPORT

II - Directors' Report

Macroeconomic overview

After a challenging 2022, a year that was heavily impacted by geopolitical tensions, inflation in raw materials, and a tightening of monetary policy with further increases in interest rates, the macroeconomic landscape of 2023 was again complex and volatile.

The geopolitical uncertainty brought about by the Russia-Ukraine war, the conflict in the Middle East, and tensions tied to shipping traffic in the Suez Canal was certainly a risk factor for the global economy as a whole. The outlook for global GDP growth for 2024 point to a slowing at around 2.7% as a result of tight monetary policy and a deterioration in both consumer and business confidence. The risks of a downturn are largely tied to the conflict in the Middle East.

Stagnation in the euro area continued in 2023, reflecting the lack of dynamism in internal and foreign demand. The ongoing weakness of manufacturing and construction spread into the service sector. Employment, however, did not see a slowdown. In the latter months, inflation was lower than expected, and disinflation extended to all the main components of the basket, including those for which prices had started to rise with a greater delay. According to the projections of Eurosystem experts released in December 2023, consumer prices are expected to fall yet again: from 5.4% in 2023 to 2.7% in 2024, then to 2.1% in 2025 and 1.9% by 2026. Inflation also fell in the United States and United Kingdom in the latter part of 2023. Both the Federal Reserve and the Bank of England kept their rates unchanged, noting that monetary policy will remain tight until inflation falls back in line with their respective targets. The lowering of expectations surrounding the official rates in the United States and Europe has led to a loosening of conditions on the international financial markets.

The F.I.L.A. Group's target market featured a marked increase in sales volume on 2022, with a strong recovery in "School" products in India, Mexico and the United States. This volume effect was amplified following the application of a generalised price increase in order to calm the inflationary pressures that have impacted the entire value chain. At the same time, Europe experienced a significant de-stocking of customers, accentuated by the trend in interest rates.

Within this climate, management will focus, in line with the previous year, on containing fixed costs and streamlining processes, particularly with regard to the American subsidiary, with consequent improvement in Group margins. New marketing and sales initiatives will be implemented to better support revenue growth.

Furthermore, efficiency gains in investments and in working capital are to be the levers used to continue pursuing our goal of reducing net debt.

The Indian company DOMS Industries Limited will continue to play a strategic role in the industrial projects of the F.I.L.A. Group. With the public listing on the Indian stock market of DOMS Industries Limited, the F.I.L.A. Group generated net cash of about Euro 69 million, which was mainly used for efficiency gains in the lines of credit in order to reduce interest expense.

The inflation and GDP figures for the main countries in which the F.I.L.A. Group companies operate are reported below:

	Country	December 31, 2023		December 31, 2022	
		Inflation	GDP	Inflation	GDP
Euro zone	Italy	6.53%	0.20%	11.75%	2.62%
	Spain	4.78%	1.25%	6.59%	3.80%
	Portugal	6.58%	1.03%	9.89%	4.86%
	Greece	4.29%	1.59%	8.27%	2.82%
	France	5.75%	0.63%	6.07%	1.02%
	Turkey	44.59%	2.96%	77.37%	3.96%
	Germany	8.00%	(0.30%)	9.66%	1.28%
	Poland	10.77%	0.91%	17.33%	4.48%
	Sweden	6.99%	(0.63%)	11.56%	2.59%
	U.S.A.	3.89%	0.54%	7.10%	1.86%
North America	Canada	4.06%	1.03%	6.67%	3.93%
Latin America	Mexico	5.71%	1.63%	8.01%	4.32%
	Chile	6.93%	(0.52%)	12.98%	(0.06%)
Argentina	Argentina	83.00%	0.46%	77.63%	7.92%
	China	2.19%	4.62%	1.84%	3.90%
BRICs	India	5.03%	5.68%	6.04%	5.68%
	Brazil	4.21%	1.20%	6.05%	3.63%
	Russia	6.72%	(5.56%)	11.55%	3.83%
Others	South Africa	5.92%	1.12%	7.67%	4.03%
	Australia	4.53%	1.91%	7.27%	5.87%

Source: OECD, November 2023

Financial Highlights

The F.I.L.A. Group's 2023 Financial Highlights are reported below:

Euro thousands	December 31, 2023		December 31, 2022		Change 2023 - 2022		Adjustments	
	% revenue		% revenue				IFRS 16 effects	Adjustments for Non-Recurring expenses
Revenue	779,183	100.0%	764,580	100.0%	14,603	1.9%	-	-
Gross operating profit ⁽¹⁾	122,353	15.7%	119,231	15.6%	3,122	2.6%	15,853	(14,604)
Operating profit	78,458	10.1%	72,744	9.5%	5,713	7.9%	3,330	(15,190)
Net financial income (expense)	130,863	16.8%	(34,122)	-4.5%	164,985	483.5%	(5,575)	167,594
Total taxes	(30,684)	-3.9%	(8,347)	-1.1%	(22,337)	-267.6%	359	(12,495)
F.I.L.A. Group Profit attributable to the owners of the Parent	170,648	21.9%	25,271	3.3%	145,377	575.3%	(1,830)	139,914
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	3.36	0.50					
	<i>diluted</i>	3.29	0.49					

ADJUSTED Net of Non-Recurring expenses and IFRS 16 effects - Euro thousands	December 31, 2023		December 31, 2022		Change 2023 - 2022		of which: DOMS Industries Limited ⁽³⁾	
	% revenue		% revenue					
Revenue	779,183	100.0%	764,580	100.0%	14,603	1.9%	134,320	
Gross operating profit ⁽¹⁾	121,104	15.5%	110,253	14.4%	10,850	9.8%	12,610	
Operating profit	90,317	11.6%	78,745	10.3%	11,571	14.7%	7,213	
Net financial income (expense)	(31,156)	-4.0%	(24,665)	-3.2%	(6,491)	-26.3%	(30)	
Total taxes	(18,548)	-2.4%	(11,293)	-1.5%	(7,255)	-64.2%	(4,793)	
F.I.L.A. Group Profit attributable to the owners of the Parent	32,565	4.2%	37,679	4.9%	(5,115)	-13.6%	1,219	
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	0.64	0.74					
	<i>diluted</i>	0.63	0.73					

Euro thousands	December 31, 2023	December 31, 2022	Change 2023 - 2022
Cash flows from operating activities	133,184	88,404	44,780
Net investments	(30,265)	(16,747)	(13,518)
% revenue	3.9%	2.2%	

Euro thousands	December 31, 2023	December 31, 2022	Change 2023 - 2022	IFRS 16 effects
Net capital employed	877,364	862,812	14,552	(14,901)
Net Financial debt ⁽²⁾	(303,412)	(435,159)	131,747	12,632
Equity	(573,953)	(427,653)	(146,300)	2,268

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

(2) Indicator of the net financial debt, calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets and loans provided to third parties classified as non-current assets. The net financial debt as per Consob Communication DEM/6064293 of July 28, 2006 and Consob's warning notice n. 5/21 of April 29, 2021, excludes non-current financial assets; The indicator includes 75,891 thousand euros related to IFRS16 financial liabilities.

(3) The data refer to the associated company DOMS Industries Limited. Following its listing on December 20, 2023 on the National Stock Exchange of India, the company was deconsolidated as of December 31, 2023. Given the date of listing above, from an economic point of view the company fully contributes to the Group's income statement, on the other hand, the company's balance sheet figures are not present since it is no longer part of the scope of consolidation as of December 31, 2023.

2023 Adjustments:

- ▶ The adjustments to the 2023 Gross Operating Profit concern non-recurring operating costs of approx. Euro 14.6 million regarding Group consultancy costs of Euro 8.5 million (mainly for the listing of the Indian company DOMS Industries Limited), reorganisation-restructuring charges for Euro 5.5 million, net of the portion for the year concerning the medium/long-term “2022-2026 Performance Shares” incentive plan for Euro 0.6 million;
- ▶ The adjustment to Operating Profit was Euro 15.2 million, relating to the above-stated effects on the gross operating profit and the estimated loss allowance, mainly concerning the Russian subsidiary Fila Stationary O.O.O.
- ▶ The adjustment to Net Financial Income is Euro 167.6 million and refers to the gain on the loss of control of the Indian subsidiary;
- ▶ The adjustment to the Profit attributable to the owners of the parent in 2023 was Euro 139.9 million, principally due to the above-stated effects on the Operating Profit and on Net Financial Income, net of the relative tax effect of Euro 12.5 million mainly relating to the listing of the Indian company DOMS Industries Limited.

2022 Adjustments:

- ▶ The adjustment to 2022 gross operating profit concerns non-recurring operating costs of approx. Euro 6.8 million, for Group consultancy of Euro 3.5 million (principally concerning the undertaking of a new loan in July 2022 and the settlement of the previous loan – hereafter also the “refinancing”), reorganisation and restructuring charges of Euro 3.1 million, charges incurred to tackle the COVID-19 pandemic of Euro 1.1 million, the portion in the year for the medium/long-term “2022-2025 Performance Shares Incentive Plan” of Euro 0.2 million and the portion disbursed on the conclusion of the “2019-2021 Performance Shares Incentive Plan” of Euro 1.1 million;
- ▶ The adjustment to Operating Profit was Euro 9.9 million, relating to the above-stated effects on gross operating profit and the estimated loss allowance, mainly concerning the Russian subsidiary Fila Stationary O.O.O.;

- ▶ The adjustment made to Net financial expense of Euro 3.5 million mainly refers to the financial expenses incurred by the parent F.I.L.A. S.p.A. and the U.S. subsidiary Dixon Ticonderoga Company for the refinancing transaction.
- ▶ The adjustment to the Profit attributable to the owners of the parent in 2022 was Euro 10.9 million, principally due to the above-stated effects on the Operating Profit and on Net Financial Expense, net of the relative tax effect.

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, and (iii) financial income and expense. The F.I.L.A. Group uses this measure as an internal management target and in external presentations (for analysts and investors), as it is useful in measuring the overall operating performance of the F.I.L.A. Group and of F.I.L.A. S.p.A. The table below presents a reconciliation of the 2023 profit for the year with the gross operating profit or EBITDA:

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Profit attributable to non-controlling interests	7,988	5,004
Profit attributable to the owners of the parent	170,648	25,271
Profit for the year	178,637	30,276
Income taxes	30,684	8,347
Current taxes	31,993	15,056
Deferred taxes	(1,309)	(6,710)
Amortisation, depreciation and impairment losses	43,895	46,487
Financial items	(130,863)	34,122
Financial income	(7,522)	(14,573)
Financial expense	45,195	49,472
Gains on loss of control of subsidiary	(167,594)	-
Share of losses of equity-accounted investees	(941)	(777)
Gross operating profit	122,353	119,231

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>	December 31, 2023	December 31, 2022
Gross operating profit	122,353	119,231
Non-recurring expense	14,604	6,767
IFRS 16 effect	(15,853)	(15,744)
Adjusted gross operating profit	121,104	110,253

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>	December 31, 2023	December 31, 2022
Gross operating profit	122,353	119,231
Amortisation and depreciation	(41,919)	(42,249)
Net impairment losses on trade receivables and other assets	(617)	(4,145)
Net other impairment losses	(1,358)	(94)
Operating profit	78,458	72,744

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>	December 31, 2023	December 31, 2022
Operating profit	78,458	72,744
Non-recurring expense	15,190	9,866
IFRS 16 effect	(3,330)	(3,864)
Adjusted Operating profit	90,317	78,745

Group profit attributable to the owners of the parent: profit for the reporting period, adjusted for non-controlling interest items.

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

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

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Profit for the period attributable to the owners of the parent	170,648	25,271
Non-recurring expense	(139,914)	10,899
IFRS 16 effect	1,830	1,509
Adjusted Profit for the period attributable to the owners of the parent	32,565	37,679

Net financial position (or net financial debt) – this is a valid measure of the F.I.L.A. Group’s financial structure. It is calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and of current 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 December 31, 2023 and at December 31, 2022 respectively totalled Euro 746 thousand and Euro 1,990 thousand.

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

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

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

Adjusted financial performance

The F.I.L.A. Group's 2023 adjusted gross operating profit rose by 9.8% on 2022.

<i>ADJUSTED - Euro thousands</i>	December 31, 2023	% revenue	December 31, 2022	% revenue	Change 2023 - 2022	
Revenue	779,183	100.0%	764,580	100.0%	14,603	1.9%
Income	8,732		8,966		(235)	(2.6%)
Total revenue	787,914		773,546		14,368	1.9%
Total operating costs	(666,810)	(85.6%)	(663,293)	(86.8%)	(3,517)	(0.5%)
Gross operating profit	121,104	15.5%	110,253	14.4%	10,850	9.8%
Amortisation, depreciation and impairment losses	(30,787)	(4.0%)	(31,508)	(4.1%)	721	2.3%
Operating profit	90,317	11.6%	78,745	10.3%	11,571	14.7%
Net financial expense	(31,156)	(4.0%)	(24,665)	(3.2%)	(6,491)	(26.3%)
Pre-tax profit	59,161	7.6%	54,080	7.1%	5,081	9.4%
Total taxes	(18,548)	(2.4%)	(11,293)	(1.5%)	(7,255)	(64.2%)
Profit for the year	40,613	5.2%	42,787	5.6%	(2,175)	(5.1%)
Profit for the year attributable to non-controlling interests	8,048	1.0%	5,108	0.7%	2,940	57.6%
F.I.L.A. Group Profit attributable to the owners of the Parent	32,565	4.2%	37,679	4.9%	(5,115)	(13.6%)

The main changes compared to 2022 are illustrated below.

“Revenue” of Euro 779,183 thousand increased on 2022 by Euro 14,603 thousand (+1.9%). Net of exchange losses of Euro 33,687 thousand (mainly concerning the Argentinean Peso, the Indian Rupee and the US Dollar), organic growth was Euro 48,290 thousand (+6.3%).

At geographical area level, organic growth was reported in Asia of Euro 37,875 thousand (+30.9% on the comparative period), in Central and South America for Euro 22,966 thousand (+29.6% on the preceding period), in North America for Euro 5,806 thousand (+1.8% on the preceding period), partially offset by a decrease in Europe for Euro 18,234 thousand (-7.8% on the preceding period), and the Rest of the World for Euro 124 thousand (-3.1%).

“Income” of Euro 8,732 thousand decreased by Euro 235 thousand compared to the preceding period, mainly due to lower exchange gains on commercial transactions.

“Total operating costs” in 2023 of Euro 666,810 thousand increased Euro 3,517 thousand on 2022. This increase is mainly due to the higher personnel expense in Asia and in Central-South America, in addition to the general increase in service costs.

The “Gross Operating Profit” of Euro 121,104 thousand increased by Euro 10,850 thousand on 2022 (+9.8%). At like-for-like exchange rates, the increase was 10.4% on the previous year.

“Amortisation, depreciation and impairment losses” decreased Euro 721 thousand, mainly due to the lower loss allowance for trade receivables in the year.

“Net Financial Expense” increased by Euro 6,491 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, partially offset by the decrease in the economic component amortized cost and in other financial expense.

Adjusted Group “Total taxes” amounted to Euro 18,548 thousand, increasing on 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 2023 was Euro 32,565 thousand, compared to Euro 37,679 thousand in the previous year.

Business seasonality

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

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

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

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

The key figures for 2022 and 2023 are reported below:

<i>Euro thousands</i>	2022				2023			
	First 3 mth. 2022	First 6 mth. 2022	First 9 mth. 2022	FY 2022	First 3 mth. 2023	First 6 mth. 2023	First 9 mth. 2023	FY 2023
Revenue	166,020	390,572	595,045	764,580	178,688	415,606	614,153	779,183
<i>Full year portion</i>	21.7%	51.1%	77.8%	100.0%	22.9%	53.3%	78.8%	100.0%
Gross operating profit	26,027	71,838	102,874	119,231	26,290	76,862	113,998	122,353
<i>% revenue from sales and services</i>	15.7%	18.4%	17.3%	15.6%	14.7%	18.5%	18.6%	15.7%
<i>Full year portion</i>	21.8%	60.3%	86.3%	100.0%	21.5%	62.8%	93.2%	100.0%
Adjusted gross operating profit	22,672	64,810	95,540	110,253	24,339	72,248	108,020	121,104
<i>% revenue from sales and services</i>	13.7%	16.6%	16.1%	14.4%	13.6%	17.4%	17.6%	15.5%
<i>Full year portion</i>	20.6%	58.8%	86.7%	100.0%	20.1%	59.7%	89.2%	100.0%
Net Financial Debt	(473,058)	(524,749)	(510,949)	(435,159)	(490,413)	(488,978)	(445,787)	(303,412)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at December 31, 2023 are as follows.

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change 2023 - 2022
Intangible assets	378,031	446,497	(68,466)
Property, plant & equipment	123,325	166,185	(42,860)
Biological assets	1,241	1,817	(576)
Financial assets	161,149	4,160	156,989
Net Non-Current Assets	663,746	618,659	45,087
Other Non-Current Assets/ Liabilities	23,304	24,032	(728)
Inventories	264,375	307,076	(42,701)
Trade receivables and other assets	99,821	115,376	(15,555)
Trade payables and other liabilities	(105,656)	(122,375)	16,719
Other current assets and liabilities	4,476	2,833	1,643
Net working capital	263,016	302,909	(39,893)
Provisions	(72,702)	(82,788)	10,086
Net invested capital	877,364	862,812	14,552
Equity	(573,953)	(427,653)	(146,300)
Net financial debt	(303,412)	(435,159)	131,747
Net funding sources	(877,364)	(862,812)	(14,552)

The F.I.L.A. Group's "Net invested capital" of Euro 877,364 thousand at December 31, 2023 was composed of "Net Non-current Assets" of Euro 663,746 thousand (up by Euro 45,087 thousand on December 31, 2022), "Net Working Capital" of Euro 263,016 thousand (down by Euro 39,893 thousand on December 31, 2022) and "Other non-current assets and liabilities" of Euro 23,304 thousand (down by Euro 728 thousand on December 31, 2022), net of "Provisions" of Euro 72,702 thousand (Euro 82,788 thousand at December 31, 2022).

"Intangible Assets" decreased on December 31, 2022, by Euro 68,466 thousand, mainly due to the deconsolidation of DOMS Industries Limited for Euro 49,562 thousand, to amortisation in the year of Euro 14,498 thousand, and to exchange losses of Euro 6,423 thousand. The decrease was offset by net investments principally by the parent F.I.L.A. S.p.A. of Euro 2,091 thousand (Euro 2,024 thousand for implementation of the ERP system).

"Property, plant and equipment" decreased on December 31, 2022 by Euro 42,860 thousand, due to the decrease of Euro 28,318 thousand in "Property, Plant and Machinery" and of Euro 14,542 thousand in "Right-of-Use Assets".

The decrease in Property, Plant and Machinery was mainly due to the deconsolidation of the Indian company DOMS Industries Limited for Euro 41,873 thousand and depreciation in the year of Euro 15,774 thousand. Net investments in the year totalled Euro 28,299 thousand and were undertaken mainly by DOMS Industries Limited (India), Daler Rowney Ltd (United Kingdom), Canson SAS (France) and Dixon Ticonderoga Company (U.S.A.). We in addition report an increase due to the recognition of exchange gains of Euro 939 thousand.

The decrease in “Right-of-use assets” was mainly due to depreciation in the year of Euro 11,648 thousand and the deconsolidation of the Indian company DOMS Industries Limited for Euro 8,491 thousand. Net investments in the year totalled Euro 6,018 thousand and were undertaken mainly by DOMS Industries Limited (India), Dixon Ticonderoga Company (U.S.A.) and Canson SAS (France). The movement is also due to exchange gains of Euro 453 thousand.

“Biological Assets” decreased Euro 576 thousand on December 31, 2022, with impairment losses of Euro 474 thousand and exchange losses of Euro 102 thousand.

This item only includes the fair value of the plantation of the Chinese subsidiary Xinjiang F.I.L.A. - Dixon Plantation Company Ltd.

“Non-current financial assets” increased by Euro 156,989 thousand compared to December 31, 2022, mainly in relation to the fair value measurement of the loss of a controlling interest by F.I.L.A. S.p.A. in the Indian company DOMS Industries Limited of Euro 160,377 thousand, measured at equity following the loss of control as a result of the company’s public listing on the Indian stock market.

The decrease in “Net Working Capital” of Euro 39,893 thousand relates to the following:

- ▶ “Inventories” – decreasing Euro 42,701 thousand, mainly due to the deconsolidation of the associate DOMS Industries Limited for Euro 18,336 thousand and the net decrease in inventories at the F.I.L.A. Group for approx. Euro 16,280 thousand, as well as the recognition of exchange losses for approx. Euro 4,797 thousand.
- ▶ “Trade Receivables and Other Assets” – decreasing Euro 15,555 thousand, mainly due to the decrease in “Trade Receivables” for Euro 10,403 thousand, principally related to Daler Rowney Ltd., to the parent F.I.L.A. S.p.A. and to Dixon Ticonderoga Company, in addition to the recognition of exchange losses for approx. Euro 497 thousand;
- ▶ “Trade Payables and Other Liabilities”- decreasing Euro 16,719 thousand, due mainly to the decrease in “Trade Payables” for approx. Euro 21,386 thousand, recognised by the English

subsidiary Daler Rowney Ltd and the parent F.I.L.A. S.p.A.; this decrease was exacerbated by exchange losses of Euro 410 thousand;

► “Other Current Assets and Liabilities” - increasing Euro 1,643 thousand, mainly due to the decrease in current tax liabilities for Euro 2,135 thousand offset by the decrease in current tax assets for Euro 492 thousand.

The decrease in Provisions on December 31, 2022 of Euro 10,086 thousand principally concerns:

- Decrease in “Deferred tax liabilities” of Euro 10,042 thousand, mainly due to the deconsolidation of the associate DOMS Industries Limited for Euro 7,097 thousand;
- Decrease in “Provisions for Risks and Charges” of Euro 277 thousand, due to utilisations in the year, principally by the American subsidiary Dixon Ticonderoga Company;
- Increase in “Employee Benefits” for Euro 234 thousand, mainly as a result of actuarial gains recorded by the subsidiary Daler Rowney Ltd (United Kingdom) in application of IAS 19.

The “Equity” of the F.I.L.A. Group, amounting to Euro 573,953 thousand, increased on December 31, 2022 by Euro 146,300 thousand. Net of profit for the year of Euro 178,637 thousand (Euro 7,988 thousand of which attributable to non-controlling interests), the remaining difference is mainly due to the increase in the translation reserve for Euro 9,939 thousand, the decrease in the fair value hedge of hedging derivatives (IRSs) for Euro 3,831 thousand, the decrease in the Actuarial reserve for Euro 694 thousand, the repurchase of treasury shares by the parent F.I.L.A. S.p.A. for Euro 1,172 thousand, the allocations to the Share Premium Reserve for Euro 574 thousand in relation to the 2022-2026 medium/long-term incentive plan, and dividends paid for Euro 7,995 thousand, of which Euro 6,105 thousand to the shareholders of F.I.L.A. S.p.A. and Euro 1,890 to the non-controlling interests of the subsidiaries.

F.I.L.A. Group “Net Financial Debt” at December 31, 2023 was Euro 303,412 thousand, improving Euro 131,747 thousand on December 31, 2022. For greater details, reference should be made to the “Financial overview” section.

Financial overview

The Group's net financial debt at December 31, 2023 and cash flows for the year then ended are summarised in the following table to complete the discussion about its financial position and financial performance.

For the definition of the Net Financial Debt, 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 **Net Financial Debt - F.I.L.A. Group** at December 31, 2023 was Euro 303,412 thousand.

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change 2023 - 2022
A Cash	206	130	76
B Cash equivalents	125,645	111,078	14,567
C Other current financial assets	1,162	873	289
D Liquidity (A + B + C)	127,012	112,082	14,931
E Current bank loans and borrowings	(40,848)	(105,492)	64,644
F Current portion of non-current bank loans and borrowings	(32,057)	(29,351)	(2,706)
G Current financial debt (E + F)	(72,905)	(134,843)	61,938
H Net current financial (position) debt (G - D)	54,108	(22,761)	76,869
I Non-current bank loans and borrowings	(357,519)	(412,398)	54,879
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(357,519)	(412,398)	54,879
M Net financial debt (H + L)	(303,412)	(435,159)	131,747
N Long term loans issued	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(303,412)	(435,159)	131,747

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 206 thousand) and "B - Cash equivalents" (Euro 125,645 thousand) are included in "Note 10 - Cash and cash equivalents" (Euro 125,851 thousand);
- ▶ caption "C - Other current financial assets" refers to "Note 3 - Current financial assets", both amounting to Euro 1,162 thousand;
- ▶ caption "G - Current financial debt" relates to "Note 13 - Current Financial Liabilities" (both amounting to Euro 72,905 thousand) and contains caption "F - Current portion of non-current financial debt" (Euro 32,057 thousand) which refers to the current portion of IFRS 16 Financial Liabilities (Euro 9,008 thousand) and to the current portion of long-term loans (for Euro 23,049 thousand);
- ▶ caption "I - Non-current bank loans and borrowings" (Euro 357,519 thousand) refers to "Note 13 - Non-Current Financial Liabilities" (Euro 356,642 thousand), including the long-term IFRS 16 Financial Liabilities of Euro 66,883 thousand, and "Note 17 - Financial Instruments" (for a negative Euro 877 thousand).

Compared to December 31, 2022 (Euro 435,159 thousand), Net Financial Debt at December 31, 2023 improved Euro 131,747 thousand, as outlined below in the Statement of Cash Flows:

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Operating profit net of IFRS 16 effect	74,253	68,880
Non-monetary adjustments net of IFRS 16 effect	38,019	36,741
Income taxes	(19,427)	(17,645)
Cash Flows from Operating Activities Before Changes in NWC	92,844	87,975
Change in NWC	27,197	(19,051)
Change in Inventories	16,280	(28,009)
Change in Trade Receivables and Other Assets	8,803	6,705
Change in Trade Payables and Other Liabilities	3,801	4,619
Change in Other Current Assets/Liabilities	(1,687)	(2,367)
Net Cash Flows from Operating Activities	120,041	68,924
Investments in Property, Plant and Equipment and Intangible assets	(30,265)	(16,747)
Financial income	2,408	390
Net Cash Flows from (used in) Investing Activities	(27,857)	(16,357)
Change in Equity	(9,167)	(15,169)
Financial Expense	(29,754)	(25,172)
Net Cash Flows used in Financing Activities	(38,921)	(40,341)
Exchange differences and other variations	(2,138)	(4,196)
Total Net Cash Flows	51,125	8,030
Effect of exchange gains (losses)	152	(14,359)
Change in amortized cost	1,088	(1,916)
Mark to mark hedging adjustment	(4,053)	13,033
NFD change due to IFRS16 FTA	12,632	(1,224)
NFD from M&A Transactions (Change in Consolidation Scope)	70,803	(1,470)
Change in Net Financial Debt - F.I.L.A. Group	131,747	2,093

The net cash flows generated in 2023 by “Operating activities” of Euro 120,041 thousand (compared to Euro 68,924 thousand in 2022) are due to:

- Inflows of Euro 92,844 thousand (Euro 87,975 thousand in 2022) from operating profit, calculated as the difference of operating costs and revenue plus other operating items, excluding financial items;
- Inflows of Euro 27,197 thousand (outflows of Euro 19,051 thousand in 2022) attributable to working capital movements, and mainly the decrease in “Inventories” and “Trade Receivables and Other Assets” and the increase in “Trade Payables and Other Liabilities”.

“Investing Activities” absorbed liquidity of Euro 27,857 thousand (Euro 16,357 thousand in 2022), mainly due to the use of cash for Euro 30,265 thousand (Euro 16,747 thousand in 2022) for net investments in property, plant and equipment and intangible assets, particularly regarding DOMS Industries Limited (India), Canson SAS (France), Dixon Ticonderoga Company (U.S.A.), Daler Rowney Ltd (United Kingdom) and the Parent F.I.L.A. S.p.A..

“Financing activities” absorbed net cash flows of Euro 38,921 thousand (Euro 40,341 thousand absorbed in 2022) due to interest paid on loans and credit lines granted to Group companies of Euro 29,754 thousand, mainly F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), to the dividends paid totalling Euro 7,995 thousand (to the shareholders of F.I.L.A. S.p.A. for Euro 6,105 thousand and to the minority shareholders of the subsidiaries for Euro 1,890 thousand) and the repurchase of treasury shares for Euro 1,172 thousand.

Net of the exchange gains relating to the translation of Net Financial Debt in currencies other than the Euro (Euro 152 thousand), the Mark to Market Hedging adjustment for a negative Euro 4,053 thousand, the change in the Net Financial Debt due to the application of IFRS 16 of Euro 12,632 thousand, the change in “Amortized cost”, amounting to a positive Euro 1,088 thousand, in addition to the overall net decrease generated by the change in consolidation scope of Euro 70,803 thousand (cash in from the listing of the Indian associate DOMS Industries Limited for a positive Euro 69,056 thousand), the F.I.L.A. Group Net Financial Debt improved by Euro 131,747 thousand (improving Euro 2,093 thousand at December 31, 2022).

Changes in net cash and cash equivalents are detailed below:

<i>Euro thousands</i>	December 31, 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	124,807	107,546
Cash and cash equivalents	125,851	111,209
Current account overdrafts	(1,044)	(3,663)

Investments

Total investments made by the Group during the year amounted to Euro 30,390 thousand. These investments, undertaken both to develop production efficiency and efficacy and to support increased sales volumes, comprised “Intangible Assets” for Euro 2,091 thousand and “Property, Plant and Equipment” for Euro 28,299 thousand.

Cash flow from investments net of capital gains realized on the sale of assets, amounting to Euro 125 thousand, totalled Euro 30,265 thousand.

The main investments in intangible assets concerned F.I.L.A. S.p.A. for the ongoing implementation of the new ERP system for Euro 2,024 thousand.

Net investments in “Land” amounted to Euro 8,105 thousand, attributable entirely to the Indian company DOMS Industries Limited.

Net investments in “Buildings” totalled Euro 2,879 thousand and mainly concerned the Indian company DOMS Industries Limited (Euro 2,336 thousand), the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Euro 207 thousand) and the French subsidiary Fila Arches (Euro 104 thousand) and relate to the expansion plan for the storage and production sites, while capitalisations of assets under construction totalled Euro 200 thousand.

Net investments in “Plant and Machinery” incurred by the F.I.L.A. Group were Euro 11,950 thousand, mainly undertaken by DOMS Industries Limited (India) for Euro 8,973 thousand, by Daler Rowney Ltd (United Kingdom) for Euro 1,133 thousand and by Canson SAS (France) for Euro 734 thousand. In addition, assets under construction of Euro 2,898 thousand were capitalised and exchange gains of Euro 293 thousand.

Net investments in “Industrial and Commercial Equipment” amounted to Euro 558 thousand and mainly concerned the Parent F.I.L.A. S.p.A. for Euro 319 thousand and Fila Nordic (Sweden) for Euro 65 thousand.

Net investments in “Other assets” amounted to Euro 1,266 thousand, mainly undertaken by DOMS Industries Limited (India) for Euro 785 thousand and by Dixon Ticonderoga Company (U.S.A.) for Euro 142 thousand.

“Assets under construction” include internal constructions undertaken by the individual companies of the Group which are not yet up and running. The net carrying amount at December 31, 2023 amounts to Euro 4,410 thousand, increasing on the previous year by Euro 279 thousand, due to investments in the year of Euro 4,308 thousand, mainly by Canson SAS (France) for Euro 1,950 thousand, Dixon Ticonderoga Company (U.S.A.) for Euro 1,403 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 460 thousand, F.I.L.A. S.p.A (Italy) for Euro 204 thousand and DOMS Industries Limited (India) for Euro 146 thousand, offset by the decrease from the reclassification.

Other information

Management and control

The Company is not considered to be under the management and control of the ultimate parent Pencil S.p.A. in accordance with Article 2497-bis of the Italian Civil Code.

Treasury shares

In the period between August 7, 2023 and September 26, 2023, the Parent F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 143,875 ordinary shares of F.I.L.A. S.p.A. for a total value of Euro 1,172 thousand. These transactions were carried out as part of the share buyback program, whose first tranche was approved by the Company's Board of Directors on August 3, 2023, and as per the authorisation of the Shareholders' Meeting of April 21, 2023.

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

<i>Date</i>	<i>Number of ordinary shares repurchased</i>	<i>Average Price (Euro)</i>	<i>Countervalue (Euro)</i>
08/07/2023	1,200	8.32	9,980
08/08/2023	3,500	8.18	28,619
08/09/2023	2,000	8.17	16,349
08/10/2023	3,000	8.13	24,378
08/11/2023	3,500	8.02	28,054
08/16/2023	1,500	8.11	12,165
08/17/2023	10,000	8.08	80,835
08/18/2023	4,758	8.02	38,165
08/21/2023	3,000	8.09	24,269
08/22/2023	3,000	8.03	24,087
08/25/2023	2,607	8.37	21,812
08/28/2023	2,210	8.22	18,175
08/29/2023	1,500	8.26	12,393
08/30/2023	1,000	8.34	8,342
08/31/2023	1,000	8.45	8,450
09/01/2023	12,500	8.30	103,750
09/04/2023	12,000	8.32	99,832
09/05/2023	13,508	8.33	112,556
09/06/2023	11,530	8.20	94,528
09/07/2023	10,000	8.11	81,125
09/08/2023	16,500	8.15	134,395
09/11/2023	11,542	8.18	94,384
09/21/2023	4,000	7.74	30,962
09/22/2023	2,500	7.68	19,199
09/25/2023	5,300	7.51	39,782
09/26/2023	720	7.38	5,313
Total	143,875		1,171,899

Prior to the launch of the Program, the company held 186,891 ordinary treasury shares.

At December 31, 2023, the Group held 330,766 treasury shares, for a total value of Euro 2,966 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

It should be noted that the treasury shares currently held are largely allocated to serve the 2022-2026 Performance Shares Plan, which, in the event of reaching the related targets, calls for the assignment of a minimum number of shares (equal to approx. 165,000-170,000 shares for each of the three three-year cycles).

Research and development and Quality Control

Research and development activities are primarily carried out centrally by the Research and Development Department, as well as at local level, through dedicated teams based at the Group’s

various manufacturing facilities, above all in Europe, Central and South America and Asia. The F.I.L.A. Group's strong commitment to understanding its customers and designing products that meet their expectations plays a significant role in the development strategy for the Group's products.

These departments avail of, where necessary, the support of technicians and production staff for the execution and testing of specific projects.

These operations are performed by expert technicians, who receive ongoing upskilling through targeted training.

Research and development focuses essentially on the following:

- Research and design of new materials and new technical solutions for product and packaging innovations;
- Product quality testing;
- Comparative analyses with competitor products in order to improve product efficiency;
- Research and design for production process innovation in order to improve efficiency.

Over recent years, the projects created by the dedicated research and development team have led to the creation of innovative products, such as new formulas for modelling clay, new plastic materials, new designs for paint and watercolour boxes, new industrial segment products and the polymer ("woodfree") pencil. The team, in order to guarantee compliance with physical and chemical specification rules, constantly monitors the development of product regulations (such as, for example purposes, those concerning the use of preservatives), amending the formulas or developing new formulas for altered products.

The quality control department is tasked with ensuring compliance with the F.I.L.A. Group's policies regarding the safety and quality standards for its products, suppliers and production procedures.

The F.I.L.A. Group's quality control process consists of two phases:

- statistical control, consisting of various tests performed at its internal laboratories for the analysis of materials and finished products. Its internal laboratories are also used to test its products in the research and development phase with the aim, inter alia, of assessing industrial product feasibility;

- ▶ the “control” process, which consists of various tests conducted on an ongoing and/or random basis throughout the stages of the production process by its production personnel. Visual and instrumental controls are performed directly at its facilities by machine technicians. Such tests are performed in addition to the technical tests required by national and international standards and/or the customer’s specifications.

Research and development and Quality Control costs are broken down in the following table, indicating also the dedicated teams by geographical segment:

Euro thousands	R&D			Quality Assurance		
	Workers	Personnel expense	Other related Costs	Workers	Personnel expense	Other related Costs
Geographical segment						
Europe	30	1,731	221	13	811	668
North America	-	-	-	3	185	103
Central-South America	13	277	125	44	572	80
Asia	44	433	38	101	466	108
Total	87	2,440	384	161	2,035	959

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 new policy adopted by the parent on May 14, 2021, as per the Regulation approved by the Stock Exchange Regulator (“Consob”) with motion 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 section of the Notes to the Consolidated Financial Statements of the F.I.L.A. Group

Significant events in the year

- ▶ 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 associates 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;
- ▶ 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.
- ▶ On July 21, 2023, the Parent F.I.L.A. S.p.A., as the 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, with the intention of remaining the largest single shareholder of the company post-listing.
- ▶ On August 1, 2023, the Indian subsidiary DOMS Industries Limited acquired 75% of the associate Micro Wood Private Limited, for a total value of INR 705,600 thousand (Euro 8,017 thousand). The company acquired is engaged in the production of packaging material and the manufactured products are sold principally to the parent;

- ▶ In the period between August 7, 2023 and September 26, 2023, the Parent F.I.L.A. S.p.A. repurchased treasury shares on the regulated Euronext Milan market, consisting of 143,875 ordinary shares of F.I.L.A. S.p.A. with a total value of Euro 1,172 thousand. These transactions were carried out as part of the share buyback program, whose first tranche was approved by the Company's Board of Directors on August 3, 2023, and as per the authorisation of the Shareholders' Meeting of April 21, 2023.

Prior to the launch of the Program, the company held 186,891 ordinary treasury shares.

At December 31, 2023, the Group held 330,766 treasury shares, for a total value of Euro 2,966 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity);

- ▶ On September 26, 2023, the liquidation (begun in January 2022) concluded of the Italian subsidiary Canson Italy S.r.l.;
- ▶ On December 4, 2023, the Parent F.I.L.A. S.p.A., following on from its announcement of July 21, 2023 regarding the commencement of the listing process of its Indian subsidiary DOMS Industries Limited (“DOMS”), announced that on December 2, 2023, DOMS filed its “Red Herring Prospectus” presenting information on the prospective initial public offering of DOMS Industries Limited with the Gujarat Companies Registry in Ahmedabad. As part of the Offer F.I.L.A. acted as the promoter of DOMS Industries Limited and, as the selling shareholder, it undertook to sell shares up to a maximum value of INR 8,000.00 million Indian Rupees (approx. Euro 90 million). The Public Offering began on Wednesday, December 13, 2023 and closed on Friday, December 15, 2023;
- ▶ On December 7, 2023, following up on its announcement of December 4, 2023, F.I.L.A. S.p.A. announced that its Indian subsidiary DOMS Industries Limited had launched an initial public offering (“IPO”) and published the notice presenting the valuation range of its treasury shares for the purpose of the prospective IPO between INR 750 and INR 790 per share;
- ▶ On December 14, 2023, the Parent F.I.L.A. S.p.A. announced that the Board of Directors resolved to propose to the Shareholders' Meeting: the distribution of an extraordinary dividend of Euro 0.58 for each (ordinary and special) outstanding F.I.L.A. share on the coupon date (net of treasury shares in the portfolio on that date). With regards to the distribution of the extraordinary dividend, this latter within the listing process of the Indian investee DOMS Industries Limited, considering the 51,058,297 F.I.L.A. shares outstanding as of the reporting day, net of the 330,766 treasury shares held by F.I.L.A., the maximum total

amount of the dividend will be Euro 29,421,967.98;

- ▶ On December 20, 2023, F.I.L.A. S.p.A., following on from that announced on December 7, 2023, communicated the successful conclusion of the listing of its Indian subsidiary DOMS Industries Limited on the National Stock Exchange of India. DOMS shares were placed at a value of INR 790 (approx. Euro 8.64) per share, which is the maximum of the identified share valuation range. As part of the listing, F.I.L.A. S.p.A., as the selling shareholder, sold 10,126,582 DOMS shares for total consideration of INR 800 crore (corresponding to approx. Euro 87.5 million at an exchange rate of 91.43 INR/Euro), while remaining a shareholder of the company post-listing, as it owns 18,561,153 DOMS shares, equivalent to 30.6% of DOMS' share capital. The effects of the Indian listing will allow F.I.L.A. S.p.A. to significantly reduce the leverage ratio to support future growth objectives;

- ▶ Impacts of events related to the conflict in Ukraine and Israel

On February 24, 2022, Russia launched a military operation in the east of Ukraine, resulting in the current conflict.

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 have prompted 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 approx. 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 December 31, 2023 of Euro 2.4 million, fully impaired 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. Activities are underway to conclude the 65% sale of the holding of the parent F.I.L.A. S.p.A. in the Russian subsidiary Fila Stationary O.O.O., to the current managing director of the latter.

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

There are no F.I.L.A. Group companies in Ukraine at December 31, 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 benefits under defined benefit plans, etc.), the Directors consider that, given the information currently available, these factors of uncertainty are already included in the main sensitivity analyses provided with reference to the main financial statement captions subject to estimates. With particular reference to the uncertainties related to the developing conflict, it may not be excluded however that, should the crisis extend at an international level, the general economic consequences and specific consequences for the Group could be more severe than that envisaged at present, requiring a new estimate to be made, with a negative impact on the financial statement captions subject to estimate and in terms of the scenarios considered for the sensitivity analysis at December 31, 2023.

A military conflict involving Israel has been ongoing since October 7, 2023.

The operating and financial impacts of the conflict on the Israeli commercial subsidiary Fila Art and Craft Ltd are not considered significant, also in view of the fact that the revenue of the subsidiary accounts for approx. 0.4% of the Group's total.

The F.I.L.A. Group does not have suppliers or production plant in the area.

The Israeli subsidiary has a net commercial exposure to third parties at December 31, 2023 of Euro 649 thousand. Group management continues to monitor the recoverability of the net exposure to third parties of the subsidiary, although currently no recoverability risks exist.

Subsequent events

On January 22, 2024, the Shareholders' Meeting of F.I.L.A. S.p.A. resolved: (i) the distribution of an extraordinary dividend of Euro 0.58 for each (ordinary and special) F.I.L.A. share in circulation on the coupon date (net of treasury shares in portfolio on that date); (ii) the appointment of Deloitte&Touche S.p.A. to undertake the legally-required audit for the period 2024-2032, pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014.

With regard to the distribution of the extraordinary dividend, considering the 51,058,297 F.I.L.A. shares outstanding as of today, net of the 330,766 treasury shares held by the Company, the maximum total amount of the dividend will be Euro 29,421,967.98.

Outlook

The current general economic and societal framework confirms that 2024 shall be impacted by the still challenging environment. Against this backdrop, the F.I.L.A. Group confirms the resilience of its industry and expects a strong marketplace in North America and Mexico, and considerable re-stocking in Europe, after the pronounced de-stocking in 2023, also thanks to new sales and marketing initiatives.

The forecast growth across all markets mainly stems from increased volumes, considering stable cost-price dynamics, and will support improved gross operating profit and profit margins, despite increased marketing investments and the launch of new business initiatives to support medium to long-term development.

2024 will see the F.I.L.A. Group engaged in the launch of an organisational efficiency project to support cost-cutting, which will be rolled out over the next 30 months through operational and process optimisation activities. In particular, new logistics software was introduced in March in North America to support productivity improvements.

The Group expects a reduction in capex investment during the year, exclusively due to the deconsolidation of the Indian company DOMS Industries Limited. A major portion of 2024 investments will be allocated to ESG topics, particularly in support of the 2027 CO2 emission reduction plan (the Annonay biomass plant in France and solar panels at the UK plant). Finally, cash generation is expected to be in line with the past five years, thanks to the operating performance, increasingly efficient working capital management, and reduced financial expense.

Going Concern

The Directors reasonably expect that F.I.L.A. S.p.A. will continue operations into the foreseeable future and have prepared the consolidated financial statements for the Group and the separate financial statements of F.I.L.A. S.p.A. on a going concern basis and in line with the long-term business plan, which forecasts improving results.

Risk Management

The principal F.I.L.A. Group financial instruments include financial assets such as current accounts and on demand deposits, loans and short and long-term bank loans and borrowings. The objective is to finance the recurring and non-recurring transactions of the F.I.L.A. Group.

In addition, the F.I.L.A. Group has in place trade receivables and payables arising from “core business”.

The management of funding needs and the relative risks is undertaken by the individual F.I.L.A. Group companies on the basis of the guidelines drawn up centrally by the Parent F.I.L.A. S.p.A. and approved by the Chief Executive Officer.

The principal objective of these guidelines is the ability to ensure a balanced equity structure in order to maintain a solid capital base.

The main funding instruments used by the F.I.L.A. Group are:

- ▶ Medium/long-term loans, in order to fund capital expenditure (principally the acquisition of controlling investments and plant and machinery) and working capital;
- ▶ Short-term loans and customer advances.

The average borrowing costs were in line with the Euribor/Libor at 3 and 6 months, with the addition of a spread which depends on the type of financial instrument used.

Loans issued in favour of subsidiaries may be accompanied by guarantees such as sureties and patronage letters issued by the Parent F.I.L.A. S.p.A..

Amid unstable markets and quickly changing business and regulatory environments, prudent and effective control of risks and opportunities is a key aspect in supporting knowledgeable decision-making which furthers the strategic and business objectives, guaranteeing an enterprises' sustainability and the creation of value over the long-term. With this in mind, in line with the Corporate Governance Code of Borsa Italiana, the Group has adopted a structured process to identify, assess, manage and systematically monitor the main risks which may impact upon the achievement of the Group's strategic and business objectives, in addition to the definition of adequate flows of information to ensure transparency and the internal circulation of information.

Loans obtained by the Parent provide for financial “covenants”. In relation to the latter reference should be made to: “Note 13 - Financial Liabilities” of the Notes to the Consolidated Financial Statements.

The main operational risks, identified and managed by the F.I.L.A. Group are the following:

Physical risks related to climate change

The F.I.L.A. Group operates 25 production sites in a number of geographical areas (Italy, France, Germany, Great Britain, Argentina, Brazil, Canada, Mexico, Dominican Republic, USA, China, and India) and with 33 subsidiaries located in the leading countries, with over 11,800 employees and making vertical integration one of its strengths on the market. A peculiarity of a Group is that the intensification of phenomena related to climate change and the related impacts on the main areas of the value chain (e.g. operations, suppliers, customers and markets) represents one of the main challenges that the F.I.L.A. Group will have to face in the short and medium-long term.

The intensification of physical risks related to climate change is a further element capable of affecting the proper performance of the Group's activities. The rapid worsening of the climatic situation in fact affects the frequency of “acute phenomena” (e.g. storms, floods, fires or heat waves, etc.) that can damage company assets and/or interrupt value chains.

Taking these aspects into account, the Group conducted a climate risk assessment in 2023. The results of the analyses show a low overall exposure of the Group's production activities to climate risk. The risk profile assessment will be periodically monitored.

Cyber Security Risks

The importance of awareness and vigilance of cyber security has grown exponentially, particularly in response to how cyber attacks have evolved to become more sophisticated. This trend heightened further during the COVID-19 pandemic, a period which saw a significant increase in both the number and the frequency of attacks around the world. Post-pandemic, it is now crucial to continue adapting defence strategies to combat the rapid evolution of cyber threats.

Now more than ever for the F.I.L.A. Group, cyber security is a key pillar in ensuring the integrity and confidentiality of information, while ensuring optimal performance in the services provided. In an era marked by increasingly sophisticated cyber threats, the Company is committed to both defending our digital assets and adopting proactive strategies that take advantage of advanced technologies for identifying and neutralising risks before they can have an impact on our infrastructure, while minimising the impact of any security breaches.

For the Group, the Information System (IT) (including technological resources - hardware, software, data, electronic documents, telematic networks - and the human resources dedicated to their administration, management and use) represents a tool of great importance for the achievement of strategic objectives, in view of the criticality of the business processes that depend on it. Within the Group the security of the Information System is achieved by implementing a series of security measures, in particular procedures, technical mechanisms or practices that reduce the risks of exposure of the information assets as a whole.

With reference to its activities, the Group has identified email phishing (fraudulent messages created to appear authentic, generally requiring the provision of sensitive personal information), complex infection processes (malware), ransomware (a class of malware that renders computer data inaccessible and often requires payment of a ransom) and Internet of Things(IoT) environmental attacks as the main cybersecurity risks. In order to mitigate these risks, Group-wide policies of conduct have been issued and actions have been implemented to identify, protect, detect, respond to and restore any critical situations that may arise, including specific communication and training activities.

In updating the Group's sustainability policy set during 2022, the Information Systems Policy and the Information Security Policy were issued.

The general principles of behaviour enshrined within the Information Systems Policy are:

- ensure user training and access to functions in accordance with security criteria that comply with the principles of sound and prudent management;
- activate processes to enhance IT resources;
- create a system for communicating the needs or criticalities of the Information System with the aim of activating a process of continuous improvement;
- implement controls to assess the company's ability to comply with internal policies;
- promptly identify deviations (anomalies, malfunctions, differences from what is known/approved/authorized);

- promote corrective action.

The Information Security Policy recalls, among other matters, F.I.L.A. Group's general principles regarding information security:

- Company information systems: the tools and software applications provided (email systems, local/network file systems, as well as data storage locations in the Cloud) are business tools, are considered company data and, therefore, company property; misuse of company systems is not permitted;
- Access to information: each user has limited access to the information they need to perform their tasks, both inside and outside the company; the setting of user profiles and rights is structured to limit the risk of deviation from this rule;
- Personnel and security: training and information activities aimed at personnel on IT security issues and the correct use of company equipment are planned and carried out; personnel (including internal and external consultants) are asked to sign appropriate confidentiality clauses;
- IT incidents and anomalies: employees are required to promptly report any problems relating to the security of the Group and its companies to the dedicated teams and to carefully manage company systems (email, Microsoft Teams, Microsoft Sharepoint, etc.) when carrying out work activities;
- Physical security: access to buildings and premises relevant to asset protection is restricted to authorized individuals;
- Cyber security: the identification and design of IT security countermeasures must consider the possibility of internal and external unauthorized access attempts and applicable legislation, as well as any other relevant constraints; users must not exploit any vulnerabilities in the IT security system, but are required to alert the system administrator to any malfunctions;
- Controls: Information systems should be checked periodically, as should operating procedures. IT security controls are implemented through the implementation of and compliance with policies in all organizational, procedural and technological areas in a manner consistent with the defined objectives; through the appropriate assignment of tasks and responsibilities within the Group for the implementation of policies; and through verification of the level of effectiveness of the measures implemented, also using periodic vulnerability assessments carried out by independent external parties.

For the F.I.L.A. Group, cyber security has as its priority the protection of information, personal data, digital storage and the elements through which the data are managed by protecting them from threats, whether organisational or technological, internal or external, accidental or intentional, ensuring their confidentiality, integrity and availability and compliance with applicable current legislation. The measures taken in this regard are:

- Ongoing user training aimed at increasing awareness of the types of threats that exist and the behaviours that are correct/avoided;
- Multi Factor Authentication;
- Minimum Privilege (users should only have access to what is necessary to perform their tasks);
- Constant updating of operating systems and applications (Patching).
- Adoption of an Endpoint Detection & Response system that includes advanced mechanisms for detecting, investigating and responding to potential security incidents in real time. The system is monitored by a Security Operation Centre (SOC);
- Web filtering: monitoring and managing access to potentially harmful websites or sites that are not relevant to work. Web filtering makes it possible to prevent access to content that could pose a threat to network security and limits exposure to malware, ransomware and other forms of cyber attack;
- Penetration testing, which entails simulating an attack with the goal of identifying potential vulnerabilities and better understanding potential weaknesses in the infrastructure. Adoption of corrective measures in response to penetration testing.

As far as the F.I.L.A. Group is concerned, to date there have been no cases of ransomware or infection by malware worms.

The management of cyber security is entrusted to qualified personnel who, thanks to their experience, ability and reliability, provide the guarantee of full compliance with internal and external regulations on the subject. The team includes a Group IT Domain Manager Cybersecurity, two Regional System Administration and several local IT liaisons for outreach efforts. Security Operation Centre (SOC) activities have been outsourced.

The main financial risks, identified and managed by the F.I.L.A. Group are the following:

Market risks

Risk may be broken down into two categories:

Currency risk

The currency used for the F.I.L.A. Group consolidated financial statements is the Euro. However, the F.I.L.A. Group undertakes and will continue to undertake transactions in currencies other than the Euro, particularly as the geographic distribution of the various Group industrial activities differs from the location of the group's markets, with an exposure therefore to exchange rate fluctuation risk. For this reason, the operating results of the F.I.L.A. Group may be impacted by currency fluctuations, both as a result of the translation into Euro on consolidation and changes in the exchange rates on trade payables and receivables in currencies other than the functional currency of the various F.I.L.A. Group companies.

In addition, in limited cases, where financially beneficial or where local market conditions require such, the companies may undertake debt or use funds in currencies other than the functional currency. The change in the exchange rate may result in the realisation or the recording of exchange gains and losses.

The F.I.L.A. Group is exposed to risks deriving from exchange rate fluctuations, which may impact on the profit or loss for the year and on equity.

The main exchange rates to which all F.I.L.A. Group companies are exposed concern the individual local currencies and:

- the Euro as the consolidation currency;
- the US Dollar, as the base currency for international trade.

The Group has decided not to use derivative financial instruments to offset currency risk arising from commercial transactions within a prospective twelve month period (or also subsequently, where considered beneficial according to the business's characteristics).

The F.I.L.A. Group incurs part of its costs and realises part of its revenue in currencies other than the Euro and, in particular, in US Dollars, Mexican Pesos and British Sterling.

The F.I.L.A. Group generally uses natural hedging to protect against this risk through the offsetting of costs and revenue in the same currency, in addition to acquiring funding in the local currency.

The policy adopted by the Group is considered adequate to contain currency risk. However, it must be considered that in the future currently unpredictable fluctuations in the Euro may impact the financial position, financial performance and cash flows of the Group companies, in addition to the comparability between reporting periods.

Also in relation to the commercial activities, the companies of the Group may hold trade receivables or payables in currencies other than the functional currency of the entity. This is appropriately monitored by the F.I.L.A. Group, both in relation to the potential economic impact and in terms of financial and liquidity risk.

A number of F.I.L.A. Group subsidiaries are based in countries not within the Eurozone, in particular the United States, Canada, Australia, Mexico, the United Kingdom, Scandinavia, China, Argentina (hyper-inflation economy), Chile, Brazil, Indonesia, South Africa, Russia and India. As the Group's functional currency is the Euro, the statements of comprehensive income of these companies are converted into Euro at the average exchange rate for the year and, at unchanged revenue and profit margins in the local currency, changes in the exchange rate may result in effects on the value in Euro of revenue, expense and profit or loss for the year recognised in the consolidation phase directly in equity under "Translation Differences" (See Note 12).

In 2023, the nature and the structure of the currency risk exposures and the Group's monitoring policies did not change substantially compared to the previous year.

Liquidity risk

The liquidity risk to which the F.I.L.A. Group is exposed may arise from an incapacity or difficulty to source, at beneficial conditions, the financing necessary to support operations in an appropriate timeframe.

The cash flows, financing requirements and the liquidity of the Group companies are constantly monitored centrally in order to ensure the efficient management of financial resources.

The above-stated risks are monitored according to internal procedures and periodic commercial and financial reporting, which allows management to assess and offset any impacts from these risks through appropriate and timely policies.

The Group continually monitors financial risks in order to offset any impacts and undertake appropriate corrective actions.

It has adopted at the same time the following policies and processes aimed at optimising the management of financial resources, reducing the liquidity risk:

- ▶ maintenance of an adequate level of liquidity;
- ▶ diversification of funding instruments and a continual and active presence on the capital markets;
- ▶ obtaining of adequate credit lines;
- ▶ monitoring of the liquidity position, in relation to business planning.

Financial transactions are carried out with leading highly rated Italian and international institutions.

Management believes that the funds and credit lines currently available, in addition to those that will be generated by operating and financial activities, will permit the Group to satisfy its requirements deriving from investing activities, working capital management and the repayment of debt in accordance with their maturities.

The capacity to generate liquidity through operations enables the Group to reduce liquidity risk to a minimum, which concerns the difficulty in sourcing funding to ensure the on time discharge of financial liabilities.

For the details of the due dates of financial liabilities, reference should be made to “Note 13.A - Financial Liabilities”.

Interest rate risk

The F.I.L.A. Group companies utilise external funding in the form of debt and use the liquidity available in financial assets. Changes in the market interest rates impact on the cost and return of the various forms of loans, with an effect on the net financial expense of the Group.

The Parent F.I.L.A. S.p.A. issues loans almost exclusively to Group companies, drawing on directly on own funds.

Bank debt exposes the F.I.L.A. Group to interest rate risk. In particular, variable rate loans result in cash flow risk.

The F.I.L.A. Group chose to hedge the interest rate on the strategic loans issued to F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Canson SAS (France) through derivative hedges (Interest Rate Swaps) recognised as per IAS 39 concerning hedge accounting.

Credit risk

The credit risk represents the exposure to potential losses following the non-fulfilment of obligations

by counterparties.

The maximum theoretical exposure to the credit risk for the Group at December 31, 2023 is the carrying amount of the trade receivables recognised in the consolidated financial statements, and the nominal amount of the guarantees given on liabilities and commitments to third parties.

The F.I.L.A. Group strives to reduce the risk relating to the insolvency of its customers through rules which ensure that sales are made to customers who are reliable and solvent. These rules, based on available solvency information and considering historical data, linked to exposure limits by individual customer, in addition to insurance coverage for overseas customers (at Group level), ensure a good level of credit control and therefore minimise the related risk.

According to the F.I.L.A. Group policy, customers that request extensions of payment are subject to a credit rate check. In addition, the maturity of trade receivables is monitored on an ongoing basis throughout the year in order to anticipate and promptly intervene on credit positions which present greater risk levels.

The credit risk is therefore offset by the fact that the credit concentration is low, with receivables divided among a large number of counterparties and customers.

The individual positions are impaired, if individually significant, with an allowance which reflects the partial or total non-recovery of the receivable. The amount of the impairment loss takes into account the estimate of the recoverable cash flows and the relative date of collection, charges and future recovery costs, in addition to the fair value of guarantees. Against the receivables which are not individually impaired, an individual and general provision is made, taking into account historical experience and statistical data, applying an expected credit loss approach.

As previously illustrated, the principal F.I.L.A. Group financial instruments include financial assets such as current accounts and on demand deposits, loans and short and long-term bank loans and borrowings. The objective is to finance the operating and non-recurring activities of the F.I.L.A. Group.

In addition, the F.I.L.A. Group has in place trade receivables and payables arising from its “core business”.

Disclosure in accordance with IFRS 7

The table below reports the carrying amounts for each category identified by IFRS 9, as required by IFRS 7. This carrying amount generally coincides with the amortised cost of financial assets and liabilities, with the exception of derivative instruments at fair value. See the notes on each caption for the fair value.

		December 31, 2023	Assets and liabilities measured at FVOCI	Assets and liabilities measured at amortised cost	Total
<i>Euro thousands</i>					
Non-current financial assets					
Non-current financial assets	Note 3	746	-	746	746
Current financial assets					
Current financial assets	Note 3	1,162	-	1,162	1,162
Trade receivables and other assets	Note 9	99,821	-	99,821	99,821
Cash and cash equivalents	Note 10	125,851	-	125,851	125,851
Non current financial liabilities					
Non-current financial liabilities	Note 13	(356,642)	-	(356,642)	(356,642)
Financial instruments	Note 17	(877)	(877)	-	(877)
Current financial liabilities					
Current financial liabilities	Note 13	(72,905)	-	(72,905)	(72,905)
Trade payables and other liabilities	Note 19	(105,656)	-	(105,656)	(105,656)

		December 31, 2022	Assets and liabilities measured at FVOCI	Assets and liabilities measured at amortised cost	Total
<i>Euro thousands</i>					
Non-current financial assets					
Non-current financial assets	Note 3	5,166	3,176	1,990	5,166
Current financial assets					
Current financial assets	Note 3	873	-	873	873
Trade receivables and other assets	Note 9	115,376	-	115,376	115,376
Cash and cash equivalents	Note 10	111,209	-	111,209	111,209
Non current financial liabilities					
Non-current financial liabilities	Note 13	(415,574)	-	(415,574)	(415,574)
Financial instruments	Note 17	-	-	-	-
Current financial liabilities					
Current financial liabilities	Note 13	(134,843)	-	(134,843)	(134,843)
Trade payables and other liabilities	Note 19	(122,375)	-	(122,375)	(122,375)

Financial liabilities at amortised cost refer mainly to the refinancing on July 28, 2022 by the Parent F.I.L.A. S.p.A. and the US subsidiary Dixon Ticonderoga Company of the loan contracted on June 4, 2018. This transaction was entered into by the two companies with a bank syndicate comprising: BNP Paribas and Intesa Sanpaolo as Global Coordinators, Bookrunners, Mandated Lead Arrangers, and Sustainability Coordinators; Banco BPM as Bookrunner and Mandated Lead Arranger; BPER, Credit Agricole, Mediobanca and Unicredit as Mandated Lead Arrangers; Cassa Depositi e Prestiti and JP Morgan as Lead Arrangers; and Banca Nazionale del Lavoro as Agent Bank.

The amounts of each facility and the revolving credit facility at the date of disbursement of the loan are detailed below:

BANK LOANS AND BORROWINGS: DETAIL			
<i>Euro thousands</i>	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
Facility A1	76,563	-	76,563
Facility A2	-	64,214	64,214
Facility B1	106,846	-	106,846
Facility B2	-	29,852	29,852
Facility B3	-	33,400	33,400
RCF	-	22,624	22,624
Total	183,408	150,090	333,498

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

Facility A1 (Euro 76,563 thousand) and Facility A2 (Euro 64,214 thousand) stipulate a residual repayment plan consisting of 7 half-yearly instalments, of which 2 instalments classified as current, as scheduled for June 30, 2024 and for December 31, 2024, Facility B1 (Euro 106,846 thousand) and Facility B2 (Euro 29,852 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 22,624 thousand.

F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A) and Canson SAS (France) undertook derivative hedges against fluctuation in the interest rates of the structured loans contracted. The Interest Rate Swaps, structured with fixed rate payments against variable payments, qualified as hedging derivative and were considered as per the hedge accounting provisions of IAS 39. The fair value at December 31, 2023 of these instruments amounts to Euro 877 thousand, with the negative fair value adjustment recognised as an equity reserve, net of the tax effect.

In accordance with IFRS 7, the effects on the consolidated financial statements in relation to each category of financial instruments of the Group in the years 2023 and 2022 are shown below, which mainly includes the gains and losses deriving from the purchase and sale of financial assets or liabilities, as well as the changes in the value of the financial instruments measured at fair value and the interest expense/income matured on the financial assets/liabilities measured at amortised cost.

Financial gains and losses are recognised in profit or loss:

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Interest income from bank deposits	2,260	424
Total financial income	2,260	424
Interest expense on financial liabilities measured at amortised cost*	(20,496)	(12,780)
Net exchange gains/(losses) on financial transactions	(2,710)	3,736
Total financial expense	(23,206)	(9,044)
Total net financial expense	(20,946)	(8,620)

* Interest on the refinanced structured loan contracted during the year by F.I.L.A. S.p.A. and Dixon Ticonderoga (U.S.A.)

Non-current loans are broken down below; the F.I.L.A. Group financial statement classification is based on the settlement time criterion, as expressed by the contracts underlying each liability.

For greater detail on the breakdown of financial liabilities, reference should be made to “Note 13.A - Financial Liabilities” of the Notes to the Consolidated Financial Statements.

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Non-current financial liabilities	357,519	412,398
Bank loans and borrowings - Principal third parties	292,211	338,923
Bank loans and borrowings - Interest third parties	(2,831)	(1,742)
Banks	289,380	337,181
Other loans and borrowings - Principal third parties	427	13
Other loans and borrowings - Interest third parties	(48)	(1)
Other loans and borrowings	379	12
IFRS 16 - Principal third parties	66,883	78,381
IFRS 16	66,883	78,381
Loans and borrowings - due after one year	356,642	415,574
Financial Instruments - Principal	877	(3,176)
Financial Instruments	877	(3,176)

The account Other loans and borrowings includes the non-current portion of loans issued by other financial backers.

The total balance of the loans due after one year at December 31, 2023 was Euro 356,642 thousand, of which Euro 289,380 thousand concerning bank loans and Euro 379 thousand loans from other lenders. Financial instruments amounted to Euro 877 thousand and concern the fair value of the interest rate swaps (IRSs) subscribed by F.I.L.A. S.p.A., Dixon Ticonderoga (USA) and Canson SAS (France).

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Current financial liabilities	72,905	134,843
Bank loans and borrowings - Principal third parties	61,690	116,663
Bank loans and borrowings - Interest third parties	640	1,086
Banks	62,330	117,749
Other loans and borrowings - Principal third parties	450	3,126
Other loans and borrowings - Interest third parties	-	18
Other loans and borrowings	450	3,144
Current account Overdrafts - Principal third parties	1,044	3,663
Current account Overdrafts - Interest third parties	73	145
Current account overdrafts	1,117	3,808
IFRS 16 - Principal third parties	9,008	10,142
IFRS 16	9,008	10,142
Loans and borrowings - due within one year	72,905	134,843

The total balance of the loans due within one year at December 31, 2023 was Euro 72,905 thousand, of which Euro 62,330 thousand concerning bank loans and borrowings, Euro 450 thousand concerning other lenders and Euro 1,117 thousand concerning current account overdrafts.

Trade receivables and other assets at December 31, 2023 were as follows:

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Trade receivables	88,527	98,930	(10,403)
Trade receivables with associates	292	-	292
Tax assets	2,436	4,159	(1,723)
Other assets	3,168	7,646	(4,478)
Prepayments and accrued income	5,398	4,641	757
Total	99,821	115,376	(15,555)

Trade payables and other liabilities at December 31, 2023 were as follows:

<i>Euro thousands</i>	December 31, 2023	December 31, 2021	Change
Trade payables	69,009	90,395	(21,386)
Trade payables with associates	1,439	-	1,439
Tax liabilities	9,059	7,535	1,524
Other liabilities	22,685	23,724	(1,039)
Accrued expenses & def.income	3,464	721	2,743
Total	105,656	122,375	(16,719)

In relation to "Trade Receivables and Other Assets" and "Trade Payables and Other Liabilities", reference should be made to "Note 9 - Trade Receivables and Other Assets" and "Note 19 - Trade Payables and Other Liabilities".

In relation to the financial instruments recognised in the Statement of Financial Position at fair value, IFRS 7 requires that these fair values are classified based on the hierarchy levels which reflects the significance of the input used in the determination of fair value.

See the specific notes to the consolidated financial statements for the classification of financial instruments according to the levels of the fair value hierarchy.

Sensitivity Analysis

In accordance with I.F.R.S. 7 and further to that outlined in the "Directors' Report – Financial Risks", the following is reported:

Currency risk

Net exposure for translation risk only for the main currencies:

<i>Euro thousands</i>	December 31, 2023			December 31, 2022		
	USD	MXN	CNY	USD	MXN	CNY
Trade receivables	21,507	478,090	2,312	24,106	482,177	6,098
Financial assets	-	7,353	661	-	6,978	615
Financial liabilities	(164,526)	(300,994)	-	(221,809)	(625,763)	-
Trade payables	(27,604)	(181,702)	(10,989)	(29,130)	(186,670)	(10,371)
Total	(170,624)	2,747	(8,016)	(226,834)	(323,277)	(3,657)

Closing exchange rates applied:

Closing exchange rate

<i>Currency</i>	December 31, 2023	December 31, 2022
USD /€	1.1050	1.0666
MXN /€	18.7231	20.8560
CNY /€	7.8509	7.3582

Effect of a 10% increase against the Euro exchange rate:

Changes in equity

<i>Currency</i>	December 31, 2023	December 31, 2022
USD /€	(14,037)	(18,649)
MXN /€	13	(199)
CNY /€	(93)	154
Total	(14,117)	(20,788)

The impact on the statement of financial position, following an increase of 10% in the exchange rate of the main foreign currencies against the Euro, would be negative Euro 14,117 thousand (Euro 20,788 thousand at December 31, 2022).

Interest rate risk

The current F.I.L.A. Group policy is to maintain variable interest rates, monitoring the interest rate curve.

Financial liabilities at variable rates are reported below:

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Financial liabilities	430,424	547,241
Financial liabilities at variable rate	430,424	547,241

The financial instruments at variable rates typically include liquidity, loans granted to a number of Group companies and part of the financial liabilities.

A change of 100 “basis points” in the interest rates applicable to financial liabilities at variable rates in

place at December 31, 2023 would result in the following financial statements impacts on an annualised basis:

<i>Euro thousands</i>	Equity	
	+ 100 bps	- 100 bps
December 31, 2023		
Financial liabilities at variable rate	4,304	(4,304)
December 31, 2022		
Financial liabilities at variable rate	5,472	(5,472)

The same variables were maintained to establish the financial statements impact at December 31, 2023.

The principal of financial assets and liabilities of the F.I.L.A. Group is broken down by contractual maturity for 2023 and 2022, in line with “Note 13.A – Financial Liabilities”:

December 31, 2023 <i>Euro thousands</i>	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
Financial assets						
Cash and cash equivalents	125,851	-	-	-	-	125,851
Loans and financial assets	1,162	-	-	-	-	1,162
Financial liabilities						
Bank loans and borrowings ⁽¹⁾	63,447	24,585	36,022	159,906	68,867	352,827
Other loans and borrowings	450	379	-	-	-	829
Expected cash flows	63,116	(24,964)	(36,022)	(159,906)	(68,867)	(226,643)

(1) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 349,996 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 2,831 thousand. The carrying amount in the table is therefore Euro 352,827 thousand.

December 31, 2022 <i>Euro thousands</i>	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
Financial assets						
Cash and cash equivalents	111,209	-	-	-	-	111,209
Loans and financial assets	873	-	-	-	-	873
Financial liabilities						
Bank loans and borrowings ⁽¹⁾	121,557	23,506	27,721	45,780	240,172	458,736
Other loans and borrowings	3,144	12	-	-	-	3,156
Expected cash flows	(12,619)	(23,518)	(27,721)	(45,780)	(240,172)	(349,811)

(1) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 456,995 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 1,742 thousand. The carrying amount in the table is therefore Euro 458,737 thousand.

Credit Risk

Credit risk may be defined as the possibility of incurring a financial loss due to the breach of a contractual obligation by a counterparty.

At December 31, 2023, “Trade receivables and other assets” totalling Euro 99,821 thousand (Euro 115,376 thousand at December 31, 2022) is reported net of the related loss allowance of Euro 8,060 thousand (Euro 8,747 thousand at December 31, 2022).

The aging of trade receivables at December 31, 2023 (Euro 88,527 thousand), net of the loss allowance, compared with December 31, 2022 is reported below:

NET TRADE RECEIVABLES - AGEING			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Not yet due	70,559	74,194	(3,635)
Overdue from 0-60 days	9,391	11,296	(1,905)
Overdue from 60-120 days	3,044	3,810	(766)
Overdue more than 120 days	5,534	9,630	(4,096)
Total	88,527	98,930	(10,403)

The loss allowance was Euro 8,060 thousand at December 31, 2023 (Euro 8,747 thousand at December 31, 2022), amounting to 8.3% of total receivables (8.1% at December 31, 2022).

Trade receivables classified by type of creditor are also presented below:

TRADE RECEIVABLES - DISTRIBUTION CHANNEL			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Wholesalers	31,810	33,117	(1,306)
School/Office Suppliers	12,192	14,639	(2,447)
Supermarkets	11,725	13,860	(2,135)
Retailers	24,609	28,116	(3,507)
Distributors	1,822	1,761	61
Promotional & B2B	4,982	6,122	(1,140)
Other	1,386	1,314	72
Total	88,527	98,930	(10,403)

In conclusion, the breakdown of trade receivables by geographical segment is presented below:

TRADE RECEIVABLES: BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Europe	30,549	38,249	(7,700)
North America	19,763	23,043	(3,280)
Central/South America	33,064	29,802	3,262
Asia	2,110	5,786	(3,676)
Rest of the world	3,042	2,050	992
Total	88,527	98,930	(10,403)

Environment and Safety

“Environment and Safety” issues are managed at local level by the F.I.L.A. Group companies under the applicable regulations and in accordance with the “Group policy”.

Within the F.I.L.A. Group a manager-in-charge of “Environment and Safety” is appointed by each local entity, reporting to the respective CEO, who in turn report to the Parent F.I.L.A. S.p.A..

“Environment and Safety” for F.I.L.A. S.p.A. has been managed with the support of a specialised consultancy firm for a number of years. The actions implemented by the Parent F.I.L.A. S.p.A. are in line with the environmental and workplace safety regulation (Legislative Decree Nos. 626 and 81 of April 9, 2008). Waste is appropriately disposed of and its movement is properly recorded in approved registers.

The Parent F.I.L.A. S.p.A. operates an **Occupational health and safety management system** that is certified according to the ISO 45001 (ex OHSAS 18001) Occupational Health and Safety Assessment Series. During the process of managing and improving its own Occupational Health and Safety Management System, and based on the ISO 45001:2018 standards, the Parent identified and defined, under the scope of its Occupational Health and Safety Management System, the following processes which it monitors regularly:

- definition of health and safety policies;
- risk factors and legislative compliance;
- assessment and significance of the risk factors;
- definitions of targets and objectives;
- review of the governance and the Occupational Safety Programme.

In addition to the parent, also the following companies had an occupational health and safety system in place certified to ISO 45001: Canson France (Grand Mourier, Moulin du Roy and St.Germain),

Lyra Germany and Canson Art & Craft Yixing Co., Ltd., Dixon Kunshan, Canson Brasile and Fila Argentina.

During the year no significant problems emerged in relation to the environment and safety area.

The Parent, in accordance with Article 5, paragraph 3, letter b of Legislative Decree 254/2016 has drawn up the consolidated non-financial statement (“NFS”) within its Sustainability Report. The 2023 consolidated non-financial statement, drawn up as per the “GRI Standards” and subject to limited assurance procedures by KPMG S.p.A. is available on the Group website.

F.I.L.A. S.p.A. and the F.I.L.A. Group contributes to education upon environmental protection matters, managing operations in an eco-compatible manner, in compliance with applicable national and EU regulations, both at company facilities and offices and at any other location in which business operations are carried out. The Group is committed to minimising both the direct and indirect environmental impacts of its production activities in order to preserve the natural environment for the benefit of future generations.

For these purposes, operational management refers to, in relation to environmental prevention and protection, the most appropriate environmental protection, waste disposal, water usage and energy efficiency criteria.

Production activities at the sites are bound by environmental protection as well as occupational health and safety legislation in force in each country.

In defending the natural environment through its business practices, the F.I.L.A. Group is not merely complying with the law, but is also applying one of its core values, since its Code of Ethics expressly requires protection of the environment for the Group.

Management of each Group company carries out the necessary coordination and control for the implementation of legal provisions, both national and international, with regards to the environment, construction, urban planning, pollution and waste disposal etc. by all Group collaborators.

F.I.L.A. S.p.A., as the Parent, in 2021 updated and integrated its set of Group policies on sustainability (available on the Group website). In terms of combating climate change, the Environmental Policy has been updated and the Energy Saving Policy and Sustainable Sourcing Policy have been issued. The F.I.L.A. Group carefully monitors the environmental aspects arising from its activities, despite the fact that the Group's business model has no significant impact on the environment.

All Policies are based on the fundamental principle that the Group's activities must be carried out in compliance with the provisions of the Code of Ethics, with particular reference to environmental protection and compliance with applicable regulations.

The Environmental Policy enshrines the Group's commitment to climate change, its continuous

attention to reducing the environmental impact of its activities, with increasing focus also on the supply chain, and of its products.

The F.I.L.A. Group launched a programme to obtain environmental certifications for its facilities. To date, F.I.L.A. S.p.A., Canson France (Grand Morier, Moulin du Roy, and St. Germain), Lyra Germany, Canson Art & Craft Yixing Co, Ltd, Dixon Kunshan, Canson Brasile and Fila Argentina have obtained certifications for their Environmental Management Systems according to ISO 14001: 2015.

With the Energy Saving Policy, the Group is committed to strengthening responsible energy management at all locations.

The Sustainable Sourcing Policy makes it clear that the Group expects suppliers and business partners to adhere to specific principles relating to sustainable sourcing in terms of working conditions, health and safety, respect for the environment, and in dealings with the Public Administration and Institutions, consistent with those adopted by the Group.

The consumption of renewable and non-renewable raw materials as manufacturing inputs is an important factor in terms of the impact of the use of resources: consumption of some materials by the F.I.L.A. Group may have substantial environmental impact. Among them are for example wood for pencils and crayons, plastic for felt-tip pens, flour for modelling clay and cellulose fibres.

Over the years, the F.I.L.A. Group has focused its attention on recycling some of the raw materials used in its production processes where technically feasible. The production of timber slats from which pencils are made requires re-using primary manufacturing rejects, such as, for example, joining below-standard size slats, or “finger joints”, or low-width timber slats for the production of canvas frames. Plastics are purchased to produce writing and drawing materials in addition to packaging materials. Focus on the recycling of plastic materials is ongoing in several recovery processes across several production phases.

The Group recognised that the main risks associated with its operations were the consumption of energy resources, the uncontrolled use of natural raw materials (e.g. fuels) and an excessive consumption of energy from non-renewable sources. To mitigate such risks, action was taken to determine and monitor the levels of this consumption, also by comparing them to comparable scenarios across the various companies within the Group.

The Group companies have pursued projects aimed at improving their energy efficiency, for example, by reducing lighting electricity consumption, combustion inefficiencies and compressed air losses.

Although there are no significant gas emissions arising from the production processes and there are no

internal systems in order to self-generate electricity, in such a global and current context, the Group believes it is important to monitor greenhouse gas emissions and any other emissions, also within climate change containment, to determine positive choices to curb its own carbon footprint. In its activities, the Group has identified as the main risk the use of a fuel mix having a high impact on greenhouse gases and management inefficiencies in the periodic monitoring of purchases and consumption.

The Group identified the excessive use of water in the production process as one of the main risks of water consumption in our operations. To mitigate this risk, actions were taken to improve our estimates of water consumption, monitoring its consumption over time as well as bench-marking comparable scenarios across the different companies within the Group.

In 2023, in line with the 2021-2025 Sustainability Plan, the Group approved a multi-year investment plan that will reduce CO₂ emissions by 6,000 tonnes per year once fully executed, and a major investment was made at the end of the year aimed at reducing water use at the Canson paper mill in France.

The other environmental issues for the Group are waste management, investments in environmental protection and compliance with environmental regulations.

The waste produced by the Group is mainly solid and marginally liquid. Regardless of its type, the waste itself is both non-hazardous and hazardous, and must therefore be managed and treated according to specific regulations.

In terms of categories of solid waste produced (hazardous/special and non-hazardous wastes) and in terms of geographic regions, these are homogeneous across the various entities worldwide, with the prevalence of non-hazardous wastes. The Group pursues a number of projects in the area of waste monitoring and reduction, including waste process evaluation.

The protection of the environment as well as compliance with environmental standards require a dedicated management approach and ad hoc investments, sometimes of a significant nature. Specifically, the capex investments in the production plants have not only the objective of improving their economic efficiency but also that of "Environmental Policy", understood as the protection of the environment and energy saving.

For the F.I.L.A. Group, compliance with applicable standards, including environmental standards, is paramount. The Group believes that the internal control system to ensure environmental compliance must be capable of mitigating any risks of non-compliance as well as the lack of and/or incomplete knowledge of the applicable environmental standards and rules across every site where the Group operates.

In order to establish an increasingly well-structured and pervasive system for responsible governance, commercial relationships centred on transparency and good business ethics can contribute to growth in business process efficiency and competitiveness, in addition to complying with sustainability requirements. The Group therefore wishes to establish and maintain relationships with its suppliers and business partners centred on transparency, correctness and good business ethics. In 2019 the Parent's management therefore launched an initiative to engage its main suppliers in confirming their commitment to principles such as fairness, respect for the environment, product quality and the protection of human rights. The "Code of Conduct for Suppliers and Business Partners" (hereafter "Supplier Code of Conduct") sets out the general principles for management of the supply chain that the Group expects to be respected at every level, and contains in-depth information on working conditions, health and safety, the environment, relations with the Public Administration and sets out the principles of business, in terms of compliance with the law, prohibition of corruption, transparency of financial information, intellectual property, conflict of interest and management and conduct of operations. The sharing policy, which requires suppliers and business partners to formally accept the Code of Conduct, is applicable to all Group subsidiaries.

For further details reference should be made to the 2023 Sustainability Report.

Personnel

The F.I.L.A. Group at the end of 2023 had 11,794 employees (11,351 at December 31, 2022), of which over 99% on full-time contracts. The workforce is 50% female and women account for over 66% of part-time contracts.

The increase of 443 was mainly in Asia and, particularly at the Indian company DOMS Industries Limited which launched major plant expansion projects during the year which expanded its workforce.

It should be noted that the workforce numbers shown include the employees of DOMS Industries Limited at December 31, 2023, given that control of the company ceased at the end of the year. As such, the company contributed to the financial performance of the Group for the full year under review.

The workforce of the associate DOMS Industries Limited at December 31, 2023, may be broken down as follows:

	Managers	White-collars	Blue-collars	Total
December 31, 2023	13	1,314	7,096	8,423

Two tables breaking down the F.I.L.A. Group workforce at December 31, 2023 and December 31, 2022 respectively by region and category are presented below:

	Europe	North America	Central - South America	Asia	Rest of the World	Total
December 31, 2022	1,150	552	1,770	7,854	25	11,351
December 31, 2023	1,077	526	1,391	8,778	22	11,794
Change	(73)	(26)	(379)	924	(3)	443

Globally, the majority of F.I.L.A. Group personnel are located in Asia (with over 74.4% of Group personnel at the end of 2023), followed by Central and South America (11.8%), Europe (9.1%), North America and the Rest of the World. The majority of the workforce in fact is based in the countries in which the main production facilities are located (India, China and Mexico).

PERSONNEL - FULL TIME EQUIVALENT				
	Managers	White-collars	Blue-collars	Total
December 31, 2022	142	1,959	9,250	11,351
Increase	10	725	5,605	6,340
Decrease	20	433	5,444	5,897
Career advancement	2	-	(2)	-
Reclassifications	25	(21)	(4)	-
December 31, 2023	159	2,230	9,405	11,794
Change	17	271	155	443

The increase in “Reclassifications” is attributable to three categories of personnel following the creation of the non-financial reporting manual adopted by the Group.

The 2023 average workforce of the F.I.L.A. Group was 11,573, increasing 985 on December 31, 2023.

	Europe	North America	Central/South America	Asia	Rest of the World	Total
Managers	99	44	20	31	4	198
White-collars	427	143	336	1,089	13	2,006
Blue-collars	609	381	1,236	6,150	9	8,384
Total at December 31, 2022	1,135	568	1,593	7,270	26	10,588
Managers	78	21	19	30	4	151
White-collars	432	153	209	1,289	13	2,095
Blue-collars	604	366	1,354	6,997	7	9,328
Total at December 31, 2023	1,114	539	1,582	8,316	24	11,573
Change	(22)	(29)	(12)	1,046	(2)	985

The bonuses received by F.I.L.A. Group Managers in the year were as follows:

BENEFITS AND OTHER INCENTIVES FOR MANAGERS			
<i>Euro thousands</i>	December 2023	December 2022	Nature
Bonus	3,721	2,375	Performance bonus
Total	3,721	2,375	

In 2023, as in previous years, F.I.L.A. Group personnel undertook training and upskilling courses, particularly in the administrative areas in order to maintain appropriate professional standards, in line with the “Group policy”.

Corporate Governance

For further information on corporate governance, reference should be made to the Corporate Governance and Ownership Structure Report, prepared in accordance with Article 123-*bis* of the Consolidated Finance Act (TUF), approved by the Board of Directors of the Parent, together with the Directors' Report made available by the Parent at the registered office of the Parent, as well as on the Group website (www.filagroup.it - “Governance” section).

The disclosure pursuant to paragraphs 1 and 2 of Article 123-*bis* of Legislative Decree No. 58/1998 is contained in the “Corporate Governance and Ownership Structure Report” and the “Remuneration Report”, prepared in accordance with Article 123-*ter* of Legislative Decree No. 58/1998. Both reports, approved by the Board of Directors, are published in accordance with law on the Group website www.filagroup.it

Disclosures pursuant to Articles 70 and 71 of the Consob regulation 11971/1999.

With effect from October 21, 2013, the Board of Directors of Space S.p.A. (now F.I.L.A. S.p.A.), in relation to the provisions of Articles 70, paragraph 8 and 71 and paragraph 1-*bis* of Consob Regulation No. 11971/1999 and subsequent amendments, opted for the exemption from publication of disclosure documents established under the above-mentioned Consob regulation in the case of significant mergers, spin-offs, share capital increases through the transfer of assets in kind, acquisitions and sales.

The following table outlines the total fees recognised to members of the Board of Directors and the Board of Statutory Auditors for offices held at F.I.L.A. S.p.A., in addition to remuneration of any kind, in the case of “performance bonuses and one-off remuneration” received in 2023:

<i>Euro thousands</i>	Fees for office held	Fees for committees participation	Other remuneration (Bonus)
Directors	2,070	59	445
Statutory auditors	104	-	-
Total amount	2,174	59	445

For further information, reference should be made to the Remuneration Report published on the Group's website www.filagroup.it.

The Shareholders of F.I.L.A. S.p.A. approved on February 20, 2015 the appointment of KPMG S.p.A. for the years 2015-2023 for the audit duties as per Article 2409-ter of the Italian Civil Code and the audit of the separate financial statements of F.I.L.A. S.p.A. and the consolidated financial statements of the F.I.L.A. Group.

Reconciliation between Parent and Consolidated Equity

<i>Euro thousands</i>	Equity December 31, 2022	Changes in equity	Profit for 2023	Equity December 31, 2023
F.I.L.A. S.p.A. financial statements	296,503	(9,657)	51,824	338,670
Consolidation effect of the financial statements of subsidiaries	120,739	(429)	118,824	239,135
Translation reserve	(17,874)	9,939		(7,935)
F.I.L.A. group consolidated financial statements	399,369	(146)	170,648	569,870
Equity attributable to non-controlling interests	28,284	(32,190)	7,988	4,082
Consolidated financial statements	427,653	(32,337)	178,637	573,953

Dear F.I.L.A. S.p.A. Shareholders,

We submit for your approval the separate financial statements as at and for the year ended December 31, 2023, comprising the statement of financial position, the statement of comprehensive income, the statement of change in equity, the statement of cash flows and the notes thereto, with the relative attachments, and we propose:

1. to allocate the net profit for the year of Euro 51,824,079.24 as follows:
 - (a) to the distribution of a dividend to shareholders in the amount of Euro 0.12 for each of the 51,058,297 F.I.L.A. S.p.A. shares (ordinary and special) that will be issued and in circulation at the ex-dividend date indicated in point 2 of this motion (net of treasury shares that will be in the portfolio at the record date indicated in point 2 of this motion), for a total maximum amount of Euro 6,126,995.64;
 - (b) the residual amount to retained earnings, for a total minimum amount of Euro 45,697,083.60, which may be increased in relation to the dividend not distributed in respect of treasury shares held in portfolio at the record date indicated in point 2 of this motion;

2. to pay, gross of any withholding taxes, a dividend in the amount of Euro 0.12 for each of the F.I.L.A. S.p.A. shares (ordinary and special) issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), with ex-dividend date, record date and payment date on May 20, 21 and 22, 2024, respectively.

The Board of Directors
THE CHAIRPERSON
GIOVANNI GORNO TEMPINI
(Signed on the original)



**CONSOLIDATED FINANCIAL STATEMENTS OF THE F.I.L.A.
GROUP AND SEPARATE FINANCIAL STATEMENTS OF F.I.L.A.
S.p.A. AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023**

III - Consolidated Financial Statements as at and for the year ended December 31, 2023

Consolidated Financial Statements

Statement of Financial Position

		December 31, 2023	December 31, 2022
<i>Euro thousands</i>			
Assets		1,191,009	1,193,601
Non-current assets		687,245	646,020
Intangible assets	Note 1	378,031	446,497
Property, plant and equipment	Note 2	123,325	166,185
Biological assets	Note 11	1,241	1,817
Non-current financial assets	Note 3	746	5,166
Equity-accounted investments	Note 4	160,377	2,144
Other equity investments	Note 5	26	26
Deferred tax assets	Note 6	23,454	24,185
Other assets	Note 9	45	-
Current assets		503,764	547,581
Current financial assets	Note 3	1,162	873
Current tax assets	Note 7	12,556	13,048
Inventories	Note 8	264,375	307,076
Trade receivables and other assets	Note 9	99,821	115,376
Cash and cash equivalents	Note 10	125,851	111,209
Liabilities and equity		1,191,009	1,193,601
Equity	Note 12	573,953	427,653
Share capital		46,986	46,986
Negative reserve for treasury shares in portfolio		(2,966)	(1,794)
Reserves		130,426	123,343
Retained earnings		224,775	205,562
Profit for the year		170,648	25,271
Equity attributable to the owners of the parent		569,870	399,369
Equity attributable to non-controlling interests		4,082	28,284
Non-current liabilities		429,490	497,312
Non-current financial liabilities	Note 13	356,642	415,574
Financial instruments	Note 17	877	-
Employee benefits	Note 14	10,078	9,844
Provisions for risks and charges	Note 15	895	896
Deferred tax liabilities	Note 16	60,803	70,846
Other liabilities	Note 19	195	153
Current liabilities		187,566	268,636
Current financial liabilities	Note 13	72,905	134,843
Current provisions for risks and charges	Note 15	926	1,203
Current tax liabilities	Note 18	8,080	10,215
Trade payables and other liabilities	Note 19	105,656	122,375

The notes from pages 106 to 173 are an integral part of these consolidated financial statements

Statement of Comprehensive Income

		2023	2022
<i>Euro thousands</i>			
Revenue	Note 20	779,183	764,580
Income	Note 21	8,732	10,053
Total revenue and other Income		787,914	774,633
Raw materials, consumables, supplies and goods	Note 22	(348,661)	(402,407)
Services and use of third party assets	Note 23	(128,449)	(119,823)
Other costs	Note 24	(11,288)	(7,726)
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(20,024)	26,871
Personnel expense	Note 25	(157,139)	(152,317)
Amortisation and depreciation	Note 26	(41,919)	(42,249)
Net impairment losses on trade receivables and other assets	Note 27	(617)	(4,145)
Net other impairment losses	Note 28	(1,358)	(94)
Total operating costs		(709,457)	(701,889)
Operating profit		78,458	72,744
Financial income	Note 29	7,522	14,573
Financial expense	Note 30	(45,195)	(49,472)
Gain on loss of control of subsidiary	Note 34	167,594	-
Share of profit of equity-accounted investments	Note 32	941	777
Net financial expense		130,863	(34,122)
Pre-tax profit		209,321	38,622
Income taxes		(31,993)	(15,056)
Deferred taxes		1,309	6,710
Total taxes	Note 33	(30,684)	(8,347)
Profit for the year		178,637	30,276
<i>Attributable to:</i>			
Non-controlling interests		7,988	5,004
Owners of the parent		170,648	25,271
Other comprehensive income which may be reclassified subsequently to Profit or Loss		140	15,836
Net exchange gains		3,971	2,325
Hedging reserve		(4,029)	13,511
Taxes		198	-
Other comprehensive expense which may not be reclassified subsequently to Profit or Loss		(744)	(977)
Net actuarial gains (losses)		(905)	(1,333)
Taxes		160	356
Other comprehensive income/(expense), net of tax effect		(604)	14,859
Comprehensive income		178,033	45,135
<i>Attributable to:</i>			
Non-controlling interests		12,604	3,719
Owners of the parent		165,428	41,415
Earnings per share:			
	<i>basic</i>	3,36	0,50
	<i>diluted</i>	3,29	0,49

The notes from pages 106 to 173 are an integral part of these 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	30,275
Other comprehensive income					(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>														
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 year									170,648	170,648		7,988	7,988	178,637
Other comprehensive income					(694)	(3,831)	(695)			(5,220)	4,616		4,616	(604)
Other changes		(1,172)				1,669	10,634	47		11,178	(34,915)		(34,915)	(23,737)
Profit for the year and gains (losses) recognised directly in equity	-	(1,172)	-	-	(694)	(2,162)	9,939	47	170,648	176,606	(30,300)	7,988	(22,311)	154,295
Allocation of the 2022 profit								25,271	(25,271)		5,004	(5,004)		-
Dividends								(6,105)		(6,105)	(1,890)		(1,890)	(7,995)
December 31, 2023	46,986	(2,966)	9,396	154,614	(1,670)	(23,980)	(7,935)	224,775	170,648	569,870	(3,906)	7,988	4,082	573,953

Note:

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

The notes from pages 106 to 173 are an integral part of these consolidated financial statements.

Statement of cash flows

<i>Euro thousands</i>		December 31, 2023	December 31, 2022
Profit for the year		178,637	30,276
Non-monetary and other adjustments:		(46,739)	91,426
Amortisation and depreciation of intangible assets and property, plant and equipment	Note 26	30,271	30,368
Amortisation and depreciation of right-of-use assets	Note 26	11,648	11,880
Net impairment losses on intangible assets and property, plant and equipment	Note 28 - 29	1,358	94
Impairment gains/losses on trade receivables and write-downs of inventories	Note 8 - 27	4,361	5,283
Accruals for post-employment and other employee benefits	Note 25	2,154	1,081
Net exchange losses on foreign currency trade receivables and payables	Note 31	3,774	337
Net gains on the sale of intangible assets and property, plant and equipment	Note 21	(125)	(86)
Net financial expense	Note 29 - 30	37,673	34,899
Net gains on equity investments	Note 32 - 34	(168,536)	(777)
Taxes	Note 33	30,684	8,347
Additions for:		(25,910)	(14,246)
Income taxes paid		(19,427)	(17,645)
Net unrealised exchange losses on foreign currency assets and liabilities	Note 31	(4,130)	(2,982)
Net realised exchange gains/losses on foreign currency assets and liabilities	Note 31	(2,352)	6,381
Cash flows from operating activities before changes in net working capital		105,988	107,456
Changes in net working capital:		27,197	(19,051)
Change in inventories		16,280	(28,009)
Change in trade receivables and other assets		8,803	6,705
Change in trade payables and other liabilities		3,801	4,619
Change in other assets and liabilities		(236)	(584)
Change in post-employment and other employee benefits	Note 14	(1,452)	(1,783)
Net cash flows from operating activities		133,184	88,404
Net increase/decrease in intangible assets		(2,091)	(3,137)
Net increase/decrease in property, plant and equipment		(28,174)	(13,610)
Net increase/decrease in right-of-use assets		(6,018)	(7,882)
Net increase/decrease in equity investments measured at cost		-	(927)
Net increase/decrease in equity investments measured at equity		55,749	-
Net increase/decrease in other financial assets		(1,335)	4,723
Interest collected		2,408	390
Net cash flows used in investing activities		20,539	(20,443)
Change in equity		(9,167)	(15,169)
Financial expense		(29,754)	(25,172)
Interests paid on right-of-use assets		(5,575)	(5,967)
Net increase/decrease in loans and borrowings and lease liabilities		(91,142)	(42,395)
Net increase/decrease in right-of-use lease liabilities		(13,070)	(1,699)
Net cash flows used in financing activities		(148,709)	(90,401)
Net exchange gains/losses		3,971	2,325
Other non-monetary changes		8,275	(9,021)
Net cash flows for the year		17,261	(29,136)
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)		-	(543)
Closing cash and cash equivalents net of current account overdrafts		124,807	107,546

- 1) Cash and cash equivalents at December 31, 2023 totalled Euro 125,851 thousand; current account overdrafts amounted to Euro 1,044 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".
- 4) "Total investments/divestments of equity investments measured at equity" includes the cash flow resulting from the loss of control of the subsidiary, net of cash and cash equivalents transferred.

<i>Euro thousands</i>	December 31, 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	124,807	107,546
Cash and cash equivalents	125,851	111,209
Current account overdrafts	(1,044)	(3,663)

The notes from pages 106 to 173 are an integral part of these 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>		December 31, 2023	<i>of which:</i> Related Parties	December 31, 2022	<i>of which:</i> Related Parties
Assets		1,191,009		1,193,601	-
Non-current assets		687,245		646,020	-
Intangible assets	Note 1	378,031		446,497	
Property, plant and equipment	Note 2	123,325		166,185	
Biological assets	Note 11	1,241		1,817	
Non-current financial assets	Note 3	746		5,166	
Equity-accounted investees	Note 4	160,377		2,144	
Other equity investments	Note 5	26		26	
Deferred tax assets	Note 6	23,454		24,185	
Other assets	Note 9	45		-	
Current assets		503,764		547,581	-
Current financial assets	Note 3	1,162		873	
Current tax assets	Note 7	12,556		13,048	
Inventories	Note 8	264,375		307,076	
Trade receivables and other assets	Note 9	99,821		115,376	
Cash and cash equivalents	Note 10	125,851		111,209	
Liabilities and equity		1,191,009	286	1,193,601	454
Equity	Note 12	573,953		427,653	-
Share capital		46,986		46,986	
Negative reserve for treasury shares in portfolio		(2,966)		(1,794)	
Reserves		130,426		123,343	
Retained earnings		224,775		205,562	
Profit for the year		170,648		25,271	
Equity attributable to the owners of the parent		569,870		399,369	
Equity attributable to non-controlling interests		4,082		28,284	
Non-current liabilities		429,490		497,312	-
Non-current financial liabilities	Note 13	356,642		415,574	
Financial instruments	Note 17	877		-	
Employee benefits	Note 14	10,078		9,844	
Provisions for risks and charges	Note 15	895		896	
Deferred tax liabilities	Note 16	60,803		70,846	
Other liabilities	Note 19	195		153	
Current liabilities		187,566	286	268,636	454
Current financial liabilities	Note 13	72,905		134,843	
Current provisions for risks and charges	Note 15	926		1,203	
Current tax liabilities	Note 18	8,080		10,215	
Trade payables and other liabilities	Note 19	105,656	286	122,375	454

The notes from pages 106 to 173 are an integral part of these consolidated financial statements

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

		2023	of which: Related Parties	of which: Non- recurring expenses	2022	of which: Related Parties	of which: Non- recurring expenses
<i>unds</i>							
Revenue	Note 20	779,183	14		764,580		
Income	Note 21	8,732			10,053		1,087
Total revenue and other income		787,914	14		774,633		1,087
Raw materials, consumables, supplies and goods	Note 22	(348,661)	(802)	(1,864)	(402,407)	(1,306)	(2,064)
Services and use of third party assets	Note 23	(128,449)	(434)	(9,516)	(119,823)	(220)	(5,578)
Other costs	Note 24	(11,288)		(1,217)	(7,726)		174
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(20,024)			26,871		
Personnel expense	Note 25	(157,139)		(2,007)	(152,317)		(386)
Amortisation and depreciation	Note 26	(41,919)			(42,249)		
Net impairment losses on trade receivables and other assets	Note 27	(617)		(585)	(4,145)		(3,099)
Net other impairment losses	Note 28	(1,358)			(94)		
Total operating costs		(709,457)	(1,236)	(15,190)	(701,889)	(1,526)	(10,953)
Operating profit		78,458	(1,222)	(15,190)	72,744	(1,526)	(9,866)
Financial income	Note 29	7,522			14,573		1,111
Financial expense	Note 30	(45,195)			(49,472)		(4,601)
Gain on loss of control of subsidiary	Note 34	167,594		167,594	-		
Share of profits of equity-accounted investees	Note 32	941			777		
Net financial expense		130,863		167,594	(34,122)	-	(3,489)
Pre-tax profit		209,321	(1,222)	152,405	38,622	(1,526)	(13,355)
Income taxes		(31,993)		(10,078)	(15,056)		2,418
Deferred taxes		1,309		(2,417)	6,710		
Total taxes	Note 32	(30,684)		(12,495)	(8,347)		2,418
Profit for the year		178,637	(1,222)	139,910	30,276		(10,938)
<i>to:</i>							
Non-controlling interests		7,988		(4)	5,004		(39)
Owners of the parent		170,648		139,914	25,271		(10,899)
Other comprehensive income which may be reclassified subsequently to profit or loss		140			15,836		
Net exchange gains		3,971			2,325		
Hedging reserve		(4,029)			13,511		
Taxes		198					
Other comprehensive expense which may not be reclassified subsequently to profit or loss		(744)			(977)		
Net actuarial gains (losses)		(905)			(1,333)		
Taxes		160			356		
Other comprehensive income/(expense), net of tax effect		(604)			14,859		
Comprehensive income		178,033			45,135		
<i>to:</i>							
Non-controlling interests		12,604		(4)	3,719		(39)
Owners of the parent		165,428		139,914	41,415		(10,899)
<i>per share:</i>							
	<i>basic</i>	3.36			0.50		
	<i>diluted</i>	3.29			0.49		

The notes from pages 106 to 173 are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements of the F.I.L.A. Group

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 Parent 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 consolidated financial statements of the F.I.L.A. Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted 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 consolidated financial statements of the Group, in order to comply with the IFRS.

These 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 consolidated 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 larger group of companies comprising the F.I.L.A. Group. These consolidated financial statements are available at the Milan Companies Registration Office.

The publication of the F.I.L.A. Group's consolidated financial statements as at and for the year ended December 31, 2023, carried out in accordance with European Commission Delegated Regulation No. 2019/815, as amended, is authorised by resolution of the Board of Directors of March 19, 2024, following the relative approval.

The Chairperson of the Board, the Chief Executive Officer and the Executive Director have broad powers to make any formal, non-substantive additions or amendments to the consolidated financial statements, the separate financial statements, the directors' report and other documents related to the draft financial statements, to be submitted to the shareholders' meeting of F.I.L.A. S.p.A. on April 23, 2024.

European Single Electronic Format (ESEF)

Directive 2013/50/EU amended the rules governing the annual financial report of listed issuers by providing that, as from January 1, 2020, the set of documents making up the annual financial report must be prepared in a single electronic communication format.

The European Commission adopted the aforementioned technical standards with Delegated Regulation 1029/815 (published in EU Official Journal No. 143 on May 29, 2019), which imposed the requirement to prepare annual financial reports:

- In XHTML format;
- "marking" certain information in the consolidated financial statements with the Inline XBRL specification.

The scope of first-time adoption (annual periods beginning on January 1, 2020) is limited to the following statements: statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows.

In view of the difficulties that companies have had to face due to the crisis resulting from the pandemic, the entry into force of the regulation has been extended by one year. Extension transposed into Italian law with the law converting Law Decree No. 183/2020 ("Milleproroghe Decree"), published in the Official Gazette and which provided (Article 3, paragraph 11-sexies) that "the provisions of Delegated Regulation No. 2018/815/EU shall apply to the financial reports relating to the financial years started as from January 1, 2021".

Beginning with the 2022 financial year, the information provided in the IFRS-compliant consolidated financial reports must be marked up with the elements specified in Annex II of the ESEF Delegated Regulation.

It should be noted that, in accordance with Delegated Regulation (EC) 2019/815 of the European Commission of December 17, 2018, the Parent now also publishes the consolidated financial report in the European Single Electronic Format (ESEF).

In the August 5, 2022, version of the ESEF Reporting Manual under Guidance 2.2.6 – Technical constructions of a block tag, the ESMA acknowledges that, with current systems for producing XHTML documents, certain narrative blocks extracted from these documents to an XBRL instance may not be formatted in a manner that is exactly the same as the corresponding information that can be seen in the consolidated financial report, and may be difficult to read or illegible. The XBRL community monitors the development of and improvements in issues related to these transformation mechanisms.

In the meantime, and solely for technical issuers, users of the ESEF version of this report should be aware that alignment with the semantic structure may not be maintained when extracting from XHTML format to XBRL for certain information contained in the text blocks of the explanatory notes.

Accounting policies

The consolidated financial statements of F.I.L.A. Group and the separate financial statements of F.I.L.A. S.p.A. as at and for the year ended December 31, 2023, prepared by the Board of Directors of F.I.L.A. S.p.A., were drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The IFRS were applied consistently for all reporting periods presented in this document. For the consolidated financial statements of the F.I.L.A. Group, the first year of application of IFRS was 2006, while for the separate financial statements of F.I.L.A. S.p.A. the first year of application of IFRS was 2007.

These consolidated financial statements are prepared under the historical cost convention, modified where applicable for the measurement of certain financial instruments or for the application of the acquisition method under IFRS 3, as well as on a going concern assumption basis.

As concerns the assumption of going concern, see the paragraph “Going concern” in the Directors’ Report.

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 relevant 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 provision 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 be able 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, 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 endorsed by the EU, not yet mandatory

and not adopted in advance by the Group.

Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”

Regulation No. 2023/2579, issued by the European Commission on November 20, 2023, endorsed the amendments to IFRS 16 regarding lease liabilities in a sale and leaseback, which establish that the seller-lessee must measure the right-of-use asset resulting from a sale and leaseback based on the percentage of the previous carrying amount of the asset held by the seller-lessee. As a result, in a sale and leaseback, the seller-lessee only recognises the amount of any gain or loss related to the rights transferred to the buyer-lessor. Therefore, the initial measurement of the lease liability resulting from a sale and leaseback is a consequence of how the seller-lessee measures the right-of-use asset and the gain or loss recognised at the date of the transaction. The amendments became effective as of 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 also not relevant.

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

Standards, amendments and interpretations not yet endorsed by the EU and applicable after January 1, 2023

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.

Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”.

On August 15, 2023, the IASB published "Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”, which specifies when a currency may, or may not, be converted into another currency, how an entity determines the exchange rate to be applied when a currency is not convertible, and the information to be provided. The amendments are effective beginning on or after January 1, 2025.

Consolidation Principles

Subsidiaries

The subsidiaries, reported in “Attachment 1 - List of companies included in the consolidation scope and other equity investments”, are companies where the Group, as per IFRS 10, holds control or rather is exposed to variable income streams, possesses rights to such variable returns, based on the relationship with the entity, and at the same time has the capacity to affect such income returns through the exercise of its power over such entities.

The subsidiaries are consolidated line-by-line from the acquisition date, or rather the date in which the Group acquires control and until such control is relinquished. The carrying amount of the subsidiaries is eliminated against the share of equity held, net of the share of the profit or loss for the year. Non-controlling interests in equity and the profit or loss for the year are recorded separately in the statement of financial position and statement of comprehensive income.

In the event of loss of control, the Group eliminates the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity relating to the subsidiaries. Any gain or loss resulting from the loss of control is recognized in net income/(loss) for the year. Any investment retained in the former subsidiary is measured at fair value at the date of loss of control.

Equity-accounted investees

Associates are entities in which the Group exercises a significant influence on the financial and operating policies, although not having direct or joint control. Significant influence is the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control.

Joint Ventures are entities in which the Group exercises, with one or more parties, joint control of their economic activities based on a contractual agreement. Joint control assumes that the strategic, financial and operating decisions are taken unanimously by the parties that exercise control.

Investments in associates and joint ventures are carried at cost using the equity method. Based on this method, equity investments are initially recognised at cost, subsequently adjusted according to the changes in the value of the share of the Group in the equity of the associate. The Group's share in the result of associates and joint ventures is recorded in a separate income statement account from the date in which significant influence is exercised and until such ceases to be exercised. Where necessary, the accounting policies of associates and joint ventures are modified in line with the accounting policies adopted by the Group.

Business combinations

Business combinations are recognised using the acquisition method, based on which the identifiable assets, liabilities, and contingent liabilities of the company acquired, which are in compliance with the requirements of IFRS 3, are recognised at their fair value at the acquisition date.

Deferred taxes are recorded on adjustments made to carrying amounts in line with present values.

The application of the acquisition method due to its complexity provides for a first phase which provisionally determines the fair values of the assets, liabilities and contingent liabilities acquired, to permit a recording of the transactions in the consolidated financial statements in the year in which the business combination occurred. The initial recognition is completed and adjusted within 12 months of the acquisition date. Amendments to initial payments which derive from events or circumstances subsequent to the acquisition date are recognised in profit or loss

Goodwill is recognised as the difference between:

a) the sum of:

- the payment transferred;
- the non-controlling interest, measured aggregation by aggregation or at fair value (full goodwill) or the share of the net assets identifiable attributable to non-controlling interests;
- In a business combination achieved in stages, the fair value of the interest previously held in the acquiree, recognising any resulting gain or loss in profit or loss; and

b) the carrying amount of the identifiable assets acquired and liabilities assumed.

The costs related to the business combination are not part of the payment transferred and are therefore recognised in profit or loss for the year.

If the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is immediately recognised in profit or loss. Goodwill is periodically reviewed to verify its recoverability through comparison with the greater of fair value less costs to sell and value in use, based on the future cash flows generated by the underlying investment.

For the purposes of the fairness analysis, the goodwill acquired in a business combination is allocated, at the acquisition date, to the Group's cash-generating units, or to the group of cash-generating units which should benefit from the synergies of the business combination, independently of the fact that other assets or liabilities of the Group are allocated to this unit or group of units. Each unit or Group of units to which goodwill is allocated represents the smallest identifiable group of assets generating cash flows that are largely independent of the cash flows generated by other assets or groups of assets. It is not greater than the operating segments identified based on IFRS 8 Operating segments.

When the goodwill constitutes part of a cash generating unit and part of the internal activities of this unit are sold, the goodwill associated with the activity sold is included in the carrying amount of the activity to determine the gain or loss deriving from the sale. The goodwill sold in these circumstances is measured on the basis of the relative values of the activities sold and of the portion of the unit maintained.

When the sale relates to a subsidiary, the difference between the sales price and the net assets plus the accumulated translation differences and the residual goodwill is recognised in profit or loss.

On first-time adoption of IFRS, the Group chose not to apply IFRS 3 retrospectively for acquisitions carried out prior to the transition date to IFRS; consequently, the goodwill resulting from the acquisitions prior to this date was maintained at the previous value determined in accordance with Italian GAAP and is periodically tested for impairment.

In the event of purchase and sale of non-controlling interests, the difference between the acquisition cost, as determined above and the share of equity acquired from third parties or sold is directly recognised as a decrease/increase in consolidated equity.

Loss of Control

In the event of loss of control, the Group eliminates the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity relating to the subsidiaries. Any gain or loss resulting from the loss of control is recognized in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date of loss of control.

Intragroup transactions

In preparing the consolidated financial statements, intragroup transactions, in addition to unrealised intragroup revenue and costs, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees are eliminated in to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that there is no evidence of impairment.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate at the date of the transaction. The monetary accounts in foreign currencies at the reporting date are translated into the functional currency using the exchange rate at the same date. The non-monetary accounts measured at fair value in foreign currencies are translated using the exchange rate when the fair value was determined. The exchange differences are generally recognised in profit or loss. The non-monetary items measured at historical cost in foreign currencies are translated using the exchange rate at the transaction date.

Exchange differences arising from the translation of financial liabilities designated as hedges of the net investment in a foreign operation, to the extent that the hedge is effective and cash flow hedges to the extent that the hedge is effective, are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments deriving from their acquisition, are translated into Euro utilising the exchange rate at the reporting date. The revenue and costs 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 December 31, 2023	Closing Exchange Rates December 31, 2023
Argentinean Peso	316.354	892.924
Australian Dollar	1.629	1.626
Brazilian Real	5.402	5.362
Canadian Dollar	1.460	1.464
Swiss Franc	0.972	0.926
Chilean Peso	908.080	977.070
Renminbi Yuan	7.659	7.851
Dominican Peso	60.555	64.183
Euro	1.000	1.000
Pound	0.870	0.869
Indonesian Rupiah	16,480.350	17,079.710
Shekel	3.987	3.999
Indian Rupee	89.325	91.905
Mexican Peso	19.190	18.723
Polish Zloty	4.542	4.340
Russian Ruble	92.449	100.215
Swedish Krona	11.473	11.096
Singapore Dollar	1.452	1.459
Turkish Lira	25.749	32.653
US Dollar	1.082	1.105
South Africa Rand	19.954	20.348

Basis of preparation

Intangible assets

An intangible asset is a clearly identifiable non-monetary asset without physical substance, subject to control and capable of generating future economic benefits. They are recognised at acquisition cost where acquired separately and are capitalised at fair value at the acquisition date where acquired through business combinations.

The interest expense on loans required for the purchase and the development of intangible assets, which would not have been incurred if the investment had not been made, is not capitalised.

Intangible Assets with Indefinite Useful Lives

Intangible assets with indefinite useful lives mainly consist of assets which do not have limitations in terms of useful life as per contractual, legal, economic and competitive conditions. This category includes only “goodwill”. Goodwill is represented by the excess of the purchase cost incurred compared to the net fair value at the acquisition date of assets and liabilities or business units. The goodwill relating to equity-accounted investees is included in the carrying amount of the equity investments.

This is not subject to amortisation but an impairment test is made at least annually on the carrying amount. This test is made with reference to the “cash generating unit” to which the goodwill is allocated. Any reduction in value of the goodwill is recorded where the recoverable amount of the goodwill is lower than the carrying amount; the carrying amount is the higher between the fair value of a cash generating unit, less costs to sell, and the value in use, represented by the present value of the estimated cash flows of the cash generating units.

The principal assumptions adopted in the determination of the value in use of the “cash generating units”, or rather the present value of the estimated future cash flows which are expected to derive from the continuing use of the activities, relates to the discount rate and the growth rate.

In particular, the F.I.L.A. Group used discount rates which it considers correctly expresses the market valuations, at the date of the estimate, of the time value of money and the specific risks related to the individual cash generating units.

The operating cash flow forecasts derive from the most recent budgets and long-term plans prepared by the F.I.L.A. Group.

The cash flow forecasts refer to current business conditions, therefore they do not include cash flows related to future investments.

The forecasts are based on reasonableness and consistency relating to future general expenses, financial conditions, as well as macro-economic assumptions, with particular reference to increases in product prices, which take into account expected inflation rates.

In the event of an impairment loss, the carrying amount of goodwill may not be restated.

Reference should be made to Note 1 to the separate and consolidated financial statements of the Company and the Group for further information on the indicators used for the impairment test at December 31, 2023.

Intangible assets with finite useful life

Intangible assets with finite useful lives are amortised on a straight-line basis over their useful life to take account of the residual possibility of use.. Amortisation commences when the asset is available for use.

The amortisation policies adopted by the Group provide for:

- ▶ Trademarks: based on the useful life;
- ▶ Concessions, Licences and Patents: based on the duration of the right under concession or license and based on the duration of the patent;
- ▶ Other intangible assets: 3 years.

Amortisation methods, useful lives, and residual amounts are reviewed at each year-end and modified as necessary.

Research and development costs

Research and development costs are recognised in profit or loss in the year they are incurred, with the exception of development costs recorded under “Intangible assets”, when they satisfy the following conditions:

- ▶ The project is clearly identified and the related costs are reliably identifiable and measurable;
- ▶ The technical feasibility of the project is demonstrated;
- ▶ The intention to complete the project and sell the assets generated from the project is demonstrated;
- ▶ A potential market exists or, in the case of internal use, it has been demonstrated that the intangible asset will be used in the production of the goods generated by the project;
- ▶ The technical and financial resources necessary for the completion of the project are available;
- ▶ The intangible asset will generate probable future economic benefits.

Amortisation of development costs recorded under intangible assets begins from the date in which the outcome of the project is commercialised. Amortisation is calculated, on a straight-line basis, over the estimated useful life of the project.

For more information on research and development costs, see the paragraph “Research and development and Quality Control” of the Directors’ Report.

Property, plant and equipment

Property, plant and equipment are measured at purchase cost, net of accumulated depreciation and any impairment losses. The cost includes all charges directly incurred for the purchase and/or production. The interest expense on loans for the purchase and the construction of Property, Plant and Equipment, which would not have been incurred if the investment had not been made, are not capitalised but expensed in the year it is incurred. Where a caption of property, plant and equipment is composed of various components with differing useful lives, these components are recorded separately (significant components) and depreciated separately. Property, plant and equipment acquired through business combinations are recognised in the consolidated financial statements at fair value at the acquisition date.

The expense incurred for maintenance and repairs is directly charged to profit or loss in the year in which it is incurred. The costs for improvements, modernisation and transformation are recognised in the statement of financial position as an increase in the carrying amount of Property, Plant and Equipment.

The purchase price or construction cost is net of public grants which are recognised when the conditions for their granting are confirmed. At the reporting date, there are no public grants recorded as a decrease of “Property, Plant and Equipment”.

The initial carrying amount of property, plant and equipment is adjusted for depreciation on a systematic basis, calculated on a straight-line basis monthly, when the asset is available and ready for use, based on its estimated useful life.

The estimated useful lives for the current and previous years are as follows:

▶ Buildings	25 years
▶ Plant and machinery	8.7 years
▶ Equipment	2.5 years
▶ Other assets:	
▶ Office equipment:	8.3 years
▶ Furniture and EDP:	5 years
▶ Transport vehicles:	5 years
▶ Motor vehicles:	4 years
▶ Other:	4 years

Depreciation methods, the useful lives and the residual values are assessed at the reporting date and adjusted where necessary.

Biological assets

Biological assets are measured at initial recognition and at each reporting date at fair value less costs to sell. If the fair value on initial recognition cannot be reliably estimated, in accordance with IAS 41.30, the Group measures the biological asset at its cost less any accumulated depreciation and any accumulated impairment losses.

Leases

The Group has adopted IFRS 16 using the modified retrospective method.

At the commencement of the contract the Group assesses whether the contract is – or contains – a lease. The contract is, or contains a lease, where in exchange for consideration, it transfers the right to control the use of an identified asset for a period of time. In order to assess whether a contract grants the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This criterion is applicable to contracts for periods beginning on or after January 1, 2019.

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and low value leases. The Group recognises the lease liabilities and the right-of-use asset representing the right to use the asset underlying the contract.

Right-of-use assets

The Group recognises right-of-use assets at the lease commencement date (i.e. the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before, net of any incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset or at the end of the lease term, whichever is earlier.

Leases liabilities

At the lease commencement date, the Group recognises the lease liabilities measuring them at the present value of the future lease payments not yet settled at that date. The payments include the fixed payments net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual amount. The lease payments include the exercise price of a purchase option where it is reasonably certain that this option will be exercised by the Group and the lease termination penalty payments, where the lease term takes account of the exercise by the Group of the termination option on the lease.

In calculating the present value of the future payments, the Group uses the incremental borrowing rate at the commencement date where the implicit interest rate cannot be readily determined. The Group's incremental borrowing rate is calculated on the basis of the interest rates obtained from various external funding sources by making certain adjustments reflecting the terms of the lease and the type of asset leased.

After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amounts of the lease liabilities are restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

Where the lease liabilities are remeasured, the lessee correspondingly adjusts the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognises the change in profit or loss.

In the statement of financial position, the Group presents right-of-use assets that do not meet the definition of investment property under "Property, plant and equipment" and lease liabilities under "Financial liabilities".

Short-term leases and low value asset leases

The Group applies the exemption for the recognition of leases relating to low value assets such as PCs, printers, electronic equipment and contracts that have a term of 12 months or less and do not contain purchase options (short-term leases). The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease term.

For contracts entered into before January 1, 2019, the Group determined whether the agreement was or contained a lease by verifying whether (i) performance of the agreement depended on the use of one or more specific assets; (ii) the agreement transferred the right to use the asset. In the comparative year, the Group classified as finance leases those that transferred substantially all the risks and benefits associated with ownership. In this case, assets acquired through lease were initially recognised at their fair value or, if lower, at the present value of the future lease payments. Future lease payments are the payments over the lease term that the lessee is required to make, excluding contingent rent. These assets were subsequently recognised in accordance with the accounting standard adopted for each asset.

Impairment losses on non-financial assets

At each reporting date, the intangible assets and property, plant and equipment are analysed to identify the existence of any indicators, either internally or externally to the Group, of impairment. Where these indicators exist, an estimate of the recoverable amount of the above-mentioned assets is made, recording any impairment losses in profit or loss. In the case of goodwill and other intangible assets with indefinite useful lives, this estimate is made annually independently of the existence of such indicators. The recoverable amount of an asset is the higher between the fair value less costs to sell and its value in use. The fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. An impairment loss is recognised in profit or loss when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is higher than the recoverable amount.

Impairment losses on cash generating units are firstly allocated as a decrease in the carrying amount of any goodwill allocated to the cash generating unit and, thereafter, as a decrease in other assets, in proportion to their carrying amount. Impairment losses relating to goodwill may not be restated. In relation to assets other than goodwill, where the reasons for the impairment loss no longer exist, the carrying amount of the asset is reversed up to the amount at which the asset would have been recognised if no impairment had taken place and amortisation had been recorded.

Loans and financial assets

Trade receivables and debt securities issued are recognised as they arise. All other financial assets and liabilities are initially recognised on the trading date, i.e. when the Group becomes a contractual party to the financial instrument.

With the exception of trade receivables without a significant financing component, financial assets are initially recognised at fair value, plus or minus, in the case of financial assets or liabilities not at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset. Upon initial recognition, trade receivables without a significant financial component are measured at their transaction price.

Upon initial recognition, a financial asset is classified according to how it is measured: at amortised cost, at fair value through other comprehensive income (FVOCI) for debt and equity securities, or at fair value through profit or loss (FVTPL). Financial assets are not reclassified following initial recognition unless the Group modifies the business model within which the financial assets are held. In such cases, all the affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Loans and financial assets are measured at amortised cost, taking the interest to profit or loss according to the effective interest rate method or applying a rate that results in a nil balance of the present values of the net cash flows generated by the financial instrument. Losses are recognised in profit or loss when they become apparent or when the loans and financial assets are derecognised. Loans are tested for impairment and then recognised at their estimated realisable value (fair value) by setting aside a specific loss allowance deducted directly from the carrying amount of such assets. Loans and financial assets are impaired when there is objective evidence of a probable default and on the basis of past experience and historical data based on expected credit losses. When, in subsequent periods, the reasons for the impairment no longer exist, the carrying amount of the asset is reinstated up to the amount deriving from the application of the amortised cost as if no impairment loss had been recognised.

Other non-current equity instruments are measured at cost.

Changes in fair value and any gains or losses on disposal of an equity investment are taken to other comprehensive income and never pass through profit or loss. Since this election is irrevocable and may be made on an investment-by-investment basis, any exceptions upon initial recognition will be disclosed in the notes to the caption. All equity instruments must be measured at fair value. The fair value of securities traded in active markets is determined by reference to the exchange prices recorded at the end of trading at the reporting date.

The fair value of investments for which no active market exists is determined on the basis of the price in recent transactions between independent parties of essentially similar instruments or the use of other valuation techniques such as methods based on income or an analysis of discounted cash flows. However, in certain limited circumstances, cost may represent an adequate estimate of fair value if, for example, the most recent information available to assess fair value is insufficient, or if there is a wide range of possible fair values. Cost is never the best estimate of fair value for investments in listed equity instruments. Financial assets designated at fair value through profit or loss upon initial recognition are measured with reference to their market value at the reporting date. The value of non-quoted instruments is determined through generally accepted financial valuation techniques based on market data. Gains or losses deriving from the fair value measurement of assets classified in this category are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents principally include cash, bank deposits on demand and other highly liquid short-term investments (convertible into liquidity within ninety days). These are recorded at their nominal value.

For the purposes of the classification of financial instruments according to the criteria set out in IFRS 9, as required by IFRS 7, cash and cash equivalents have been classified as financial assets at amortised cost for credit risk purposes. Current account overdrafts are classified under “Current Financial Liabilities”.

Inventories

Inventories of raw materials, semi-finished products and finished goods are measured at the lower of purchase or production price, including related charges, determined in accordance with the weighted average cost method, and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs to sell. Obsolete and slow-moving inventories are written down in relation to their possible use or realisable value.

The purchase cost is used for direct and indirect materials, purchased and used in the production cycle. The production cost is however used for finished goods or in work in progress.

For the determination of the purchase price, consideration is taken of the actual costs incurred net of commercial discounts.

Production cost includes, in addition to the costs of the materials used, as defined above, the direct and indirect production costs allocated. The indirect costs were allocated based on the normal production capacity of the plant.

Distribution costs were excluded from purchase cost and production cost.

Provisions for risks and charges (current and non-current)

Provisions for risks and charges are recognised where the Company has a current obligation, legal or constructive, deriving from a past event and it is probable that fulfilment of the obligation will result in an outflow of resources and the amount of the obligation can be reasonably estimated.

Provisions are recorded at the best estimate of the amount that the entity would pay to discharge the obligation or transfer it to a third party. When the time value of money is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. The rate used in the determination of the present value of the liability reflects the current market values and includes the further effects relating to the specific risk associated with each liability. The increase in the provision due to the passage of time is recognised in profit or loss under “Financial income/(expense)”.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discount rate; the revisions of estimates are recorded in the same profit or loss caption in which the provision was recorded, or when the liability relates to an asset, against the asset caption to which it refers.

The notes illustrate the contingent liabilities represented by: (i) possible obligations (but not probable) deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity; (ii) current obligations deriving from past events whose amount cannot be reliably estimated or whose fulfilment will not likely generate an outflow of resources.

Restructuring provisions are recognised where a detailed formal programme has been approved which has raised a valid expectation among third parties that the entity will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Employee benefits

All employee benefits are measured and reflected in the consolidated financial statements on an accruals basis.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and will not have a legal or constructive obligation to pay further contributions. The contributions to be paid to defined contribution plans are recognised as costs in profit or loss when incurred. Contributions paid in advance are recognised under assets to the extent the advance will determine a reduction in future payments or a reimbursement.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net obligation of the Group deriving from defined benefit plans is calculated separately for each plan estimating the amount of the future benefit which the employees matured in exchange for the services provided in the current and previous years; this benefit is discounted to calculate the present value, while any costs relating to past services not recorded in the consolidated financial statements and the fair value of any plan assets is deducted from liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of the Group and which are expressed in the same currency in which it is expected the benefits will be paid. The calculation is made by an independent actuary using the projected credit unit method. Where the calculation generates a benefit for the Group, the asset recognised is limited to the total, net of all costs relating to past service not recognised and the present value of all economic benefits available in the form of refunds from the plan or curtailments in future contributions to the plan. Where improvements are made to the plan benefits, the portion of increased benefits relating to past service is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the cost is recognised immediately in the statement of comprehensive income.

The Group records all actuarial gains and losses from a defined benefit plan directly and immediately under other comprehensive income.

In relation to Post-Employment Benefits, following the amendments to Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations (“Pension Reform”) issued in the first months of 2007, the Parent F.I.L.A. S.p.A. adopted the following accounting treatment:

- ▶ The Post-Employment Benefits, accrued to December 31, 2006 are considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, in the form of Post-Employment Benefits, paid on the termination of employment, are recognised in the period when the right vests;
- ▶ The Post-Employment Benefits accruing from January 1, 2007 are considered a defined contribution plan and therefore the contributions accrued in the year were fully recognised as a cost and recorded as a liability in the caption “Post-Employment Benefits”, after deduction of any contributions already paid.

Other long-term employee benefits

The net obligation of the Group for long-term employee benefits, other than those deriving from pension plans, corresponds to the amount of the future benefits which employees accrued for service in current and previous years. This benefit is discounted, while the Fair Value of any assets is deducted from the liabilities. The discount rate is the return, at the reporting date, on the primary obligations whose maturity date approximates the terms of the obligations of the Company. The obligation is calculated using the projected unit credit method. Any actuarial gains or losses are recorded in the statement of financial position in the year in which they arise.

Short-term employee benefits

Short-term employee benefits are recognised as undiscounted expenses when the services that generate them are provided.

The Group records a liability for the amount that it expects will be paid in the presence of a present obligation, legal or constructive, as a consequence of past events and for which the obligation can be reliably estimated.

Financial liabilities

Financial liabilities are initially recognised at fair value, which essentially coincides with the sum received, less directly attributable transaction costs. Management determines the classification of financial liabilities according to the criteria laid down in IFRS 9 and cited in IFRS 7 on initial recognition.

Subsequent to initial recognition, these liabilities are measured at amortised cost by applying the effective interest rate method, i.e. applying a rate that results in the sum of the present value of the net cash flows generated by the financial instrument as equal to zero. Nominal value is used as an approximation of amortised cost for instruments maturing within twelve months.

When there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change, based on the present value of the new expected cash flows and on the internal yield initially determined.

A financial liability is derecognised from the financial statements when the underlying liability is settled or cancelled.

Financial Instruments

Financial instruments are initially recognised at fair value and, subsequent to initial recognition, are measured on the basis of their classification, as per IFRS 9.

IFRS 9 classifies financial assets into three principal categories: at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). According to the Standard, classification is usually based on the entity's business model for the financial assets and the contractual cash flow characteristics of each financial asset.

IFRS 9 essentially maintains the provisions of IAS 39 for the classification and measurement of financial liabilities.

Derivatives are classified in the category "Hedging derivatives" if they satisfy the requisites for the application of so-called hedge accounting, otherwise, although in place in order to manage exposure to risk, they are recognised as "Non-hedging derivatives".

Financial instruments are only accounted for under the hedge accounting methods adopted by the Group when the relationship between the derivative and the hedged item is formally documented and

the hedge is highly effective (effectiveness test).

The effectiveness of hedges is documented both at the inception of the transaction and periodically (at least at the annual or interim reporting dates).

When the hedging derivatives cover the risk of change in the fair value of the instruments subject to the hedge (fair value hedge), the derivatives are recorded at fair value with the effects recorded through profit or loss.

When the derivatives hedge the risk of changes in the cash flows of the hedged instrument (cash flow hedge), the effective part of the changes in the fair value of the derivatives is recognised in the statement of comprehensive income and presented in the hedging reserve. The ineffective part of the changes in the fair value of the derivative instrument is immediately recognised in profit or loss.

Trade payables and other liabilities

Trade payables and other liabilities are initially recognised at fair value, normally equal to the nominal amount, net of discounts, returns or invoice adjustments, and are subsequently measured at amortised cost. When there is a change in the cash flows and it is possible to estimate them reliably, the liabilities are recalculated to reflect this change, based on the present value of the cash flows and on the internal rate of return initially determined.

Current, deferred and other taxes

Income taxes for the year includes current and deferred taxes recognised in profit or loss, with the exception of those on business combinations or amounts recorded directly under equity or under other items of comprehensive income.

Income taxes include all the taxes calculated on the taxable income of the Group Companies applying the tax rates in force at the reporting date.

Other taxes not related to income, such as taxes on property and capital gains, are included under other operating costs (“Services”, “Use of third party assets” and “Other costs”). The liabilities related to indirect taxes are classified under “Other Liabilities”.

The Group has determined that interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 Provisions, contingent liabilities and contingent assets as they do not meet the definition of income taxes.

Current taxes include the estimated amount of income taxes due or receivable, calculated on the taxable income or tax loss for the year, as well as any adjustments to previous years' taxes. The amount of taxes due or receivable, determined on the basis of the tax rates in force or substantially in force at the reporting date, also includes the best estimate of the amount to be paid or received, if any,

which is subject to factors of uncertainty. Current taxes also include any taxes relating to dividends.

Current tax assets and liabilities are only offset when certain criteria are met.

Deferred tax assets and liabilities are determined in accordance with the global assets/liability method and are calculated on the basis of the temporary differences arising between the carrying amounts of the assets and liabilities and the corresponding amounts recognised for tax purposes, taking into account the tax rate under current tax legislation for the years in which the differences will reverse, with the exception of goodwill at the initial recognition date and those differences deriving from investments in subsidiaries which are not expected to be reversed in the foreseeable future, and on the tax losses to be carried forward.

“Deferred Tax Assets” are classified under non-current assets and are recognised only when there is a high probability of future taxable profit to recover these assets.

The valuation of deferred taxes reflects the tax effects arising from the manner in which the Group expects to recover or extinguish the carrying amount of assets and liabilities at year-end.

Deferred tax assets and liabilities are only offset when certain criteria are met.

Treasury shares

Treasury shares are recognised as a deduction from equity. The original cost of the treasury shares and the revenue deriving from any subsequent sale are recognised as equity movements.

Revenue and costs

Revenue recognition

The revenue and income are recorded, as per IFRS 15, net of returns, discounts, rebates and premiums as well as direct taxes related to the sale of products and services. In particular, revenue is measured taking into account the consideration specified in the contract with the customer and is recognised when control of the good or service is transferred. As it concerns the sale of goods, revenue is recognised at a point in time, i.e. when control of the goods is transferred to the buyer, which generally coincides with their physical delivery.

Recognition of costs

Costs are recognised when relating to goods and services acquired or consumed in the year or when there is no future utility.

The costs directly attributable to share capital transactions are recorded as a direct reduction of equity. Commercial costs relating to the acquisition of new customers are expensed when incurred.

Financial income and expense

Financial income includes interest income on liquidity invested, dividends received and income from the sale of available-for-sale financial assets. Interest income is recorded in profit or loss on an accruals basis using the effective interest method. Dividend income is recorded when the right of the Group to receive the payment is established which, in the case of listed securities, corresponds to the coupon date.

Financial expense includes interest on loans, discounting of provisions, dividends distributed on redeemable preference shares, changes in the fair value of financial assets measured at fair value through profit or loss and impairment losses on financial assets. Financial expense is recorded in profit or loss using the effective interest method. Exchange differences are shown on a net basis.

Dividends

Dividends to be paid to shareholders are recognised on the date of the shareholders' resolution.

Earnings per share

The basic earnings/(loss) per share are calculated by dividing the Parent's profit or loss by the weighted average shares outstanding during the year.

In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilutive effect.

The profit or loss for the year is also adjusted to account for the effects of the conversion, net of taxes. The diluted earnings/(loss) per share are calculated by dividing the Parent's profit or loss for the year by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

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 Shares Plan closed and based on the granting 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 Personnel, 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 granting of the parent’s shares and subject to the achievement of specific performance objectives, in addition to continued employment with the Group. In particular, the granting 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 granting 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 granted 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 repurchases made pursuant to Articles 2357 and 2357-ter of the Italian Civil Code. With 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 granted to beneficiaries if they achieve 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 granted 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 Group measures 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 it cannot estimate reliably the fair value of the goods or services received, it measures 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 services received in exchange for the options granted based on the fair value of the such options granted, calculated on the grant date and using the binomial options pricing model.

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

Expected share price at the grant 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 of the share-based payment at the grant date, 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 historical average price volatility of the shares over the three years since the allocation date.

IAS 29 – Hyperinflationary Economies

The 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 in October 2023, 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

To measure 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: unadjusted asset or liability prices on an active market;

Level 2: inputs other than prices listed at the previous point, which are directly (prices) or indirectly (derived from the prices) observable on the market;

Level 3: inputs which are 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.

Use of estimates

The preparation of the consolidated financial statements requires the directors to apply accounting policies and methods that, in some circumstances, are based on judgements and estimates based on experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact the carrying amount of the assets and liabilities and of the costs and revenue and the disclosure on contingent assets and liabilities at the reporting date. Actual results may differ from these estimates.

The captions which require greater judgement by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the combined financial figures are briefly described below.

Measurement of trade receivables: trade receivables are adjusted by the loss allowance, taking into account the effective recoverable amount. The calculation of the impairment losses requires the directors to make judgements based on the documentation and the information available relating to the solvency of the customers, and from market and historical experience.

Measurement of goodwill and intangible assets with indefinite useful life: in accordance with the accounting policies applied by the Group, goodwill and the intangible assets with indefinite useful lives are subject to impairment testing at least annually in order to verify whether a reduction in value has taken place. This assessment requires the directors to make judgements based on the information available within the Group and from the market, as well as from historical experience; this depends in addition on factors which may change over time, affecting the judgements and estimates made by directors. In addition, when it is determined that there may be a potential impairment loss, the Group determines this through using the most appropriate technical valuation methods available.

Risk provisions: the identification of the existence of a present obligation (legal or constructive) in some circumstances may be difficult to determine. The directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to fulfil the obligation. When the directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.

Measurement of closing inventories: inventories of products which are obsolete or slow moving are periodically subject to impairment testing and written down where the recoverable amount is lower than the carrying amount. The write-downs are based on assumptions and estimates of management deriving from experience and previous figures.

Pension plans and other post-employment benefits: the group companies participate in pension plans and other post-employment benefits in various countries; in particular in Italy, Germany, the United States, France, Canada and Mexico. Management uses multiple statistical assumptions and valuation techniques with the objective of anticipating future events for the calculation of the charges, liabilities and assets relating to these plans. The assumptions relate to the discount rate, the expected return of the plan assets and the rate of future salary increases. In addition, the actuarial consultants of the Group use subjective factors, for example mortality and employee turnover rates.

The transition to IFRS 16 introduces some elements of professional judgment that entail the use of assumptions and estimates with regard to the lease term and the definition of the incremental borrowing rate.

The recognition of deferred tax assets is supported by a recoverability plan prepared on the basis of assumptions which the directors consider reasonable.

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 broken down by geographical segment at December 31, 2023 and December 31, 2022, are reported below:

December 31, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	131,949	217,114	1,059	63	-	27,846	378,031
Property, plant & equipment	60,788	39,123	20,075	2,878	461	-	123,325
Biological Assets	-	-	-	1,241	-	-	1,241
Total non-current assets	192,737	256,237	21,134	4,182	461	27,846	502,597
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	109,173	110,164	40,750	13,815	1,648	(11,175)	264,375
Trade receivables and Other assets	62,867	24,982	36,937	7,467	1,246	(33,678)	99,821
Trade payables and Other liabilities	(65,494)	(36,589)	(22,710)	(8,892)	(1,495)	29,524	(105,656)
Other Current Assets and Liabilities	337	4,107	(109)	162	(21)	-	4,476
Net Working Capital	106,883	102,664	54,868	12,552	1,378	(15,329)	263,016
<i>of which Infragroup</i>	<i>(19,149)</i>	<i>538</i>	<i>2,456</i>	<i>(428)</i>	<i>1,254</i>		
Net Financial Position (Debt)	(110,949)	(170,912)	(30,742)	9,571	(5,322)	4,942	(303,412)
<i>of which Infragroup</i>	<i>(24,978)</i>	<i>11,244</i>	<i>13,154</i>	<i>-</i>	<i>5,522</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 – Statement of comprehensive income

The group's key statement of comprehensive income figures broken down by geographical segment for the year ended December 31, 2023 and December 31, 2022, are reported below:

December 31, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	293,841	332,874	116,651	181,587	3,547	(149,317)	779,183
<i>of which Intragroup</i>	<i>(79,667)</i>	<i>(11,319)</i>	<i>(25,479)</i>	<i>(32,849)</i>	<i>(2)</i>		
Gross operating profit (loss)	23,045	54,201	14,281	30,790	124	(89)	122,352
Operating profit (loss)	5,650	40,399	10,456	22,715	(125)	(637)	78,458
Net financial income (expense)	65,707	(8,691)	(7,741)	554	(390)	81,424	130,863
<i>of which Intragroup</i>	<i>88,753</i>	<i>(7,178)</i>	<i>562</i>	<i>(983)</i>	<i>271</i>		
Profit (loss) for the year	54,761	25,081	959	17,969	(513)	80,380	178,637
Profit (loss) attributable to Non-controlling interests	271	303	-	7,414	-	-	7,988
Profit (loss) attributable to the owners of the Parent	54,490	24,778	959	10,555	(513)	80,380	170,648

December 31, 2022	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	327,785	338,281	115,859	156,546	4,044	(177,935)	764,580
<i>of which Intragroup</i>	<i>(92,637)</i>	<i>(13,235)</i>	<i>(38,140)</i>	<i>(33,923)</i>			
Gross operating profit (loss)	43,904	44,930	14,773	22,076	96	(6,548)	119,231
Operating profit (loss)	27,114	30,618	11,262	13,585	(140)	(9,695)	72,744
Net financial income (expense)	6,852	(13,388)	(6,401)	1,249	(102)	(22,332)	(34,122)
<i>of which Intragroup</i>	<i>(21,247)</i>	<i>(292)</i>	<i>697</i>	<i>(1,630)</i>	<i>139</i>		
Profit (loss) for the year	28,258	14,951	5,472	11,613	(264)	(29,754)	30,276
Profit (loss) attributable to Non-controlling interests	466	554	-	3,984	-	-	5,004
Profit (loss) attributable to the owners of the Parent	27,792	14,397	5,472	7,629	(264)	(29,754)	25,272

Business Segments – Other Information

The “Other information”, i.e. the group companies’ property, plant and equipment and intangible assets broken down by geographical segment for the year ended December 31, 2023 and December 31, 2022, is reported below:

December 31, 2023 <i>Euro thousands</i>	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
Intangible assets	2,059	-	-	32	-	2,091
Property, plant and equipment	5,551	1,770	1,223	19,699	56	28,299
Right-of-use assets	2,213	572	280	2,716	236	6,018
Net investments	9,823	2,342	1,503	22,447	292	36,408

December 31, 2022 <i>Euro thousands</i>	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
Intangible assets	3,089	47	1	-	-	3,137
Property, plant and equipment	5,881	1,687	1,053	4,988	86	13,696
Right-of-use assets	3,845	2,751	54	980	247	7,877
Net investments	12,815	4,485	1,108	5,968	333	24,710

Note 1— Intangible Assets

Intangible Assets at December 31, 2023 amount to Euro 378,031 thousand (Euro 446,497 thousand at December 31, 2022) and comprise for Euro 136,918 thousand intangible assets with indefinite useful lives – goodwill (“Note 1.B - Goodwill”) and for Euro 241,114 thousand of intangible assets with finite useful lives (“Note 1.C - Intangible Assets with finite useful lives”).

The changes of the year were as follows:

Note 1.A - INTANGIBLE ASSETS						
<i>Euro thousands</i>	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
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	-	-	63	3,038	(1,010)	2,091
Increases (Investments)	-	-	47	1,163	881	2,091
Transfers from assets under development	-	-	16	1,875	(1,891)	-
Decreases	(35,890)	-	(16,172)	(17,218)	(2)	(69,284)
<i>Change in consolidation scope</i>	(33,263)	-	(16,242)	(13,000)	-	(62,505)
Net exchange gains (losses)	(2,627)	-	70	(4,218)	(2)	(6,777)
Historical cost at December 31, 2023	136,918	200	142,388	192,480	2,565	474,551

<i>Euro thousands</i>	Goodwill	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 losses	-	-	(216)	(222)	-	(438)
Other increases	-	-	-	(1)	-	(1)
Accumulated amortisation at December 31, 2022	-	(190)	(45,102)	(49,952)	-	(95,244)
Increases	-	(4)	(5,221)	(9,346)	-	(14,572)
Amortisation	-	(4)	(5,147)	(9,346)	-	(14,498)
Net exchange losses	-	-	(74)	-	-	(74)
Other increases	-	-	-	-	-	-
Decreases	-	-	4,304	8,993	-	13,297
<i>Change in consolidation scope</i>	-	-	4,664	8,279	-	12,943
Exchange gains (losses)	-	-	(360)	714	-	354
Accumulated amortisation at December 31, 2023	-	(194)	(46,020)	(50,305)	-	(96,519)
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 December 31, 2023	136,918	6	96,368	142,175	2,565	378,031
Change	(35,890)	(4)	(17,028)	(14,532)	(1,011)	(68,466)

Intangible Assets with Indefinite Useful Lives

Intangible assets with indefinite useful lives are comprised entirely of goodwill for a total amount of Euro 136,918 thousand (Euro 172,808 thousand at December 31, 2022). The change compared to December 31, 2022, was due mainly to the deconsolidation of the Indian subsidiary DOMS Industries Limited for Euro 33,263 thousand and to exchange losses of Euro 2,627 thousand, relating to the weakening against the Euro of the US Dollar for Euro 2,556 thousand and of the main currencies of the Central-South America area for Euro 71 thousand.

Goodwill is not amortised but subject 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 CGU's to which goodwill is allocated are as follows:

NOTE 1.B GOODWILL BY CASH GENERATING UNIT

	December 31, 2023	December 31, 2022	Change	Exchange Rate Difference	Change in consolidation scope
<i>Euro thousands</i>					
North America (2)	100,279	102,835	(2,556)	(2,556)	-
DOMS Industries Pvt Ltd (India)	-	33,263	(33,263)	-	(33,263)
Canson Group (4)	17,015	17,015	-	-	-
Fila Arches	5,473	5,473	-	-	-
Daler - Rowney Lukas Group (5)	5,922	5,922	-	-	-
Dixon Group - Central / South America (1)	1,980	2,051	(71)	(71)	-
Industria Maineri S.p.A. (Italy)	1,695	1,695	-	-	-
St. Cuthberts Holding (UK) (6)	1,323	1,323	-	-	-
Fila Hellas (Greece)	1,932	1,932	-	-	-
Lyra Group (3)	1,217	1,217	-	-	-
FILA SA (South Africa)	83	83	-	-	-
Total	136,918	172,808	(35,890)	(2,627)	(33,263)

(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 (Hong Kong).

(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).

(5) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (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 annual impairment test undertaken by the Group has the objective to compare the carrying amount of the cash-generating units to which the goodwill was allocated with the relative recoverable amount. This latter is determined as the higher of the fair value less costs to sell and the value in use estimated by discounting cash flows.

The F.I.L.A. Group identifies the recoverable amount as the value in use of the cash generating units, identified (as per IAS 36) as the present value of projected cash flows, discounted at a separate rate for each geographical segment and reflecting the specific risks of the individual CGUs at the measurement date.

The assumptions utilised for the purposes of the impairment test are as follows:

The expected cash flows used to determine the “Value in use” were developed on the basis of the Group’s 2024 Budget approved on February 13, 2024 and the 2024-2028 Business Plan approved by

the Board of Directors on March 14, 2024, whereas the individual business plans were submitted for approval by the Boards of Directors of the individual Group companies.

In particular, the cash flows were determined taking the assumptions from the budget and applying the growth rate identified for each CGU in line with the long-term assumptions relating to the growth rate of the sector and the specific risk of the country in which each CGU operates. The process to calculate the “Value in use” centres on measurement assumptions influenced by market performances, which in view of the specific social-economic conditions are difficult to predict and tend towards instability, in addition to the assumptions underlying the expected synergies, as reflected in the business plan. The “Terminal Value” was calculated applying the perpetual yield method.

The market capitalisation of F.I.L.A. S.p.A. is an indicator of the recoverability of the value in use of the parent’s cash generating units. Should this value be lower than the equity of the F.I.L.A. Group and of F.I.L.A. S.p.A., impairment testing is an adequate means of assessing the underlying risk.

As of 2019, the effects of the entry into force of IFRS 16 on Impairment Tests was also taken into account. In particular, the Right-of-Use assets were included within the CGU being measured, gross of the related Lease Liability, and the Value in Use was determined excluding the related lease payments and using an updated discount rate, which reflects the financial leverage attributable to the lease contracts.

The discount rate (W.A.C.C.) is the weighted average cost of risk capital and borrowing cost considering the tax effects generated by the financial leverage.

The table below outlines the main assumptions for the impairment test. The discount rate is different from December 31, 2022 to reflect the changed market conditions at December 31, 2023, as commented upon below:

IMPAIRMENT TEST GOODWILL - VALUE IN USE CALCULATION ASSUMPTIONS

<i>Euro thousands</i>	Discount Rate (W.A.C.C.)*	Growth Rate (g rate)*	Cash flow horizon	Terminal Value Calculation Method
Canson Group (France)	7.8%	2.0%	5 years	Perpetuity growth rate
Daler-Rowney Group (UK)	8.9%	2.0%	5 years	Perpetuity growth rate
North America	8.9%	2.1%	5 years	Perpetuity growth rate
Dixon Group - Central / South America	12.4%	3.5%	5 years	Perpetuity growth rate
Industria Maimeri S.p.A. (Italy)	8.9%	1.7%	5 years	Perpetuity growth rate
St. Cuthberts Holding (UK)	8.9%	2.0%	5 years	Perpetuity growth rate
Lyra Group	7.2%	2.0%	5 years	Perpetuity growth rate
Fila Hellas	11.4%	1.3%	5 years	Perpetuity growth rate
Fila Arches	7.8%	2.0%	5 years	Perpetuity growth rate
FILA SA (South Africa)	14.7%	4.3%	5 years	Perpetuity growth rate

* Source: Bloomberg

The main changes to the discount rate used for the impairment test on the previous year were:

- ▶ Dixon Group - Central/South America - the discount rate is 12.4% (11.5% at December 31, 2022). The change is due to an increase in the cost of debt, an increase in the cost of capital (Ke) and an increase in the risk free rate;
- ▶ North America - The W.A.C.C. used is 8.9% (8.4% at December 31, 2022). The change is due to an increase in the risk free rate, an increase in the cost of debt and an increase in the cost of capital (Ke) ;
- ▶ Canson Group (France) and Fila Arches - The W.A.C.C. is 7.8% (7.3% at December 31, 2022). The change is due to an increase in the risk free rate, an increase in the cost of debt and an increase in the cost of capital (Ke) ;
- ▶ Daler-Rowney Lukas Group and St. Cuthberts (United Kingdom) - The discount rate is 8.9% (8.1% at December 31, 2022). The increase is mainly due to an increase in the risk free rate, an increase in the cost of debt and an increase in the cost of capital (Ke);
- ▶ Industria Maimeri S.p.A. (Italy) – the discount rate is 8.9% (8.9% at December 31, 2022). There have been no changes in the W.A.C.C.;
- ▶ Lyra Group (Germany) – the discount rate used is 7.2% (6.7% at December 31, 2022). The change on the previous year is due to an increase in the risk free rate, an increase in the cost of debt and in the cost of capital (Ke);
- ▶ FILA SA (South Africa) – the W.A.C.C. is 14.7% (15.2% at December 31, 2022). The change on 2022 is due to the reduction in the cost of capital (Ke);
- ▶ Fila Hellas - the W.A.C.C. is 11.4% (13.3% at December 31, 2022). The change on the previous year is due to decreases in the cost of capital (Ke) and the cost of debt.

Particular importance was given to the impairment tests on the goodwill allocated to the North America cash generating unit of Euro 100,279 thousand (Euro 102,835 thousand at December 31, 2022) and the Canson Group of Euro 17,015 thousand (Euro 17,015 thousand at December 31, 2022). The goodwill of the above CGUs accounts for 85.6% of the Group's intangible assets with indefinite useful lives of Euro 136,918 thousand. The impairment tests performed indicated headroom of approximately Euro 400 million for the North America CGU (51%) and of Euro 113 million for the Canson CGU (57%).

The DCF (Discounted Cash Flow) method applied to the carrying amount of the above CGUs confirms their carrying amount.

In completion of the analyses, the following activities were undertaken:

- ▶ A sensitivity analysis to verify the recoverability of goodwill against possible changes in the basic assumptions used to calculate discounted cash flows (the "Growth Rate" and the "WACC", which would lead to an impairment loss, and identifying the minimum value of the "Growth Rate", maintaining the "WACC" fixed, and identifying the maximum value of the "WACC", maintaining the "Growth Rate" fixed):

SENSITIVITY ANALYSIS - Variable Growth Rate

	Discount Rate (W.A.C.C.)	Growth Rate (g rate)
Canson Group (France)	7.8%	-10.9%
Daler-Rowney Group (UK)	8.9%	-0.8%
North America	8.9%	-14.3%
Dixon Group - Central / South America	12.4%	-2.5%
Industria Maimeri S.p.A. (Italy)	8.9%	1.6%
St. Cuthberts Holding (UK)	8.9%	-0.2%
Lyra Group	7.2%	-17.2%
Fila Hellas	11.4%	-130.8%
FILA SA (South Africa)	7.8%	-20.2%
Fila Arches	14.7%	-3.5%

SENSITIVITY ANALYSIS - Variable W.A.C.C.

	Discount Rate (W.A.C.C.)	Growth Rate (g rate)
Canson Group (France)	15.6%	2.0%
Daler-Rowney Group (UK)	11.0%	2.0%
North America	16.5%	2.1%
Dixon Group - Central / South America	16.4%	3.5%
Industria Maimeri S.p.A. (Italy)	9.1%	1.7%
St. Cuthberts Holding (UK)	10.5%	2.0%
Lyra Group	18.2%	2.0%
Fila Hellas	35.7%	1.3%
FILA SA (South Africa)	27.4%	2.0%
Fila Arches	11.7%	4.3%

- The testing of the recoverability of goodwill against possible increases and decreases of 0.5 percent in the “Growth Rate” and “WACC”;
- The comparison between the value in use of the CGU for 2023 and 2022 with the analysis of the variations;
- Verification that the results of impairment testing are reasonable by reconciling the results with market capitalisation;
- Analysis of the sensitivity of impairment testing to changes in gross operating profit over the explicit time horizon.

We have also taken account of the content of the ESMA Report published in October 2023 entitled “European common enforcement priorities for 2023 annual financial reports”.

The above-mentioned analysis confirmed the full recoverability of the goodwill analysed and the reasonableness of the assumptions used.

The cash flows and assumptions used for the Impairment Test were approved by the Board of Directors on March 14, 2024.

Intangible assets with finite useful lives

The changes at December 31, 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, 2020	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>	-	3,805	-	-	3,805
Net exchange gains (losses)	-	(77)	5,853	-	5,776
Other increases	-	-	2	-	2
Decreases	-	(1,744)	-	-	(1,744)
<i>Change in consolidation scope</i>	-	(1,744)	-	-	(1,744)
Historical cost at December 31, 2021	200	158,498	206,659	3,576	368,933
Increases	-	63	3,038	(1,010)	2,091
Increases (Investments)	-	47	1,163	881	2,091
Transfers from assets under development	-	16	1,875	(1,891)	-
Decreases	-	(16,172)	(17,218)	(2)	(33,392)
<i>Change in consolidation scope</i>	-	(16,242)	(13,000)	-	(29,242)
Net exchange gains (losses)	-	70	(4,218)	(2)	(4,150)
Historical cost at December 31, 2022	200	142,388	192,480	2,565	337,633

	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 losses	-	(216)	(222)	-	(438)
Other increases	-	-	(1)	-	(1)
Accumulated amortisation at December 31, 2022	(190)	(45,102)	(49,952)	-	(95,244)
Increases	(4)	(5,221)	(9,346)	-	(14,572)
Amortisation	(4)	(5,147)	(9,346)	-	(14,498)
Net exchange losses	-	(74)	-	-	(74)
Other increases	-	-	-	-	-
Decreases	-	4,304	8,993	-	13,297
<i>Change in consolidation scope</i>	-	4,664	8,279	-	12,943
Exchange gains (losses)	-	(360)	714	-	354
Accumulated amortisation at December 31, 2023	(194)	(46,020)	(50,305)	-	(96,519)
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 December 31, 2023	6	96,368	142,175	2,565	241,114
Change	(4)	(17,028)	(14,532)	(1,011)	(32,575)

“Industrial Patents and Intellectual Property Rights” amount to Euro 6 thousand at December 31, 2023 (Euro 10 thousand at December 31, 2022).

The average residual useful life of the “Industrial Patents and Intellectual Property Rights” recorded in the consolidated financial statements at December 31, 2023 is 5 years.

“Concessions, Licences, Trademarks and Similar Rights” amount to Euro 96,368 thousand at December 31, 2023 (Euro 113,396 thousand at December 31, 2022).

The net carrying amount decreased on December 31, 2022, by Euro 17,028 thousand, mainly due to the deconsolidation of the Indian subsidiary DOMS Industries Limited for Euro 11,578 thousand, to amortisation for the year of Euro 5,147 thousand and to exchange losses of Euro 290 thousand, offset by increases in investments for Euro 47 thousand. In addition, a significant amount of the amortisation relates to the “Business combinations” undertaken in 2018 and concerning the brands held by the Pacon Group (Euro 31,903 thousand) and with regards to that 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 historical trademarks subject to amortisation refer principally to “Lapimex” held by 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” recorded in

the consolidated financial statements of December 31, 2023 is 30 years. Trademarks are amortised on the basis of their useful lives and tested for impairment when there are indications that they may have become impaired.

“Other” amounts to Euro 142,175 thousand at December 31, 2023 (Euro 156,707 thousand at December 31, 2022). The decrease on the previous year of Euro 14,532 thousand is mainly due to: (i) decreases due to amortisation of Euro 9,346 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” within the business combinations undertaken in 2016 and the amount of the “Customer Relationship” determined by the “Purchase Price Allocation” as part of the business combination resulting in the acquisition of the Pacon Group; (ii) the deconsolidation of the Indian subsidiary DOMS Industries Limited for Euro 4,721 thousand; (iii) exchange losses of Euro 3,504 thousand; (iv) the entry into service of fixed assets under development for Euro 1,875 thousand; and net investments of Euro 1,163 thousand, which mainly involved the implementation and roll-out of the ERP to certain Group companies and to F.I.L.A. S.p.A.

The average useful life of “Other”, recorded in the financial assets at December 31, 2023, is 30 years.

“Assets under development” totalled Euro 2,565 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 ERP (Enterprise Resource Planning) system.

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 December 31, 2023 amounts to Euro 123,325 thousand (Euro 166,185 thousand at December 31, 2022), comprising for Euro 64,607 thousand Property, Plant and Equipment (“Note 2.A – Property, Plant and Equipment”) and for Euro 58,718 thousand 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	8,523	3,597	15,645	144	1,374	1,199	30,482
Increases (Investments)	8,105	2,879	12,036	559	1,292	4,308	29,179
Transfers from assets under construction	-	200	2,898	9	31	(3,138)	-
Reclassifications	-	-	-	(281)	281	-	-
Net exchange gains (losses)	418	518	505	(143)	(394)	29	933
Other increases	-	-	206	-	164	-	370
Decreases	(12,315)	(11,343)	(39,758)	(271)	(4,450)	(919)	(69,056)
Decreases (Disinvestments)	-	(11)	(895)	(270)	(185)	(767)	(2,127)
Impairment losses	-	-	(5)	(1)	(5)	-	(11)
<i>Change in consolidation scope</i>	(12,315)	(11,332)	(38,858)	-	(4,260)	(152)	(66,918)
Historical cost at December 31, 2023	9,235	60,315	131,909	22,940	8,528	4,410	237,337

<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	-	(2,361)	(11,161)	(1,280)	(1,240)	-	(16,042)
Depreciation	-	(2,403)	(10,961)	(1,500)	(910)	-	(15,774)
Reclassifications	-	-	(25)	219	(194)	-	-
Other increases	-	42	(175)	1	(136)	-	(268)
Decreases	-	2,890	19,692	361	3,356	-	26,299
Decreases (Disinvestments)	-	11	809	269	159	-	1,248
<i>Change in consolidation scope</i>	-	3,048	19,095	-	2,902	-	25,045
Net exchange gains (losses)	-	(169)	(212)	92	295	-	6
Accumulated depreciation at December 31, 2023	-	(41,601)	(104,217)	(19,948)	(6,963)	-	(172,730)
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 December 31, 2023	9,235	18,713	27,691	2,991	1,567	4,410	64,607
Change	(3,792)	(7,217)	(15,583)	(1,047)	(959)	279	(28,318)

“Land” at December 31, 2023 amounts to Euro 9,235 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 Scopeti – Italy), by the subsidiary Lyra KG (Germany), the subsidiary Daler Rowney Ltd (UK) and the subsidiary Canson SAS (France). The decrease of the year of Euro 3,792 thousand is mainly due to the deconsolidation of the subsidiary for Euro 12,315 thousand, offset by the exchange gains of Euro 418 thousand and investments by DOMS Industries Limited of Euro 8,105 thousand.

“Buildings” at December 31, 2023 amount to Euro 18,713 thousand (Euro 25,930 thousand at December 31, 2022) and principally concern the buildings of the Group’s production facilities. The decrease on December 31, 2022, was Euro 7,217 thousand and is mainly attributable to the deconsolidation of the Indian subsidiary DOMS Industries Limited for Euro 8,284 thousand.

Depreciation of Euro 2,403 thousand particularly concerns Canson SAS (France), Dixon Ticonderoga Company (U.S.A), F.I.L.A. S.p.A. and DOMS Industries Limited (India).

Net investments totalled Euro 2,879 thousand and mainly concerned the Indian company DOMS Industries Limited (Euro 2,336 thousand), the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Euro 207 thousand) and the French subsidiary Fila Arches (Euro 104 thousand) and relate to the expansion plan for the storage and production sites, while capitalisations of assets under construction totalled Euro 200 thousand. The exchange gains impacted for Euro 349 thousand.

“Plant and Machinery” amount to Euro 27,691 thousand (Euro 43,274 thousand at December 31, 2022). Compared to the previous year, this caption decreased Euro 15,583 thousand. The main changes in this category concern the deconsolidation of the Indian subsidiary DOMS Industries Limited for Euro 19,763 thousand, depreciation for the year of Euro 10,961 thousand, net investments of Euro 11,950 thousand, mainly by DOMS Industries Limited (India) for Euro 8,973 thousand, by Daler Rowney Ltd (United Kingdom) for Euro 1,133 thousand and by Canson SAS (France) for Euro 734 thousand. In addition, assets under construction of Euro 2,898 thousand were capitalised and exchange gains totalled Euro 293 thousand.

“Industrial and Commercial Equipment” amounted to Euro 2,991 thousand at December 31, 2023 (Euro 4,038 thousand at December 31, 2022). The decrease of Euro 1,047 thousand is mainly due to depreciation in the year of Euro 1,500 thousand and exchange losses of Euro 51 thousand. The reduction is partially offset by net investments of Euro 558 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 319 thousand and Fila Nordic (Sweden) for Euro 65 thousand.

“Other Assets” amount to Euro 1,567 thousand at December 31, 2023 (Euro 2,526 thousand at December 31, 2022) and include furniture and office equipment, EDP and motor vehicles. The decrease of Euro 959 thousand is mainly due to the deconsolidation of the Indian subsidiary DOMS Industries Limited for Euro 1,358 thousand, depreciation in the year of Euro 910 thousand, and exchange losses of Euro 99 thousand. These decreases were offset by net investments of Euro 1,266 thousand, mainly undertaken by DOMS Industries Limited (India) for Euro 785 thousand and by Dixon Ticonderoga Company (U.S.A.) for Euro 142 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 December 31, 2023 amounts to Euro 4,410 thousand, increasing on the previous year by Euro 279 thousand, due to investments in the year of Euro 4,308 thousand, mainly by Canson SAS (France) for Euro 1,950 thousand, Dixon Ticonderoga Company (U.S.A.) for Euro 1,403 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 460 thousand, F.I.L.A. S.p.A. (Italy) for Euro 204 thousand and DOMS Industries

Limited (India) for Euro 146 thousand and offset by the decrease from the transfer of assets for Euro 3,138 thousand, mainly by the French subsidiary Canson SAS for Euro 1,931 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 1,061 thousand, the parent F.I.L.A. S.p.A. for Euro 80 thousand and the French subsidiary Fila Arches for Euro 50 thousand. Exchange gains amounted to Euro 29 thousand. There was also a decrease of Euro 152 thousand due to the deconsolidation of the Indian subsidiary DOMS Industries Limited and divestments of Euro 767 thousand related to the company.

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	-	4,015	343	206	1,259	-	5,824
Increases (Investments)	-	4,015	343	206	1,259	-	5,824
Decreases	-	(12,674)	(8)	(87)	(1,227)	-	(13,996)
Decreases (Disinvestments)	-	(442)	(1)	(88)	(1,217)	-	(1,748)
Impairment losses	-	(873)	-	-	-	-	(873)
Change in consolidation scope	-	(11,136)	-	-	-	-	(11,136)
Net exchange gains (losses)	-	(223)	(7)	1	(10)	-	(239)
Historical cost at December 31, 2023	-	99,550	1,006	860	4,076	-	105,493
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	-	(10,337)	(98)	(171)	(1,042)	-	(11,648)
Depreciation	-	(10,337)	(98)	(171)	(1,042)	-	(11,648)
Decreases	-	3,760	5	87	1,427	-	5,279
Decreases (Disinvestments)	-	442	1	88	1,411	-	1,942
Change in consolidation scope	-	2,645	-	-	-	-	2,645
Net exchange gains (losses)	-	673	4	(1)	16	-	692
Accumulated depreciation at December 31, 2023	-	(43,647)	(410)	(534)	(2,184)	-	(46,775)
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 December 31, 2023	-	55,903	596	326	1,892	-	58,718
Change	-	(15,235)	241	34	418	-	(14,542)

The Group adopted IFRS 16 Leases 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 December 31, 2023 amounted to Euro 55,903 thousand (Euro 71,139 thousand at December 31, 2022), decreasing Euro 15,235 thousand on the previous year. The change is mainly attributable to the deconsolidation of the Indian subsidiary DOMS Industries Limited for Euro 8,491 thousand, depreciation in the year for Euro 10,337 thousand, and the impairment losses of the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 873 thousand. Net investments amounted to Euro 4,016 thousand, mainly by the subsidiary DOMS Industries Limited (India) for Euro 2,646 thousand, by the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 406 thousand, and by the subsidiary Canson Australia (Australia) for Euro 236 thousand, as well as exchange gains of Euro 450 thousand.

“Plant and Machinery” amounted to Euro 596 thousand at December 31, 2023 (Euro 355 thousand at December 31, 2022). This increase for Euro 241 thousand is mainly due to net investments of Euro 343 thousand by the UK subsidiary Daler Rowney Ltd for Euro 319 thousand, partially offset by depreciation of Euro 98 thousand and exchange losses of Euro 3 thousand.

“Industrial and Commercial Equipment” amounted to Euro 326 thousand at December 31, 2023 (Euro 292 thousand at December 31, 2022). The increase of Euro 34 thousand is mainly due to net investments of Euro 206 thousand, mainly concerning the subsidiary Daler Rowney Ltd (United Kingdom) for Euro 103 thousand and the subsidiary Fila Arches (France) for Euro 76 thousand. This was partially offset by depreciation in the year of Euro 171 thousand.

“Other Assets” mainly refer to vehicles at December 31, 2023 and amounted to Euro 1,892 thousand (Euro 1,473 thousand at December 31, 2022). Compared to the previous year, this caption increased Euro 418 thousand, comprising net investments of Euro 1,454 thousand, mainly by the French subsidiary Canson SAS for Euro 729 thousand, by the parent F.I.L.A. for Euro 299 thousand and by the US subsidiary Dixon Ticonderoga Company for Euro 166 thousand, offset by depreciation in the year of Euro 1,042 thousand.

Note 11— Biological Assets

“Biological Asset” amounted to Euro 1,241 thousand at December 31, 2023 (Euro 1,817 thousand at December 31, 2022) and exclusively includes 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 Asset”. The decrease of Euro 576 thousand on the previous year relates to impairment losses of Euro 474 thousand and exchange losses of Euro 102 thousand.

Note 3 – Financial Assets

“Financial Assets” amount to Euro 1,908 thousand at December 31, 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
December 31, 2023	-	1,908	1,908
non-current portion	-	746	746
current portion	-	1,162	1,162
Change	(22)	(4,109)	(4,131)
non-current portion	-	(4,420)	(4,420)
current portion	(22)	311	289

Other Financial Assets

“Other Financial Assets” totalled Euro 1,908 thousand (Euro 6,017 thousand at December 31, 2022), decreasing Euro 4,109 thousand.

They principally concern the deposits paid for guarantee purposes on goods and service supply contracts of the various Group companies, including in particular the Mexican subsidiary Gruppo F.I.L.A.-Dixon, S.A. de C.V. (Euro 393 thousand), short-term financial assets established to protect against a weakening of the currency for the Argentine subsidiary Fila Argentina (Euro 792 thousand), and the financial asset of the parent F.I.L.A. S.p.A. from the Indian associate DOMS Industries Limited (Euro 366 thousand).

The decrease is mainly attributable to the trend in derivative instruments, which were recognised among “Other Financial Assets” in 2022 for Euro 3,176 thousand, whereas in 2023 they have been recognised as “Financial instruments” given their negative performance.

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

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-accounted investments	777
Decreases	(114)
Exchange losses	(114)
December 31, 2022	2,144
Increases	169,503
Increases (Investments)	8,185
Changes in equity-accounted investments	161,318
Decreases	(11,268)
Exchange losses	(11)
Decreases (Disinvestments)	(2)
<i>Change in consolidation scope</i>	(11,255)
December 31, 2023	160,377
Change	158,233

Equity-accounted investments amount to Euro 160,377 thousand at December 31, 2023 (Euro 2,144 thousand at December 31, 2022) and refer exclusively to the investment held by F.I.L.A. S.p.A. in the Indian company DOMS Industries Limited for Euro 160,377 thousand.

We report the following movements:

- Increase due to the acquisition by the Indian company DOMS Industries Limited of 75% of the associate Micro Wood Private Limited for Euro 8,017 thousand and 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 & Stationery Private.
- Adjustments of the carrying amount of the equity investments held by the Indian company DOMS Industries Limited in the Indian associates, equal to an increase of Euro 792 thousand related to the associate Pioneer Stationery Pvt Ltd and of Euro 156 thousand related to the associate Micro Wood Private Limited, and an impairment loss of Euro 8 thousand on the associate Clapjoy Innovations Private Limited.
- Decrease in the consolidation scope of Euro 11,255 thousand following the loss of control of the Indian company;
- Exchange losses of Euro 11 thousand.
- Recognition of the equity investment held in the former subsidiary DOMS Industries Limited,

for Euro 160,377 thousand, following the loss of control of the company at the end of 2023. In December 2023, the Indian company DOMS was publicly listed, during which F.I.L.A. S.p.A. sold 10,126,582 DOMS shares for total consideration of INR 790 crore (corresponding to approx. Euro 87.5 million), while still remaining a shareholder of the company post-listing, as it owns 18,561,153 shares, equivalent to 30.6% of DOMS' share capital. As such, this transaction resulted in a loss of control over DOMS Industries Limited and led to the deconsolidation of the company and consequent recognition of the share held in DOMS among equity-accounted investments. As the sale of the shares by the Company and consequent loss of control took place near the end of the year, with an insignificant effect on cash flows between the date of the sale and December 31, 2023, the Group consolidated DOMS Industries Limited on a line-by-line basis until December 31, 2023, attributing the respective share to non-controlling interests. On December 31, 2023, the investment in DOMS Industries Limited was deconsolidated, thereby eliminating the related assets and liabilities, the non-controlling interests, and the other components of equity related to the subsidiary, while recognising the gain resulting from the loss of control, including the fair value measurement of the 30.6% equity investment held in the former subsidiary in the amount of Euro 160,377 thousand. This amount was determined based on the price of each share in DOMS Industries Limited listed on December 20 (INR 790, equal to Euro 8.64 at an exchange rate of 91.43) and the number of shares held in the company (18,561,153).

At the date of the preparation of this annual report, the process of determining the fair value of the assets and liabilities of the associate DOMS Industries Limited, identifiable in application of IFRS 3, is to be considered provisional in accordance with the revised IFRS3, which allows for the recognition of any additional items that should be found to be recognisable for up to 12 months following the transaction.

Note 5— Other equity investments

“Other equity investments”, amounting to Euro 26 thousand, relate to F.I.L.A. S.p.A.’s Euro 23 thousand investment in Maimeri S.r.l. corresponding to 1% of the quota capital, and in the consortiums Conai, Energia Elettrica Zona Mugello and Energia Elettrica Milano held by F.I.L.A. S.p.A. at December 31, 2023.

Note 6 – Deferred Tax Assets

“Deferred tax assets” amount to Euro 23,454 thousand at December 31, 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 of the year and the closing balance at December 31, 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 decreases	(825)
December 31, 2022	24,185
Increase	5,199
Utilisation	(5,417)
Net exchange gains	88
Increase recognised in equity	251
<i>Change in consolidation scope</i>	(852)
December 31, 2023	23,454
Change	(731)

Increases for the year are mainly attributable to the parent F.I.L.A. S.p.A. for Euro 3,097 thousand and to the US subsidiary Dixon Ticonderoga Company for Euro 397 thousand, in addition to increases for the tax effects of right-of-use assets amounting to Euro 367 thousand.

There was also a decrease of Euro 852 thousand due to the deconsolidation of the Indian company DOMS Industries Limited.

Deferred tax assets accounted for through an equity reserve of Euro 251 thousand relate to the change in the actuarial reserve for Euro 54 thousand and to the change in the hedging reserve for Euro 198 thousand.

The following table breaks down the balance of deferred tax assets by nature at year-end:

NOTE 6.B - BREAKDOWN OF DEFERRED TAX ASSETS								
	Statement of Financial Position		Profit or Loss		Equity		Other Changes	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>Euro thousands</i>								
Deferred tax assets relating to:								
Intangible Assets	-	-	-	-	-	-	-	(825)
Property, Plant and Equipment	350	391	13	26	-	-	(54)	-
Other Provisions	1,543	1,373	170	144	-	-	-	-
Trade Receivables and Other Assets	1,944	2,099	(155)	620	-	-	-	-
Inventories	5,343	5,103	240	2,449	-	-	-	-
Personnel	3,259	2,620	585	(847)	54	155	-	-
Exchange difference recognised in "Translation Reserve"	-	-	(88)	(650)	88	650	-	-
Cashflow hedge	198	-	-	-	198	-	-	-
Prior year tax losses	2,468	2,619	(151)	805	-	-	-	-
ACE	1,217	2,319	(1,102)	(394)	-	-	-	-
Deferred deductible costs	7,133	7,661	270	2,583	-	-	(798)	-
<i>of which: Change in consolidation scope</i>	(852)	145	-	-	-	-	-	-
Total deferred tax assets	23,454	24,185	(218)	4,736	340	805	(852)	(825)

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

Note 7— Current Tax Assets

At December 31, 2023, tax assets relating to income tax amounted overall to Euro 12,556 thousand (Euro 13,048 thousand at December 31, 2022) and refer principally to Dixon Ticonderoga Company (U.S.A.) for Euro 9,069 thousand, the parent F.I.L.A. S.p.A for Euro 909 thousand, Canson SAS (France) for Euro 776 thousand and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 735 thousand.

Note 8 – Inventories

Inventories at December 31, 2023 amount to Euro 264,375 thousand (Euro 307,076 thousand at December 31, 2022).

Note 8.A - INVENTORIES				
	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
<i>Euro thousands</i>				
December 31, 2022	72,829	30,627	203,620	307,076
December 31, 2023	58,437	29,174	176,764	264,375
Change	(14,392)	(1,453)	(26,856)	(42,701)

The decrease of Euro 42,701 thousand principally concerns the deconsolidation of DOMS Industries Limited for Euro 18,336 thousand, in addition to a decrease in inventories of Euro 16,280 thousand, particularly at the US subsidiary Dixon Ticonderoga Company (Euro 14,640 thousand) and the Dominican subsidiary Bridesore (Euro 1,327 thousand), partially offset by a net increase in inventories by the subsidiary Daler Rowney Ltd (Euro 1,221 thousand), the Indian company DOMS Industries Limited (Euro 1,101 thousand), and the subsidiary FILA Argentina S.A (Euro 1,041 thousand). In addition, the decrease in the caption is due also to exchange losses of Euro 4,797 thousand.

Inventories are presented net of the allowance for inventory write-downs for raw materials (Euro 2,720 thousand), work-in-progress (Euro 500 thousand) and finished goods (Euro 7,127 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)
Release	52	-	42	94
Net exchange gains (losses)	10	-	(26)	(16)
December 31, 2022	2,004	614	4,025	6,643
Accruals	974	253	3,260	4,487
Utilisation	(255)	(320)	(92)	(667)
<i>Change in consolidation scope</i>	-	(49)	(28)	(77)
Net exchange gains (losses)	(3)	2	(38)	(39)
December 31, 2023	2,720	500	7,127	10,347
Change	716	(114)	3,102	3,704

Note 9 – Trade receivables and other assets

Trade receivables and other assets amount to Euro 99,821 thousand at December 31, 2023 (Euro 115,376 thousand at December 31, 2022):

Note 9.A - TRADE RECEIVABLES AND OTHER ASSETS

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Trade receivables	88,527	98,930	(10,403)
Trade receivables with associate	292	-	292
Tax assets	2,436	4,159	(1,723)
Other	3,168	7,646	(4,478)
Prepayments and accrued income	5,398	4,641	757
Total	99,821	115,376	(15,555)

Trade receivables decreased on December 31, 2022, by Euro 10,403 thousand, mainly attributable to Daler Rowney Ltd (United Kingdom) for Euro 4,612 thousand and the parent F.I.L.A. S.p.A. for Euro 2,692 thousand, partially offset by the increase of Euro 2,109 thousand during the year by the Indian

company DOMS Industries Limited (India). The reduction is also due to the deconsolidation of the Indian company for Euro 3,212 thousand at the date of deconsolidation.

There were exchange gains in the year of Euro 345 thousand.

Trade receivables broken down by country are illustrated below:

Note 9.B: TRADE RECEIVABLES BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Europe	30,549	38,249	(7,700)
North America	19,763	23,043	(3,280)
Central - South America	33,064	29,802	3,262
Asia	2,110	5,786	(3,676)
Other	3,042	2,050	992
Total	88,527	98,930	(10,403)

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

Note 9.C - 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	1,155
Utilisation	(889)
Release	(609)
<i>Change in consolidation scope</i>	(326)
Net exchange losses	(18)
December 31, 2023	8,060
Change	(687)

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 Group experience, to assess the asset – in addition to information indicative of expected developments – is included. Accruals to

the loss allowance amounted to Euro 1,155 thousand, mainly due to the impairment of the amounts due from third parties of the Russian subsidiary FILA Stationary O.O.O. for Euro 585 thousand and of the parent F.I.L.A. S.p.A. for Euro 379 thousand.

The allowance was utilised for Euro 889 thousand, mainly due to the parent F.I.L.A. S.p.A. (Euro 368 thousand), the US subsidiary Dixon Ticonderoga Company (Euro 322 thousand) and the Canadian subsidiary Dixon Ticonderoga Art ULC (Euro 110 thousand).

The decrease related to the deconsolidation of the Indian company DOMS Industries Limited amounted to Euro 326 thousand.

“Trade receivables from associates” amounted to Euro 292 thousand and refer solely to the trade receivable from the Indian company DOMS Industries Limited.

“Tax assets” totalled Euro 2,436 thousand at December 31, 2023 (Euro 4,159 thousand at December 31, 2022) and include VAT assets (Euro 1,875 thousand) and other tax assets for local taxes other than direct income taxes (Euro 560 thousand). The decrease on the previous year mainly relates to the parent F.I.L.A. S.p.A. for Euro 1,240 thousand.

“Other” amounts to Euro 3,168 thousand at December 31, 2023 (Euro 7,646 thousand at December 31, 2022) and mainly concerns advances paid to suppliers (Euro 972 thousand), principally concerning the American and French subsidiaries, amounts due from employees (Euro 95 thousand) and from social security institutions (Euro 12 thousand). The carrying amount of “Other” represents the fair value at the reporting date.

All of the above assets are due within 12 months.

With regards to other non-current receivables, at December 31, 2023 they amounted to Euro 45 thousand and concerned exclusively the French subsidiary Lodi 12.

Note 10 – Cash and cash equivalents

“Cash and cash equivalents” at December 31, 2023 amount to Euro 125,851 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
December 31, 2023	125,645	206	125,851
Change	14,566	76	14,642

“Bank and postal deposits” consist of temporary liquid funds generated within the treasury management and mainly relating to ordinary current accounts of F.I.L.A. S.p.A. for Euro 62,019 thousand and current accounts of the subsidiaries for Euro 63,626 thousand, in particular: Dixon Ticonderoga Company (U.S.A.) for Euro 22,378 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 13,447 thousand, Fila Dixon Stationary Kunshan (China) for Euro 7,038 thousand, Daler Rowney Ltd United Kingdom) for Euro 3,900 thousand.

“Cash in hand and other cash equivalents” amount to Euro 206 thousand, of which Euro 5 thousand relates to the Parent F.I.L.A. S.p.A and Euro 201 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's "Net Financial Debt" at December 31, 2023 was Euro 303,412 thousand, down Euro 131,747 thousand on December 31, 2022. This decrease was partly due to the financial liabilities arising from the application of IFRS 16, included in other current and non-current financial liabilities.

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
A Cash	206	130	76
B Cash equivalents	125,645	111,078	14,567
C Other current financial assets	1,162	873	289
D Liquidity (A + B + C)	127,012	112,082	14,931
E Current bank loans and borrowings	(40,848)	(105,492)	64,644
F Current portion of non-current bank loans and borrowings	(32,057)	(29,351)	(2,706)
G Current financial debt (E + F)	(72,905)	(134,843)	61,938
H Net current financial position (debt) (G - D)	54,108	(22,761)	76,869
I Non-current bank loans and borrowings	(357,519)	(412,398)	54,879
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(357,519)	(412,398)	54,879
M Net financial debt (H + L)	(303,412)	(435,159)	131,747
N Long term loans issued	-	-	-
O Net financial debt (M + N) - F.I.L.A. Group	(303,412)	(435,159)	131,747

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 fully paid-up share capital at December 31, 2023 of the Parent F.I.L.A. S.p.A. 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 - December 31, 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 December 31, 2023, the main shareholders of the Parent were:

Shareholders	Ordinary shares	%
Pencil S.p.A.	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.p.A.	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 330,766 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

In the period between August 7, 2023 and September 26, 2023, the Parent F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 143,875 ordinary shares of F.I.L.A. S.p.A. for a total value of Euro 1,172 thousand.

These transactions were carried out as part of the share buyback program, whose first tranche was approved by the Parent's Board of Directors on August 3, 2023, and as per the authorisation of the Shareholders at their Meeting of April 21, 2023.

Prior to the launch of the Program, the company held 186,891 ordinary treasury shares.

At December 31, 2023, the Group held 330,776 treasury shares, for a total value of Euro 2,966 thousand (equal to the "Negative reserve for treasury shares in portfolio" deducted from consolidated equity).

Legal reserve

At December 31, 2023, this caption amounted to Euro 9,396 thousand and was unchanged on the previous year.

Share premium reserve

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

Actuarial reserve

Following the application of IAS 19, the actuarial reserve is positive for Euro 1,670 thousand. The increase for the year of Euro 694 thousand is limited to the portion attributable to the owners of the parent.

Other reserves

At December 31, 2023, "Other reserves" are negative for Euro 23,980 thousand, decreasing Euro 2,162 thousand on December 31, 2022. The changes concern the following events:

- ▶ The hedging reserve comprises the fair value of the hedging financial instruments (IRS) entered into by F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Canson SAS (France); at December 31, 2023 the reserve was negative for Euro 178 thousand, a decrease of Euro 3,831 thousand compared to December 31, 2022 (positive for Euro 3,653 thousand) due to the adjustment of the financial instruments. This change in the fair value of financial instruments relates to the fair value adjustment of the derivative of F.I.L.A. S.p.A for Euro 2,921 thousand, to the fair value adjustment of the derivative of the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 840 thousand and for Euro 69 thousand to the fair

value adjustment of the derivative of Canson SAS (France). For further information, reference should be made to Note 17 – Financial Instruments;

- ▶ The impact of hyperinflation on hyperinflationary economies for an increase of Euro 1,055 thousand due to adoption of IAS 29 by the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. and the Argentine subsidiary FILA Argentina S.A.;
- ▶ “Share-Based Premium” reserve of Euro 773 thousand, increasing Euro 574 thousand (Euro 199 thousand at December 31, 2022) due to the portion for the year of the 2022-2026 medium-/long-term incentive plan set up for F.I.L.A. Group management from April 27, 2022. The accounting treatment applied is in line with the IFRS which establish that for equity-settled share-based payments, the fair value at the grant 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 effect on the consolidated financial statements.
- ▶ Reclassification of 10% of the equity of the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) to non-controlling interest equity following the sale of the holding 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 2023 amount to Euro 9,939 thousand.

Retained earnings

The reserve totalled Euro 224,775 thousand and increased on the previous year by Euro 19,213 thousand, relating to the allocation of the 2022 profit of Euro 25,271 thousand and to the distribution of the dividend allocated by the Shareholders of the Parent F.I.L.A. S.p.A. during their meeting of April 21, 2023.

Equity attributable to Non-Controlling Interests

Equity attributable to non-controlling interests decreased Euro 24,201 thousand, principally due to:

- ▶ Deconsolidation of the Indian company DOMS Industries Limited for Euro 35,071 thousand attributable to non-controlling interests;
- ▶ Profit for the year attributable to non-controlling interests of Euro 7,988 thousand;
- ▶ Distribution of dividends to non-controlling interests of Euro 1,890 thousand;
- ▶ Reclassification of 10% of the equity of the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) following the sale of the holding to third parties for Euro 152 thousand.
- ▶ Exchange gains of Euro 4,665 thousand;
- ▶ Actuarial reserve attributable to non-controlling interests of Euro 50 thousand;
- ▶ Hyperinflation of the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. attributable to non-controlling interests of Euro 4 thousand;

With reference to the “Statement of Changes in Equity”, the caption “Reserve” includes the “Legal reserve”, the “Share premium reserve”, the “Actuarial reserve”, “Other reserve” and the “Translation reserve”.

Basic and diluted earnings per share

The basic earnings per share are calculated by dividing the Group's profit for the year by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

The diluted earnings/(loss) per share is calculated by dividing the Group's profit for the year by the weighted average number of ordinary shares outstanding during the year 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 year attributable to holders of ordinary shares (basic)	2023	2022
Earnings of the year, attributable to shareholders (i) - € ,000	170,648	25,271
Earnings adjusted of the year, attributable to shareholders (ii) - € ,000	32,565	37,679

Average weighted number of ordinary shares (basic)	2023	2022
Average ordinary shares of the year	51,129,643	51,057,876
Treasury shares effect in portfolio	(330,766)	(186,891)
Average weighted number of ordinary shares (basic) at December 31 (iii)	50,798,877	50,870,985

Earnings of the year per share (basic)	3.36	0.50
Earnings adjusted of the year per share (basic)	0.64	0.74

Average weighted number of ordinary shares (diluted)	2023	2022
Average ordinary shares of the year	51,129,643	51,057,876
Treasury shares effect in portfolio	(330,766)	(186,891)
Potential shares	1,040,750	873,000
Average weighted number of ordinary shares (diluted) at December 31 (iii)	51,839,627	51,743,985

Earnings of the year per share (diluted)	3.29	0.49
Earnings adjusted of the year per share (diluted)	0.63	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 year of the Parent F.I.L.A. S.p.A. and the profit for the year shown in the consolidated financial statements:

Reconciliation at December 31, 2023 between the Parent's Equity and F.I.L.A. Group Equity

Euro thousands

F.I.L.A. S.p.A. equity	338,670
Elimination of intragroup profits and other consolidation entries	153,520
Consolidation effect FILA Art and Craft (Israel)	779
Consolidation effect Dixon Ticonderoga Group	96,944
Consolidation effect Lyra Group	5,696
Consolidation effect FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	(2,433)
Consolidation effect FILA Stationary O.O.O. (Russia)	(1,473)
Consolidation effect FILA Hellas (Greece)	1,390
Consolidation effect Industria Maimeri S.p.A. (Italy)	(905)
Consolidation effect FILA S.A. (South Africa)	(2,182)
Consolidation effect Fila Polska Sp. Z.o.o (Poland)	1,569
Consolidation effect DOMS Industries Pvt Ltd (India)	(37,059)
Consolidation effect Daler-Rowney Group	(14,608)
Consolidation effect St. Cuthberts Holding (England)	318
Consolidation effect FILA Iberia S.L. (Spain)	6,824
Consolidation effect Canson Group	18,538
Consolidation effect FILA Art Product AG (Switzerland)	568
Consolidation effect Pacon Group	7,713
Consolidation effect Fila Arches	83
Total equity	573,953
Consolidation effects attributable to non-controlling interests	4,082
F.I.L.A. group equity	569,870

Reconciliation at December 31, 2023 between Parent's Profit and F.I.L.A. Group Profit

Euro thousands

F.I.L.A. S.p.A.'s profit for the year	51,824
Profit for the year of the subsidiaries of the Parent	46,432
Elimination of the effects of transactions between consolidated companies:	
Dividends	(32,469)
Net Inventory Margins	111
Adjustments to Group accounting policies:	
Stock Option Plan recognised by the Parent to the Subsidiaries	(199)
FTA of IFRS 9	(956)
F.I.L.A. S.p.A. - Revaluation and deconsolidation on investment DOMS Industries Limited	100,314
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Fila Turkey	407
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Canson Italy	120
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Industria Maimeri S.p.A.	1,603
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Lodi 12	3,961
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Renoir TopCo Ltd	6,039
F.I.L.A. S.p.A. - Reversal of credit gains on intragroup loans granted by F.I.L.A. S.p.A.	1,448
Total profit for the year	178,637
Profit for the year attributable to non-controlling interests	7,988
Profit for the year attributable to the owners of the parent	170,648

Note 13— Financial Liabilities

The balance at December 31, 2023 amounts to Euro 429,547 thousand (Euro 550,417 thousand at December 31, 2022), of which Euro 356,642 thousand is non-current and Euro 72,905 thousand is current. The caption refers to both non-current and current portions of bank loans and borrowings, other loans and borrowings and current account overdrafts in addition to lease liabilities as per IFRS 16.

The breakdown at December 31, 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
December 31, 2023	353,900	(2,191)	351,710	877	(48)	829	1,044	73	1,117	75,891	-	75,891	429,547
non-current portion	292,211	(2,831)	289,380	427	(48)	379	-	-	-	66,883	-	66,883	356,642
current portion	61,690	640	62,330	450	-	450	1,044	73	1,117	9,008	-	9,008	72,905
Change	(101,685)	(1,535)	(103,220)	(2,262)	(65)	(2,327)	(2,619)	(72)	(2,691)	(12,632)	-	(12,632)	(120,870)
non-current portion	(46,712)	(1,089)	(47,801)	414	(47)	367	-	-	-	(11,498)	-	(11,498)	(58,932)
current portion	(54,973)	(446)	(55,419)	(2,676)	(18)	(2,694)	(2,619)	(72)	(2,691)	(1,134)	-	(1,134)	(61,938)

Financial liabilities – Bank loans and borrowings

With reference to “Bank loans and borrowings”, the total exposure of the Group amounts to Euro 351,710 thousand, of which Euro 62,330 thousand considered as current (Euro 117,749 thousand at December 31, 2022) and Euro 289,380 thousand as non-current (Euro 337,181 thousand at December 31, 2022).

Bank interest liabilities amounting to a positive Euro 2,191 thousand (positive Euro 656 thousand at December 31, 2022) include a positive Euro 2,831 thousand (positive Euro 1,742 thousand at December 31, 2022) regarding the amortised cost for the non-current financial liabilities in the year of Euro 640 thousand, concerning interest expense matured on outstanding loans, mainly regarding the Parent F.I.L.A. S.p.A. and the subsidiaries Grupo F.I.L.A.-Dixon, S.A. de C.v. (Mexico) and Dixon Ticonderoga Company (U.S.A.).

The decrease in the non-current portion of Euro 47,801 thousand mainly concerns:

- Decreases due to reclassifications of the short-term portion of loans of Euro 23,176 thousand, concerning the structured loans recognised by the US subsidiary Dixon Ticonderoga

Company (Euro 11,210 thousand), the Parent F.I.L.A. S.p.A. (Euro 10,938 thousand) and the French subsidiary Canson SAS (Euro 740 thousand), in addition to Euro 287 thousand concerning the loans recognised by the Indian subsidiary DOMS Industries Limited;

- Decreases due to the early repayment of the loan contracted by the US subsidiary Dixon Ticonderoga Company for Euro 15,177 thousand and by the parent F.I.L.A. S.p.A. for Euro 4,754 thousand. This early repayment was made possible by the funds raised following the successful completion of the public listing of DOMS Industries Limited (India).
- Translation gains of Euro 3,908 thousand;
- Decreases due to the change in amortised cost, net of currency effects of Euro 1,436 thousand;
- The decrease is due to the deconsolidation of the Indian associate DOMS Industries Limited for Euro 1,303 thousand;
- Increases totalling Euro 1,954 thousand attributable to new financing obtained by the French subsidiary for Euro 1,335 thousand and by the Indian subsidiary DOMS Industries Limited for Euro 619 thousand.

Bank loans and borrowings at December 31, 2023 show principal of Euro 353,901 thousand (Euro 455,586 thousand at December 31, 2022) mainly relating to the structured loan taken out by F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) for Euro 333,498 thousand, details of which for each facility are provided below:

Note 13.B - BANK LOANS AND BORROWINGS: BREAKDOWN

	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
Facility A1	76,563	-	76,563
Facility A2	-	64,214	64,214
Facility B1	106,846	-	106,846
Facility B2	-	29,852	29,852
Facility B3	-	33,400	33,400
Revolving Credit Facility	-	22,624	22,624
Total	183,408	150,090	333,498

*carrying amounts translated at the rate for the year

Facility A1 (Euro 76,563 thousand) and Facility A2 (Euro 64,214 thousand) stipulate a residual repayment plan consisting of 7 half-yearly instalments, of which 2 instalments classified as current, as scheduled for June 30, 2024 and for December 31, 2024, Facility B1 (Euro 106,846 thousand) and Facility B2 (Euro 29,852 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 (RCF) provides for short-term tranches of 1, 3 or 6 months, for a maximum amount of Euro 75,000 thousand, currently utilised for Euro 22,624 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>				
June 30, 2024	Facility A1, A2	4,375	4,484	8,859
December 31, 2024	Facility A1, A2	6,563	6,726	13,289
Current portion		10,938	11,210	22,148
June 30, 2025	Facility A1, A2	6,563	6,726	13,289
December 31, 2025	Facility A1, A2	6,563	6,726	13,289
June 30, 2026	Facility A1, A2	10,938	11,210	22,148
December 31, 2026	Facility A1, A2	10,938	11,210	22,148
July 23, 2027	Facility A1, A2	30,625	17,130	47,755
Total - Facility A1, A2		76,563	64,214	140,776
Bullet Loan - July 23, 2027	Facility B1	106,846	-	106,846
Total - Facility B1		106,846	-	111,600
Bullet Loan - July 23, 2027	Facility B2	-	29,852	29,852
Total - Facility B2		-	29,852	29,852
Bullet Loan - July 25, 2027	Facility B3	-	33,400	33,400
Total - Facility B3		-	33,400	33,400
Bullet Loan - July 23, 2027	RCF	-	22,624	22,624
Total - RCF		-	22,624	22,624
Grand Total		183,408	150,090	333,498

*carrying amounts translated at the rate for the year

The loan was initially recognised at fair value, including directly related 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 according to the effective interest rate, which is 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 in 2023 of the amortised cost method is Euro 1,274 thousand of

interest (of which Euro 250 thousand concerning F.I.L.A. S.p.A. and Euro 1,023 thousand concerning Dixon Ticonderoga U.S.A.). The non-current portion, in addition to the loan, includes the fair value of the negotiation costs related to the derivative financial instruments of Euro 973 thousand.

In addition to the loan described above, the principal of bank loans and borrowings include another Euro 20,402 thousand broken down into current (Euro 16,918 thousand) and non-current (Euro 3,485 thousand), as described below.

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

- ▶ Credit lines granted by Grupo Financiero BBVA Bancomer S.A., Banco Santander S.A., Scotiabank Inverlat S.A., Banco Nacional de Mexico, S.A. and Banbajio to Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for a total of Euro 15,948 thousand. During the year, the total amount decreased by Euro 13,903 thousand including Euro 3,400 thousand due to the negative exchange rate effect;
- ▶ The current portion of the non-current loan contracted by Canson SAS (France) for Euro 740 thousand;
- ▶ Short-term loans granted to Fila Art and Craft Ltd (Israel) by Bank Leumi for Euro 145 thousand;
- ▶ Short-term loans granted to Fila Chile Ltda (Chile) by Bank BCI for Euro 85 thousand. The company's total financial exposure decreased by Euro 261 thousand on December 31, 2022;

Non-current bank loans and borrowings amount to Euro 3,485 thousand and principally relates to the non-current portion of the loans granted to:

- ▶ Canson SAS (France) from Intesa Sanpaolo for Euro 2,511 thousand;
- ▶ The fair value of the negotiation charges related to the derivative financial instruments subscribed in 2023 by the parent F.I.L.A. S.p.A. of Euro 690 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A.) of Euro 283 thousand.

The breakdown of current financial liabilities by due date is shown below:

December 31, 2023 Euro thousands	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
Financial liabilities						
Bank loans and borrowings ⁽¹⁾	63,447	24,585	36,022	159,906	68,867	352,827
Other loans and borrowings	450	379	-	-	-	829
Expected cash flows	63,897	24,964	36,022	159,906	68,867	353,656

(1) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 349,996 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 2,831 thousand. The carrying amount in the table is therefore Euro 352,827 thousand.

December 31, 2022 Euro thousands	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
Financial liabilities						
Bank loans and borrowings ⁽²⁾	121,557	23,506	27,721	45,780	240,172	458,737
Other loans and borrowings	3,144	12	-	-	-	3,156
Expected cash flows	124,701	23,518	27,721	45,780	240,172	461,893

(2) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 456,995 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 1,742 thousand. The carrying amount in the table is therefore Euro 458,737 thousand.

Covenants

The F.I.L.A. Group is subject to commitments and covenants in relation to 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 Paribas).

Compliance with 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 at December 31, 2023:

Leverage Ratio in December 2023: NFD / EBITDA < 3.20

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 December 31, 2023, the F.I.L.A. Group had complied with the above covenants.

Financial liabilities— Other loans and borrowings

“Financial liabilities – Other loans and borrowings” at December 31, 2023 totalled Euro 829 thousand (Euro 3,156 thousand at December 31, 2022), with the current portion totalling Euro 450 thousand (Euro 3,144 thousand at December 31, 2022).

Financial Liabilities— Current Account Overdrafts

“Current account overdrafts” amounted to Euro 1,117 thousand (Euro 3,808 thousand at December 31, 2022) and mainly concern the overdrafts of the French subsidiary Canson SAS (Euro 1,044 thousand) and the parent F.I.L.A. S.p.A. for Euro 73 thousand.

Financial liabilities – Lease liabilities

Financial liabilities at December 31, 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 12,632 thousand as at December 31, 2023, of which Euro 11,498 thousand as the non-current portion and Euro 1,134 thousand as the current portion.

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

<i>Euro thousands</i>	December 31, 2023	Measurement model	Level 1	Level 2	Level 3
Financial Liabilities					
Bank Loans and Borrowings	351,710	<i>Amortised cost</i>			
Other Loans and Borrowings	829	<i>Amortised cost</i>			
Current account overdrafts	1,117	<i>Amortised cost</i>			
Financial Instruments	877	<i>Fair value</i>		877	
Trade Payables and Other Liabilities	105,656	<i>Amortised cost</i>			
Total Financial Liabilities	460,189		-	877	-

<i>Euro thousands</i>	December 31, 2022	Measurement model	Level 1	Level 2	Level 3
Financial Liabilities					
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>			
Financial Instruments	-	<i>Fair value</i>			
Trade Payables and Other Liabilities	122,375	<i>Amortised cost</i>			
Total Financial Liabilities	584,269		-	-	-

Fair value is divided into the following hierarchy levels:

- ▶ Level 1: listed prices (not adjusted) on active markets for identical assets or liabilities;
- ▶ Level 2: input data other than listed prices (included in Level 1) which are observable for assets or liabilities, both directly (as in the case of prices) and indirectly (as derived from prices);
- ▶ Level 3: input data concerning assets or liabilities which are not based on observable market data.

In accordance with the latest amendments to IAS 7, the following table shows the variations in liabilities (and any related assets) recorded in the statement of financial position, whose cash flows are or will be recorded in the statement of cash flows as cash flows from financing activities.

<i>Euro thousands</i>	Bank Loans and borrowings Principal	Other Loans and borrowings Principal	Other Financial Expense	Financial expense Post-employment benefit
	<i>Note 13</i>	<i>Note 13</i>	<i>Note 30</i>	<i>Note 14</i>
December 31, 2022	(455,586)	(3,139)	12,996	(107)
Cash Flows	93,179	(6,058)	(11,124)	(293)
Other changes:				
Exchange gains (losses)	2,567	(667)	-	-
FV Variation	-	-	-	-
Change in amortized cost	324	-	1,274	-
<i>Change in consolidation scope</i>	<i>5,616</i>	<i>8,987</i>	-	-
December 31, 2023	(353,900)	(877)	3,146	(400)

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 granted 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), Fila Hellas (Greece), Fila Arches (France) and Dixon Ticonderoga Company (U.S.A.), Industria Maimeri S.p.A. and Grupo F.I.L.A.-Dixon, S.A. de C.V. 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 December 31, 2023 were as follows:

Note 14.A - POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS			
	Post-employment benefits	Other employee benefits	Total
<i>Euro thousands</i>			
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	4,548	(6,002)	(1,454)
December 31, 2022	5,287	4,557	9,844
Benefits paid	(952)	(500)	(1,452)
Interest cost	200	200	400
Service cost	972	607	1,579
Actuarial (gains) losses	395	632	1,027
Exchange (gains) losses	-	(1,450)	(1,450)
Other	-	130	130
December 31, 2023	5,902	4,176	10,078
Change	615	(381)	234

Actuarial losses accrued during 2023 totalled Euro 1,027 thousand and were recorded, net of the tax effect, in the statement of comprehensive income and are mainly attributable to Daler Rowney Ltd (UK) for Euro 540 thousand and to the French subsidiary Canson SAS for Euro 353 thousand.

The decrease is due to the deconsolidation of the Indian associate DOMS Industries Limited for Euro 1,450 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	December 31, 2023	December 31, 2022
Present value of obligations not covered by plan assets	5,902	5,287
	5,902	5,287
Present value of obligations covered by plan assets	34,501	33,766
Fair value of plan assets relating to the obligations	(30,325)	(29,209)
	4,176	4,557
Total	10,078	9,844

The financial assets at December 31, 2023 invested by the F.I.L.A. Group to cover financial liabilities arising from “Employee benefits” amount to Euro 30,325 thousand (Euro 29,209 thousand at December 31, 2022) and relate to Daler Rowney Ltd (United Kingdom) for Euro 26,065 thousand,

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Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 2,688 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 1,572 thousand. The financial investments have an average return of 4.95% on invested capital.

The table below highlights the net cost of employee benefit components recognised in profit or loss in 2023 and 2022:

2. Cost recognised in Profit and Loss	December 31, 2023	December 31, 2022
Service cost	1,579	2,000
Interest cost	400	107
Cost recognised in Profit and Loss	1,979	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)	December 31, 2023	December 31, 2022
Annual technical discount rate	3.6%	4.4%
Increase in cost of living index	3.3%	3.8%
Future salaries increase	1.6%	2.2%
Future pensions increase	1.9%	2.5%

Details of the cash flows of employee benefits at December 31, 2023 are illustrated in the table below.

Nota 14.B - EMPLOYEE BENEFITS: CASH FLOWS SCHEDULE

Nature	Amount	Cash flows schedule				
		2023	2024	2025	2026	After 2026
Italian post-employment benefits (TFR)	5,902	216	414	314	208	4,750
Employee benefits	4,176	43	60	58	41	3,974
Total	10,078					

* Euro thousands

Note 15 – Provision for risks and charges

“Provision for Risks and Charges” at December 31, 2023 amount to Euro 1,821 thousand (Euro 2,099 thousand at December 31, 2022), of which Euro 895 thousand (Euro 896 thousand at December 31, 2022) concerning the non-current portion and Euro 926 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
December 31, 2023	24	805	364	628	1,821
non-current portion	-	805	-	90	895
current portion	24	-	364	538	926
Change	(133)	94	109	(348)	(277)
non-current portion	-	94	-	(95)	(1)
current portion	(133)	-	109	(253)	(277)

The change in the provisions for risks and charges at December 31, 2023 was 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) losses	13	-	3	15	31
Other	-	-	-	-	-
December 31, 2022	157	711	255	976	2,099
Utilisation	(154)	-	(122)	(262)	(538)
Accruals	14	58	231	77	380
Release	-	-	-	(156)	(156)
Discounting	-	37	-	-	37
Net exchange (gains) losses	6	-	-	(6)	-
Other	-	-	-	-	-
December 31, 2023	24	805	364	628	1,821
Change	(133)	94	109	(348)	(277)

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, decreased by Euro 133 thousand mainly due to the utilisations by Fila Canson do Brasil Ltda (Brazil) for Euro 154 thousand.

The provision of Euro 24 thousand is attributable entirely to the German subsidiary Lyra KG.

Pension and similar provisions

The caption includes the agents' leaving indemnity at December 31, 2023 of the Parent F.I.L.A. S.p.A. and of the Italian subsidiary Industria Maimeri S.p.A.. The actuarial gains for 2023 totalled Euro 37 thousand. The actuarial gains of the year, net of the tax effect, are recognised directly in equity.

Restructuring provisions

For the integration and reorganisation of the Group structure following the corporate transactions of recent years, a number of companies established provisions for risks and charges concerning personnel mobility plans for a total at December 31, 2023 of Euro 364 thousand and increased by Euro 109 thousand. The plans involve in particular the reorganisation of the North American strategic segment beginning in 2019, recognising provisions of Euro 231 thousand, mainly by the subsidiary Dixon Ticonderoga Company (U.S.A.). In addition, utilisation of the provision for Euro 122 thousand

is reported by the UK subsidiary Daler Rowney Ltd.

Other provisions

The provision totalled Euro 628 thousand and decreased by Euro 348 thousand. The main change in the year related to the utilisation of Euro 235 thousand by Dixon Ticonderoga Company (U.S.A.) In addition, the further movements relate to the release of provisions for Euro 91 thousand by the American subsidiary.

Note 16 – Deferred Tax Liabilities

“Deferred Tax Liabilities” amount to Euro 60,803 thousand at December 31, 2023 (Euro 70,846 thousand at December 31, 2022).

Note 16.A CHANGES IN DEFERRED TAX LIABILITIES	
<i>Euro thousands</i>	
December 31, 2021	71,839
Increase	669
Utilisation	(2,642)
Net exchange losses	1,167
Increase recognised in equity	(182)
Other decreases	(5)
December 31, 2022	70,846
Increase	286
Utilisation	(1,813)
<i>Change in consolidation scope</i>	(7,097)
Net exchange gains	(1,025)
Decrease recognised in equity	(179)
Other decreases	(213)
December 31, 2023	60,803
Change	(10,042)

The decrease from the previous year was Euro 10,042 thousand and is mainly due to the deconsolidation of the Indian company DOMS Industries Limited for Euro 7,097 thousand, as well as the exchange gains of Euro 1,025 thousand. The Group companies have progressively released deferred taxes as the assets are amortised.

The change recognised in Equity (Euro 179 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.

The table below shows the deferred tax liabilities by nature:

NOTE 16.B - BREAKDOWN OF DEFERRED TAX LIABILITIES								
	Statement of Financial Position		Profit or loss		Equity		Other Changes	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>Euro thousands</i>								
Deferred tax liabilities relating to:								
Intangible Assets	53,911	55,576	(1,665)	818	-	-	-	-
Deferred tax liabilities on inventories	502	611	(109)	(106)	-	-	-	-
Property, Plant and Equipment	3,654	11,905	(1,154)	(1,039)	-	-	(7,097)	-
Personnel - IAS 19	(43)	(31)	167	218	(179)	(182)	-	-
Translation difference accounted for as "Translation Reserve"	-	-	1,025	(1,161)	(1,025)	1,167	-	-
Other	2,779	2,785	209	(702)	-	-	(213)	(5)
Total deferred tax liabilities	60,803	70,846	(1,527)	(1,973)	(1,204)	985	(7,310)	(5)

Note 17— Financial instruments

“Financial Instruments” amount to Euro 877 thousand at December 31, 2023 (zero balance at December 31, 2022) and concern the fair value of the derivatives on the loan (hedged instrument) issued in favour of F.I.L.A. S.p.A. for Euro 824 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 133 thousand. Canson SAS (France) also entered into a derivative to hedge borrowings (hedged instrument) agreed by the company in support of investments relating to the implementation of the Annonay logistics hub for a positive Euro 80 thousand.

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 net of the tax effect.

Reference should be made to the “Directors’ Report— Risk Management” section with regards to the nature and extent of financial instrument risk, in accordance with IFRS 7.

The change in the account compared to the previous year is due also to the fact that the fair value of the derivative hedging instruments is negative and, differing from 2022, was therefore not recorded in the account “Other Financial Assets”.

Note 18 – Current Tax Liabilities

“Current Tax Liabilities” total Euro 8,080 thousand at December 31, 2023 (Euro 10,215 thousand at December 31, 2022), relating mainly to the US subsidiary Dixon Ticonderoga Company (Euro 4,952 thousand), the parent F.I.L.A. S.p.A. (Euro 818 thousand), the German subsidiary Lyra KG (Euro 618 thousand), the Chilean subsidiary F.I.L.A. Chile Ltda (Euro 471 thousand) and the Brazilian subsidiary Fila Canson do Brasil (Euro 312 thousand).

Note 19— Trade payables and other liabilities

“Trade Payables and Other Liabilities” at December 31, 2023 amount to Euro 105,656 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>	December 31, 2023	December 31, 2022	Change
Trade payables	69,009	90,395	(21,386)
Trade payables to associate	1,439	-	1,439
Tax liabilities	9,059	7,535	1,524
Other	22,685	23,724	(1,039)
Accrued expenses and deferred income	3,464	721	2,743
Total	105,656	122,375	(16,719)

The decrease in “Trade Payables” was Euro 21,386 thousand and principally concerned the deconsolidation of the Indian company DOMS Industries Limited for Euro 17,286 thousand. The change in the year of trade payables was Euro 4,357 thousand and concerned Daler Rowney Ltd for Euro 4,039 thousand and the parent F.I.L.A. S.p.A. for Euro 3,176 thousand, in addition to net exchange losses of Euro 257 thousand.

The geographical breakdown of trade payables is shown below:

Note 19.B - TRADE PAYABLES BY GEOGRAPHICAL SEGMENT

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Europe	30,631	40,364	(9,733)
North America	25,377	27,147	(1,770)
Central - South America	10,965	11,558	(593)
Asia	1,967	11,212	(9,245)
Other	68	114	(46)
Total	69,009	90,395	(21,386)

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

The trade payables reported above are due within 12 months.

“Trade payables to associates” solely includes the trade payable from the associate DOMS Industries Limited for Euro 1,439 thousand.

“Tax Liabilities” to third parties amounts to Euro 9,059 thousand at December 31, 2023 (Euro 7,535 thousand at December 31, 2022), of which VAT liabilities of Euro 4,793 thousand and Euro 4,266 thousand concerning tax liabilities other than current taxes, primarily recognized by the Parent F.I.L.A. S.p.A. (Euro 726 thousand) and relating to withholding taxes in connection with independent contractors. The residual amount mainly concerns Dixon Ticonderoga Company U.S.A. (Euro 1,762 thousand), Fila Canson do Brasil (Euro 744 thousand) and Canson SAS (Euro 347 thousand).

“Other” amounts to Euro 22,685 thousand at December 31, 2023 and principally include:

- Amounts due to employees for remuneration of Euro 12,948 thousand (Euro 14,052 thousand at December 31, 2022);
- Social security contributions to be paid of Euro 5,578 thousand (Euro 6,241 thousand at December 31, 2022);
- Agent commissions of Euro 204 thousand (Euro 318 thousand at December 31, 2022);
- Residual liabilities of Euro 3,955 thousand mainly concerning advances to customers (Euro 3,112 thousand at December 31, 2022).

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

With regards to other non-current payables, at December 31, 2023 they amounted to Euro 195 thousand and concerned exclusively the parent F.I.L.A. S.p.A..

Note 20 – Revenue

Revenue in 2023 amounted to Euro 779,183 thousand (Euro 764,580 thousand in 2022):

Note 20.A - REVENUE			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Revenue	827,168	813,576	13,592
Adjustments to Sales	(47,985)	(48,996)	1,011
<i>Returns on Sales</i>	(11,195)	(12,997)	1,802
<i>Discounts, Allowances and bonuses</i>	(36,790)	(35,999)	(791)
Total	779,183	764,580	14,603

“Revenue” of Euro 779,183 thousand increased by Euro 14,603 thousand on the previous year.

Net of exchange losses of Euro 33,687 thousand (mainly concerning the Argentinean Peso, the Indian Rupee and the US Dollar), organic growth was Euro 48,290 thousand (+6.3%).

At geographical area level, organic growth was reported in Asia of Euro 37,875 thousand (+30.9% on the previous year), in Central and South America for Euro 22,966 thousand (+29.6% on the previous year), in North America for Euro 5,806 thousand (+1.8% on the previous year), partially offset by a decrease in Europe for Euro 18,234 thousand (-7.8% on the previous year), and Other for Euro 124 thousand (-3.1%).

Note 20.B - REVENUE BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Europe	214,174	235,149	(20,975)
North America	321,555	325,046	(3,491)
Central - South America	91,171	77,719	13,452
Asia	148,737	122,623	26,114
Other	3,546	4,043	(497)
Total	779,183	764,580	14,603

Note 21 – Income

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

“Income” in 2023 amounted to Euro 8,732 thousand (Euro 10,053 thousand in 2022).

Note 21 - INCOME			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Gains on Sale of Property, Plant and Equipment	125	86	39
Unrealised Exchange Gains on Commercial Transactions	3,452	3,567	(115)
Realised Exchange Gains on Commercial Transactions	2,516	3,699	(1,183)
Other Revenue and Income	2,639	2,701	(62)
Total	8,732	10,053	(1,321)

For further details on exchange differences for Euro 5,968 thousand, reference should be made to “Note 31— Foreign currency transactions”.

“Other Revenue and Income” of Euro 2,639 thousand in 2023 principally includes income from the sale of production waste by Group companies, income on the subleasing and sale of pallets by Dixon Ticonderoga Company, reimbursements for government grants obtained by Canson SAS (France), 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 for purchases, goods and consumables for operating activities.

“Raw Materials, Consumables, Supplies and Goods” in 2023 totalled Euro 348,661 thousand (Euro 402,407 thousand in 2022).

The relative detail is shown below:

Note 22 - RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Raw materials, Consumables, Supplies and Goods	(290,884)	(323,256)	32,372
Transport costs	(13,964)	(35,805)	21,841
Packaging	(21,224)	(18,369)	(2,855)
Import Charges and Customs Duties	(8,239)	(10,262)	2,023
Other purchase costs	(13,282)	(14,085)	803
Maintenance Materials	(1,484)	(1,338)	(146)
Adjustments to Purchases	416	708	(292)
Returns on purchases	64	183	(119)
Discounts, rebates and rewards on purchases	351	525	(174)
Total	(348,661)	(402,407)	53,746

The decrease in “Raw Materials, Consumables, Supplies and Goods” in 2023 was Euro 53,746 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 2023 totalled Euro 20,024 thousand, of which:

- Decrease in “Raw Materials, Consumables, Supplies and Goods” for Euro 5,209 thousand (increase of Euro 6,834 thousand in 2022);
- Increase in “Contract Work in Progress and Semi-Finished products” of Euro 2,774 thousand (increase of Euro 2,406 thousand in 2022);
- Decrease in “Finished Goods” of Euro 17,589 thousand (increase of Euro 17,631 thousand in 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 to Euro 128,449 thousand in 2023 (Euro 119,823 thousand in 2022).

Services are broken down as follows:

Note 23 - SERVICES AND USE OF THIRD-PARTY ASSETS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Sundry services	(9,933)	(9,241)	(692)
Transport	(30,223)	(31,991)	1,768
Warehousing	(2,420)	(2,397)	(23)
Maintenance	(14,390)	(14,081)	(309)
Utilities	(14,492)	(12,130)	(2,362)
Consulting fees	(16,409)	(12,943)	(3,466)
Directors' and Statutory Auditors' Fees	(6,506)	(3,907)	(2,599)
Advertising, Promotions, Shows and Fairs	(5,598)	(5,347)	(251)
Cleaning	(1,145)	(1,034)	(111)
Bank Charges	(1,230)	(1,471)	241
Agents	(8,905)	(9,777)	872
Travel, accommodation and sales representatives	(4,567)	(3,948)	(619)
Sales Commissions	(2,095)	(2,180)	85
Insurance	(3,528)	(3,371)	(157)
Other Services	(3,301)	(2,932)	(369)
Rent	(3,033)	(2,293)	(740)
Royalties and Patents	(674)	(780)	106
Total	(128,449)	(119,823)	(8,626)

The increase in “Services and Use of Third-Party Assets” on 2022 was Euro 8,626 thousand. Consulting fees principally increased as a result of the public listing of DOMS Industries Limited (India) incurred by the parent F.I.L.A. S.p.A., in addition to an increase in the remuneration of directors and statutory auditors by the parent due to extraordinary remuneration related to the DOMS Industries Limited IPO.

The increase in utility costs was due to inflation.

Note 24 – Other Costs

”Other Costs” totalled Euro 11,288 thousand in 2023 (Euro 7,726 thousand in 2022).

This caption principally includes realised and unrealised exchange losses on commercial transactions for Euro 9,741 thousand. For further details on exchange differences, reference should be made to “Note 30— Foreign currency transactions”.

“Other costs” are broken down as follows:

Note 24 - OTHER COSTS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Unrealised Exchange Losses on Commercial Transactions	(5,447)	(3,875)	(1,572)
Realised Exchange Losses on Commercial Transactions	(4,294)	(3,728)	(566)
Other Operating Costs	(1,547)	(123)	(1,424)
Total	(11,288)	(7,726)	(3,562)

The increase in “Other operating costs” of Euro 1,424 thousand in 2023 primarily relates to taxes other than income taxes, such as municipal taxes on property. The increase on the previous year is due to the settlement of a dispute which resulted in an increased outlay for the US subsidiary Dixon Ticonderoga Company for Euro 946 thousand.

Note 25 – Personnel Expense

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

“Personnel expenses” amounted to Euro 157,139 thousand in 2023 (Euro 152,317 thousand in 2022).

These costs are broken down as follows:

Note 25 – PERSONNEL EXPENSE			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Wages and Salaries	(119,618)	(116,997)	(2,621)
Social Security Charges	(29,910)	(29,211)	(699)
Employee Benefits	(607)	(571)	(36)
Post-Employment Benefits	(972)	(1,429)	457
Other	(6,032)	(4,109)	(1,923)
Total	(157,139)	(152,317)	(4,822)

“Personnel expense” increased Euro 4,822 thousand on 2022 due to the expanded workforce.

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

	Europe	North America	Central - South America	Asia	Rest of the World	Total
December 31, 2022	1,150	552	1,770	7,854	25	11,351
December 31, 2023	1,077	526	1,391	8,778	22	11,794
Change	(73)	(26)	(379)	924	(3)	443

Asia includes 8,423 employees of the Indian associate DOMS Industries Limited.

For further details, reference should be made to the Personnel section of the Directors' Report.

Note 26 – Amortisation and Depreciation

This caption amounted to Euro 41,919 thousand in 2023 (Euro 42,249 thousand in 2022). Amortisation and depreciation in 2023 and 2022 are reported below:

Note 26 – AMORTISATION AND DEPRECIATION			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Depreciation of Property, plant and equipment	(15,773)	(16,093)	320
Amortisation of Intangible assets	(14,498)	(14,276)	(222)
Depreciation of Right-of-use assets	(11,648)	(11,880)	232
Total	(41,919)	(42,249)	330

Amortisation and depreciation is in line with 2022.

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

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

“Net impairment losses on Trade Receivables and Other assets” amounted to Euro 617 thousand in 2023 (Euro 4,145 thousand in 2022):

Note 27 - IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Net impairment losses on trade receivables and other assets	(617)	(4,145)	3,528
Total	(617)	(4,145)	3,528

The decrease in “Net impairment losses on Trade Receivables and Other Assets” is mainly due to the lower level of impairment and estimated credit losses, in addition to the fact that the 2022 figure included the impairment of the amount due from third parties of the Russian subsidiary Fila Stationary O.O.O. for Euro 3,099 thousand.

Note 28 –Net Other Impairment Losses

These amount to Euro 1,358 thousand in 2023 (Euro 94 thousand in 2022).

Note 28 – NET OTHER IMPAIRMENT LOSSES			
<i>ousands</i>	December 31, 2023	December 31, 2022	Change
Net impairment losses on Property, Plant and Equipment	(11)	(22)	11
Net impairment losses on Right of Use Assets	(873)	0	(873)
Net reversal of impairment losses on Intangible Assets	-	5	(5)
Net impairment losses on Biological Assets	(474)	(77)	(397)
Total	(1,358)	(94)	(1,264)

The change for the year is mainly due to the impairment of two properties in accordance with IFRS 16 by the US subsidiary Dixon Ticonderoga Company for Euro 873 thousand and to the fair value loss on the plantation of the Chinese company Xinjiang F.I.L.A.-Dixon Plantation Company Ltd of Euro 474 thousand.

For further details, reference should be made to “Note 2 – Property, Plant and Equipment”, “Note 1 – Intangible Assets”, and “Note 11 – Biological Assets”.

Note 29 – Financial Income

Total “Financial Income” amounted to Euro 7,522 thousand in 2023 (Euro 14,573 thousand in 2022). Financial income, together with the comment on the main changes on the previous year, was as follows:

Note 29 – FINANCIAL INCOME			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Financial income on investments	1	1	-
<i>Dividends</i>	<i>1</i>	<i>1</i>	-
Interest income on Bank Deposits	2,260	424	1,836
Other Financial Income	681	1,623	(942)
Unrealised Exchange Gains on Financial Transactions	3,799	4,036	(237)
Realised Exchange Gains on Financial Transactions	781	8,488	(7,707)
Total	7,522	14,573	(7,051)

The decrease compared to December 31, 2022 concerns smaller “Unrealised Exchange Gains on Financial Transactions” and “Realised Exchange Gains on Financial Transactions” for Euro 7,944 thousand.

“Income from investments” concerns the dividend distributed by Maimeri S.r.l. to F.I.L.A. S.p.A. This investment is recognised among “Other Equity Investments”.

Note 30 – Financial Expense

“Financial Expense” in 2023 amounted to Euro 45,195 thousand (Euro 49,472 thousand in 2022).

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

Note 30 - FINANCIAL EXPENSE			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Interest on current account Overdrafts	(864)	(115)	(749)
Interest on Bank Loans and borrowings	(27,164)	(21,027)	(6,137)
Interest on Other loans and borrowings	(1,155)	(578)	(577)
Other Financial Expense	(3,146)	(12,996)	9,850
Unrealised Exchange Losses on Financial Transactions	(5,935)	(6,711)	776
Realised Exchange Losses on Financial Transactions	(1,356)	(2,078)	722
Lease interest expense - Right-of-use assets	(5,575)	(5,967)	392
Total	(45,195)	(49,472)	4,277

The change in “Financial Expense” in 2023 was Euro 4,277 thousand and, net of the considerations regarding exchange losses (resulting in a change of Euro 1,498 thousand), was mainly due to the decrease in charges by F.I.L.A. S.p.A. which incurred an increase in 2022 for refinancing.

The portion of amortized cost accrued in 2023 amounts to Euro 1,274 thousand and mainly refers to the loan contracted by Dixon Ticonderoga Company (U.S.A.) (Euro 1,023 thousand) and by F.I.L.A. S.p.A. (Euro 251 thousand) at December 31, 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 2023 are reported below:

Note 31 - FOREIGN CURRENCY TRANSACTIONS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Unrealised Exchange Gains on Commercial Transactions	3,452	3,567	(115)
Realised Exchange Gains on Commercial Transactions	2,516	3,699	(1,183)
Unrealised Exchange Losses on Commercial Transactions	(5,447)	(3,875)	(1,572)
Realised Exchange Losses on Commercial Transactions	(4,294)	(3,728)	(566)
Net exchange losses on commercial transactions	(3,773)	(337)	(3,436)
Unrealised Exchange Gains on Financial Transactions	3,799	4,037	(238)
Realised Exchange Gains on Financial Transactions	781	8,488	(7,707)
Unrealised Exchange Losses on Financial Transactions	(5,935)	(6,711)	776
Realised Exchange Losses on Financial Transactions	(1,356)	(2,078)	722
Net exchange gains on financial transactions	(2,711)	3,736	(6,447)
Net exchange gains	(6,484)	3,399	(9,883)

Exchange differences in 2023 mainly arose from exchange rate fluctuation against the euro, in addition to the change in the year of assets and liabilities in foreign currencies, following commercial and financial transactions.

Note 32 – Share of profits of Equity-Accounted Investees

The “Share of profits of equity-accounted investees” of Euro 941 thousand (Euro 777 thousand in 2022) relates to the adjustment of the investments in associates held by DOMS Industries Limited (India), consolidated under the equity method up to the date of loss of control by the company DOMS Industries Limited.

Note 34 – Gain on the loss of control of a subsidiary

In the second half of 2023, the parent F.I.L.A. S.p.A. began the process of publicly listing the Indian subsidiary DOMS Industries Limited on the National Stock Exchange of India (“DOMS IPO”), acting as the promoter. This process concluded successfully on December 20, 2023 with the sale by F.I.L.A. S.p.A. of 10,126,582 DOMS shares for total consideration of INR 800 crore (corresponding to approx. Euro 87.5 million at an exchange rate of 91.43 INR/Euro).

F.I.L.A. S.p.A. remained a shareholder of the company post-listing, with a total of 18,561,153 DOMS shares, going from a 51% interest in the company to 30.6%.

As such, this transaction resulted in a loss of control over DOMS Industries Limited.

As the sale of the shares by the Parent and consequent loss of control took place near the end of the year, with an insignificant effect on cash flows between the date of the sale and December 31, 2023, the Group consolidated DOMS Industries Limited on a line-by-line basis until December 31, 2023, attributing the respective share to non-controlling interests.

Subsequently, the investment in DOMS Industries Limited was deconsolidated, thereby eliminating the related assets and liabilities at the date of the loss of control, the non-controlling interests, and the other components of equity related to the subsidiary, while recognising the gain on the loss of control, including the fair value measurement at the date of the loss of control of the 30.6% equity investment held in the former subsidiary in the amount of Euro 160,377 thousand.

As a result of losing a controlling interest and consequently deconsolidating the Indian subsidiary, the Group’s statement of financial position at December 31, 2023, does not include the assets and liabilities of DOMS, but rather the equity investment held in the former subsidiary, whereas the statement of comprehensive income and the statement of cash flows for the Group for the year ended December 31, 2023, reflect the revenue, expenses and cash flows generated by the Indian investee in 2023, as well as the gain on the loss of control.

The financial performance of DOMS Industries Limited for 2023 is detailed below:

Total revenue and other income	148,471
Operating Profit	19,940
Net Financial expense	(366)
Total taxes	(4,764)
Profit for the year	14,809
<i>Profit attributable to owners of the parent</i>	7,553
<i>Profit attributable to non-controlling interests</i>	7,257

The gain on the loss of control amounted to Euro 167,594 thousand and was measured as the difference between the fair value of the consideration received (Euro 69,056 thousand, equal to the total consideration net of taxes and other costs related to the transaction), plus the effects of the fair value measurement of the share held in the former subsidiary (Euro 160,377 thousand) and of the equity related to the non-controlling interests compared to the equity of the company at the consolidated level, including goodwill, together with the elimination of the translation reserve on the consolidated statement of financial position related to the Indian subsidiary.

Note 33 – Taxes

In 2023, these totalled Euro 30,684 thousand (Euro 8,347 thousand in 2022) and comprised current taxes of Euro 31,993 thousand (Euro 15,056 thousand in 2022) and net deferred tax income of Euro 1,309 thousand (income of Euro 6,710 thousand in 2022).

It should be noted that the Group has applied the temporary exemption provided by the amendment to IAS 12, issued by the International Accounting Standards Board (IASB) on May 23, 2023, on the recognition and related disclosures to be provided in the consolidated financial statements regarding deferred tax assets and liabilities arising from the application of the “Global Minimum Tax” envisaged by Directive (EU) 2022/2523 of December 14, 2022 (the “Directive”), within the framework of the Global Anti-Base Erosion Model Rules (“GloBE”, Pillar Two).

In this regard, on December 28, 2023, Italian Legislative Decree No. 209 of December 27, 2023 was published in the Italian Official Journal, implementing the reform on international taxation, which came into force on December 29, 2023, containing the Italian provisions related to Pillar Two.

In light of the above, a preliminary analysis was conducted to estimate the potential impacts expected from the application of Pillar Two at the Group level in 2024. In the first phase, the analysis was performed on the data for 2022 and 2023 to verify application of the transitional safe harbours rule. In a second phase, which was carried out on jurisdictions where the transitional safe harbours rule did not apply, an estimate was made on 2023 data of the Pillar Two impact deriving from the GloBe rules. Based on the activities described above, it is believed that, at present, the Pillar Two rules should not result in a material change for the Group in 2024.

Note 33.A – Current Taxes

The relative detail is shown below:

Note 33.A - CURRENT TAXES			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Current taxes Italy	(1,323)	(747)	(576)
Current taxes Abroad	(30,670)	(14,309)	(16,361)
Total	(31,993)	(15,056)	(16,937)

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

The breakdown of current taxes abroad is illustrated below:

Note 33.A.1 - FOREIGN INCOME TAXES

	December 31, 2023	December 31, 2022	Change
FILA (Italy)	(13,706)	(299)	(13,407)
Dixon Ticonderoga Company (U.S.A.)	(6,739)	(4,098)	(2,641)
Dixon Canadian Holding Inc.	1	1	-
Dixon (Mexico)	(343)	(207)	(136)
FILA (Chile)	(200)	57	(257)
FILA (Argentina)	(40)	(231)	191
Lyra KG (Germany)	(549)	(418)	(131)
Fila Nordic (Scandinavia)	(114)	(156)	42
Lyra Akrelux (Indonesia)	(64)	(78)	14
FILA (Turkey)	(117)	(132)	15
DOMS Industries PVT Ltd (India)	(5,409)	(3,142)	(2,268)
FILA Hellas (Greece)	(161)	(185)	24
FILA (South Africa)	-	(24)	24
Fila Dixon (Kunshan)	(225)	(452)	227
FILA Benelux	(253)	(230)	(23)
Daler Rowney Ltd (UK)	168	(261)	429
Brideshore srl (Dominican Republic)	(128)	(56)	(72)
FILA (Poland)	(112)	(111)	(1)
FILA (Yixing)	32	(139)	171
St.Cuthberts Mill Limited Paper (UK)	(59)	(117)	58
FILA Iberia	(1,236)	(1,309)	73
Canson Bresil (Brazil)	(579)	(415)	(164)
Canson SAS (France)	91	(691)	782
FILA Art Products AG	(15)	(25)	10
Fila Art and Craft Ltd	(23)	(66)	43
Dixon Ticonderoga Art ULC	(666)	(772)	106
Princeton Hong Kong	(224)	(103)	(121)
Fila Arches	-	(653)	653
Total	(30,670)	(14,309)	(16,360)

The foreign income taxes also include the tax charge relating to F.I.L.A S.p.A. (Euro 13,706 thousand), mainly concerning Euro 13,344 thousand for the withholding tax related to the public listing of the Indian associate DOMS Industries Limited, as well as the tax representation of the German subsidiary Lyra KG (Euro 362 thousand).

Nota 33.B – Deferred Taxes

The relative detail is shown below:

Note 33.B - DEFERRED TAXES			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Change in deferred tax liabilities	1,536	1,974	(438)
Change in deferred tax assets	(586)	4,208	(4,794)
Change in deferred tax assets on Right-of-use assets	359	528	(169)
Total	1,309	6,710	(5,401)

The table below shows the overall tax for the year.

Note 33.C - TOTAL TAXES OF THE YEAR				
<i>Euro thousands</i>	2023	Effective tax rate	2022	Effective tax rate
Pre-Tax profit for the year of the F.I.L.A. Group	209,321		38,622	
Profit for the year of the F.I.L.A. Group not subject to Current Taxes	1,200		2,344	
Consolidation Effect of the F.I.L.A. Group - Before Current Taxes	(14,064)		4,596	
Theoretical Tax Base	196,456		45,562	
Total current income taxes	(31,993)	16,3%	(15,056)	33.0%
Deferred Tax Income on Temporary Differences	(218)		4,736	
Deferred Tax Expense on Temporary Differences	1,527		1,974	
Total deferred taxes	1,309	(0.7%)	6,710	(14.7%)
Total taxes	(30,684)	15.6%	(8,347)	18.3%

“Current income taxes ” of Euro 31,993 thousand represent an average effective tax rate for the F.I.L.A. Group of 16.3%, decreasing 16.7% on the previous year.

The increase in the total taxes is mainly attributable to the withholding tax of the parent FILA S.p.A. related to the public listing of the Indian associate DOMS Industries Limited for Euro 13,344 thousand.

Subsequent events

On January 22, 2024, the Shareholders of F.I.L.A. S.p.A. resolved: (i) the distribution of an extraordinary dividend of Euro 0.58 (fifty-eight euro cents) for each (ordinary and special) F.I.L.A. share outstanding on the coupon date (net of treasury shares in portfolio on that date); (ii) the appointment of Deloitte&Touche S.p.A. for the legally-required audit for 2024-2032, pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014.

With regard to the distribution of the extraordinary dividend, considering the 51,058,297 F.I.L.A. shares outstanding as of today, net of the 330,766 treasury shares held by the Company, the maximum total amount of the dividend will be Euro 29,421,967.98.

Commitments and guarantees

Commitments

In 2023, commercial supplier commitments maturing in 2024 totalled Euro 39 thousand and concern F.I.L.A. Iberia S.L. (Spain).

Guarantees

With the signing of the refinancing agreement on July 28, 2022, following the closure of the previous structured loan, the number of additional guarantors decreased solely to the subsidiaries:

- Canson SAS (France);
- Daler-Rowney Ltd (United Kingdom);
- Johann Froescheis Lyra-Bleistift-Fabrik GmbH & Co. KG (Germany);
- Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico).

The guarantees provided by F.I.L.A. S.p.A. are as follows:

- Bank sureties in favour of third parties:
 - to guarantee the Pero offices lease contract for Euro 88 thousand;
 - to the Ministry for Economic Development for promotional activities for Euro 41 thousand.
- Bank sureties issued in favour of Banca Nazionale del Lavoro S.p.A. (BNP Paribas Group) on credit lines granted to:

- ▶ Canson Brasil I.P.E. Ltda (Brazil) for BRL 5,500 thousand;
- ▶ Dixon Ticonderoga Co. (USA) for USD 4,000 thousand;
- ▶ Bank sureties issued in favour of Unicredit S.p.A. on credit lines granted to:
 - ▶ Dixon Ticonderoga Co. (U.S.A.) for USD 28.6 million;
 - ▶ Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for USD 10.4 million;
- ▶ Loan mandates granted in favour of Banca Intesa Sanpaolo S.p.A. to the subsidiaries:
 - ▶ Fila Dixon Stationery (Kunshan) Co. Ltd. (China) for RMB 32 million;
 - ▶ Fila Dixon Stationary (Kunshan) Co., Ltd. (China) for USD 500 thousand;
 - ▶ Fila Dixon Stationery (Kunshan) Co. Ltd. (China) for Euro 2,000 thousand;
 - ▶ Xinjiang Fila Dixon Plantation Co. Ltd. (China) for Euro 1,600 thousand;
 - ▶ Dixon Ticonderoga Co. (U.S.A.) for USD 10,000 thousand;
 - ▶ Canson Sas (France) for Euro 6,288 thousand.
- ▶ Credit line of F.I.L.A. S.p.A. in favour of Banca Nazionale del Lavoro S.p.A. granted to Industria Maimeri S.p.A. (Italy) for Euro 1,000 thousand;
- ▶ Patronage letter issued by Citi Banamex, on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to USD 10,000 thousand;
- ▶ Patronage letter issued by BBVA Bancomer, S.A., on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to MXN 160,000 thousand;
- ▶ Patronage letter issued by Banco De Bajio, on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to MXN 250,000 thousand;
- ▶ Patronage letter issued by Scotiabank Inverlat SA, on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to MXN 360,000 thousand.

Lyra KG “Johann Froescheis Lyra- Bleitstift-Fabrik GmbH&Co-KG” (Germany) provided a guarantee in favour of T. Perma Plasindo (a local F.I.L.A. Group partner) which, in turn, pledged property, plant and equipment to guarantee (land and buildings) the obligations devolving to PT. Lyra Akrelux under the loan contract with PT. Bank Central Asia of February 11, 2010 for a total IDR 2,500,000,000 approx. Euro 146 thousand).

Transactions with Related Parties

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 policy adopted by the parent on May 14, 2021, as per the Regulation approved by the Stock Exchange Regulator ("Consob") with resolution 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 year ended December 31, 2023:

F.I.L.A. GROUP RELATED PARTIES - 2023							
December 31, 2023							
Statement of Financial Position							
Euro thousands		ASSETS			LIABILITIES		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Financial Liabilities (Banks)	Financial Liabilities (Other)	Trade Payables
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	282
Studio Legale Salonia e Associati	Legal Consultancy	-	-	-	-	-	-
Vidett (previously HR Trustee, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	5
Total		-	-	-	-	-	286

F.I.L.A. GROUP RELATED PARTIES - 2022							
December 31, 2022							
Statement of Financial Position							
Euro thousands		ASSETS			LIABILITIES		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Financial Liabilities (Banks)	Financial Liabilities (Other)	Trade Payables
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	432
Studio Legale Salonia e Associati	Legal Consultancy	-	-	-	-	-	9
Vidett (previously HR Trustee, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	12
Total		-	-	-	-	-	454

F.I.L.A. GROUP RELATED PARTIES - 2023

		December 31, 2023					
		Statement of comprehensive income					
		REVENUES			COSTS		
<i>Euro thousands</i>							
Company	Nature	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	802	-	-
Pynturas y Texturizados S.A. de C.V.	Trade Supplier	-	-	-	-	278	-
Pixal CG	Trade Supplier	14	-	-	-	18	-
Susana Cespedes Creixell	Trade Supplier	-	-	-	-	121	-
Autogrill S.p.A.	Trade Supplier	-	-	-	-	-	-
Studio Legale Salonia e Associati Vidett (previously HR Trustee, then Punter Southall Governance Services)	Legal Consultancy	-	-	-	-	-	-
	Service Supplier	-	-	-	-	17	-
Total		14	-	-	802	434	-

F.I.L.A. GROUP RELATED PARTIES - 2022

		December 31, 2022					
		Statement of comprehensive income					
		REVENUES			COSTS		
<i>Euro thousands</i>							
Company	Nature	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	1,306	-	-
Pynturas y Texturizados S.A. de C.V.	Trade Supplier	-	-	-	-	-	-
Pixal CG	Trade Supplier	-	-	-	-	-	-
Susana Cespedes Creixell	Trade Supplier	-	-	-	-	-	-
Autogrill S.p.A.	Trade Supplier	-	-	-	-	-	-
Studio Legale Salonia e Associati Vidett (previously HR Trustee, then Punter Southall Governance Services)	Legal Consultancy	-	-	-	-	194	-
	Service Supplier	-	-	-	-	26	-
Total		-	-	-	1,306	220	-

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.

Pinturas y Texturizados S.A. de C.V.

Pinturas y Texturizados S.A. de C.V., a shareholder of which is related to the management of a F.I.L.A. Group company, is a company specialised in the production and sale of paint, coating paints and anti-corrosion products.

Studio Legale Salonia e Associati

The law firm Studio Legale Salonia e Associati, in which a shareholder was related to the controlling

interest of the company until June 30, 2022, principally providing legal consultancy.

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.

Pixal CG

Pixal CG, a shareholder of which is related to the management of a F.I.L.A. Group company, is a Mexican based company specialised in the provision of marketing services.

Susana Cespedes Creixell

Susana Cespedes Creixell is related to the management of a F.I.L.A. Group company as a provider of leasing services in Mexico.

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.

The intragroup transactions of F.I.L.A. S.p.A., relate to operations to develop synergies between Group companies, integrating production and commercial operations.

The nature and the balances of transactions of the Parent F.I.L.A. S.p.A. with the companies of the F.I.L.A. Group at December 31, 2023 and December 31, 2022 are detailed below:

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2023

Company	Statement of Financial Position - December 31, 2023			
	Assets		Liabilities	
	Trade Receivables	Financial Assets	Trade Payables	Financial liabilities
Euro thousands				
F.I.L.A. Iberia (Spain)	61	-	(33)	(6,054)
Dixon Ticonderoga Company (U.S.A.)	481	15,231	(60)	-
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)	-	-	-	-
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	221	18,100	(197)	-
F.I.L.A. Chile Ltda (Chile)	157	-	(2)	-
FILA Argentina S.A. (Argentina)	189	-	(2)	-
Johann Froescheis Lyra KG (Germany)	304	-	(412)	(2,003)
F.I.L.A. Nordic (Sweden)	126	-	(5)	-
PT. Lyra Akrelux (Indonesia)	45	-	(1)	-
FILA Stationary Ltd. Co. (Turkey)	205	280	(4)	-
DOMS Industries Pvt Ltd (India)	24	366	-	-
Fila Stationary O.O.O. (Russia)	131	4,550	-	-
FILA Hellas SA (Greece)	207	-	(4)	-
Industria Maimeri S.p.A. (Italy)	29	8,498	-	-
FILA SA (South Africa)	186	93	(1)	-
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	48	-	(121)	-
F.I.L.A. Benelux (Belgium)	11	-	(3)	(1,821)
Daler Rowney Ltd (UK)	423	4,279	(15)	-
Brideshore (Dominican Republic)	56	-	(28)	-
FILA Poland (Poland)	49	-	-	-
Canson Art & Craft Yixing Co., Ltd. (China)	21	-	(1)	-
St. Cuthberts Holdings (UK)	-	-	-	-
St. Cuthberts Mill (UK)	1	-	(4)	-
Canson Brasil (Brazil)	190	2,025	(10)	-
Lodi 12 (France)	-	13	-	-
Canson SAS (France)	747	21,377	(738)	-
Canson Australia (Australia)	-	2,298	(4)	-
Canson Italy Srl (Italy)	-	-	-	-
Fila Art Products AG (Switzerland)	8	-	-	-
Fila Art & Craft (Israel)	0	-	(1)	-
Dixon Ticonderoga ART ULC (Canada)	9	-	(1)	-
Princeton Hong Kong	-	-	(1)	-
Fila Arches (France)	103	21,583	(51)	(514)
Total	4,030	98,693*	(1,698)	(10,392)

*Value inclusive of the effect of IFRS 9 and the impairment loss equal to Euro 4,942 thousand.

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2023

Statement of Comprehensive Income - December 31, 2023							
Entities	Revenues				Costs		
	Revenues from sales	Other Revenues	Dividends	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Spain (Spain)	(59)	(225)	(4,839)	-	-	21	170
Deroga Company (U.S.A.)	(450)	(1,641)	(13,564)	(229)	26	-	-
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)	-	-	-	-	5	-	-
A.-Dixon, S.A. de C.V. (Mexico)	(932)	(34)	-	(859)	689	-	-
le Ltda (Chile)	(898)	(12)	(4)	-	-	-	-
tina S.A. (Argentina)	(121)	(7)	-	-	-	-	-
scheis Lyra KG (Germany)	(230)	(359)	(1,692)	-	523	165	36
dic (Sweden)	(766)	(20)	-	-	-	-	-
relux (Indonesia)	(261)	(5)	-	-	-	-	-
nary Ltd. Co. (Turkey)	(450)	(6)	(130)	(13)	-	3	-
stries Pvt Ltd (India)	-	(48)	(528)	(47)	2,613	-	-
ry O.O.O. (Russia)	(57)	(2)	-	(131)	-	-	-
.SA (Greece)	(1,249)	(21)	(600)	-	-	-	-
imeri S.p.A. (Italy)	(6)	(111)	-	(261)	64	-	-
outh Africa)	(167)	(4)	-	(7)	-	-	-
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	(55)	(109)	-	-	8,446	4	-
elux (Belgium)	-	(51)	-	-	-	-	33
ey Ltd (UK)	(1,093)	(1,261)	-	(210)	23	-	-
(Dominican Republic)	(5)	(222)	-	-	-	-	-
l (Poland)	(167)	(3)	(202)	-	-	-	-
& Craft Yixing Co., Ltd. (China)	-	(80)	-	-	297	-	-
s Holdings (UK)	-	-	(233)	-	-	-	-
s Mill (UK)	-	(8)	-	-	-	-	-
sil (Brazil)	(198)	(24)	-	(61)	-	-	-
ance)	-	-	-	(27)	-	-	-
(France)	(7,178)	(1,390)	-	(1,358)	2,926	217	-
tralia (Australia)	(55)	(5)	-	(158)	8	-	-
r Srl (Italy)	-	-	-	-	-	-	-
ducts AG (Switzerland)	(83)	(7)	(52)	-	-	-	-
raft (Israel)	(638)	(7)	(62)	-	-	-	-
deroga ART ULC (Canada)	-	(36)	-	-	-	-	-
ong Kong	-	(1)	-	-	-	-	-
(France)	-	(501)	(500)	(1,484)	-	-	0
Total	(15,119)	(6,199)	(22,405)	(4,844)	15,620	410	240

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2022

Company	Statement of Financial Position - December 31, 2022			
	Assets		Liabilities	
	Trade Receivables	Financial Assets	Trade Payables	Financial Liabilities
Euro thousands				
F.I.L.A. Iberia (Spain)	60		(13)	(7,280)
Dixon Ticonderoga Company (U.S.A.)	431	5,637	(20)	
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)				
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	411		(283)	
F.I.L.A. Chile Ltda (Chile)	372		(1)	
FILA Argentina S.A. (Argentina)	236		(2)	
Johann Froescheis Lyra KG (Germany)	76		(252)	
F.I.L.A. Nordic (Sweden)	117		(5)	
PT. Lyra Akrelux (Indonesia)	88		(1)	
FILA Stationary Ltd. Co. (Turkey)	208	6	(36)	
DOMS Industries Pvt Ltd (India)	28	31	(279)	
Fila Stationary O.O.O. (Russia)	187	4,354		
FILA Hellas SA (Greece)	262		(3)	
Industria Maimeri S.p.A. (Italy)	87	8,603	(38)	
FILA SA (South Africa)	342	157	(2)	
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	55		(1,859)	
F.I.L.A. Benelux (Belgium)	20		(3)	
Daler Rowney Ltd (UK)	360	4,265	(252)	
Brideshore (Dominican Republic)	21		(29)	
FILA Poland (Poland)	45			
Canson Art & Craft Yixing Co., Ltd. (China)	24		(57)	
St. Cuthberts Holdings (UK)				
St. Cuthberts Mill (UK)	2		(24)	
Canson Brasil (Brazil)	164	1,786	(1)	
Lodi 12 (France)		433		
Canson SAS (France)	660	17,273	(621)	
Canson Australia (Australia)	12	2,323	(5)	
Canson Italy Srl (Italy)			(1)	
Fila Art Products AG (Switzerland)	64			
Fila Art & Craft (Israel)	127	1	(1)	
Dixon Ticonderoga ART ULC (Canada)	23		(2)	
Princeton Hong Kong				
Fila Arches (France)	99	21,467	(45)	
Total	4,579	66,338*	(3,835)	(7,280)

*Value inclusive of the effect of IFRS 9 of 3,495 thousand.

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2022

Company	Statement of Comprehensive Income - December 31, 2022						
	Revenues				Costs		
	Revenues from sales	Other Revenue	Dividends	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
F.I.L.A. Iberia (Spain)	(123)	(255)	(4,839)			21	28
Dixon Ticonderoga Company (U.S.A.)	(843)	(2,640)	(12,807)	(4,361)			
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)					237		
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	(1,112)	(71)		(754)	946	15	
F.I.L.A. Chile Ltda (Chile)	(1,232)	(26)	(2)				
FILA Argentina S.A. (Argentina)	(450)	(8)					
Johann Froescheis Lyra KG (Germany)	(199)	(332)			973	140	
F.I.L.A. Nordic (Sweden)	(796)	(13)					
PT. Lyra Akrelux (Indonesia)	(311)	(5)					
FILA Stationary Ltd. Co. (Turkey)	(300)	(4)	(71)	(3)		35	
DOMS Industries Pvt Ltd (India)		(50)	(335)	(61)	3,508		
Fila Stationary O.O.O. (Russia)	(129)	(10)		(117)			
FILA Hellas SA (Greece)	(1,278)	(9)	(500)				
Industria Maimeri S.p.A. (Italy)	(5)	(321)		(65)	56	10	
FILA SA (South Africa)	(352)	(4)		(4)			
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	(120)	(73)			9,692		
F.I.L.A. Benelux (Belgium)		(88)					
Daler Rowney Ltd (UK)	(1,232)	(371)		(123)	47		
Brideshore (Dominican Republic)	(196)	(41)					
FILA Poland (Poland)	(205)	(2)	(189)				
Canson Art & Craft Yixing Co., Ltd. (China)	(52)	(94)			1,119		
St. Cuthberts Holdings (UK)			(456)				
St. Cuthberts Mill (UK)	-	(11)					
Canson Brasil (Brazil)	(168)	(41)		(64)			
Lodi 12 (France)				(18)			
Canson SAS (France)	(6,028)	(1,592)		(802)	3,326		
Canson Australia (Australia)	(58)	(5)		(93)		8	
Canson Italy Srl (Italy)		(38)					
Fila Art Products AG (Switzerland)	(229)	(3)	(53)	(3)			
Fila Art & Craft (Israel)	(699)	(5)		(4)			
Dixon Ticonderoga ART ULC (Canada)	(13)	(38)					
Princeton Hong Kong		(0)					
Fila Arches (France)		(463)		(902)			
Total	(16,131)	(6,614)	(19,252)	(7,375)	19,903	228	28

In particular, in 2023 the nature of transactions between F.I.L.A. S.p.A. and the other Group companies concerned:

- ▶ Sale of products/goods of F.I.L.A. S.p.A. and other Group companies;
- ▶ Recharges for services and consultancy provided by F.I.L.A. S.p.A. mainly in favour of Canson SAS (France – Euro 553 thousand), Dixon Ticonderoga Company (U.S.A. – Euro 541 thousand), Daler Rowney Ltd (United Kingdom – Euro 164 thousand), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico – Euro 24 thousand), Fila Dixon Stationery (Kunshan) Co, Ltd. (China – Euro 109 thousand), Lyra KG (Germany - Euro 188 thousand), F.I.L.A. Iberia S.L. (Spain –Euro 129 thousand), Fila Benelux (Belgium – Euro 29 thousand), Fila Arches (France – Euro 152 thousand) and DOMS Industries Limited (India – Euro 48 thousand);
- ▶ Recharges for costs incurred by F.I.L.A. S.p.A. against Group insurance coverage principally related to the companies Canson SAS (France – Euro 259 thousand), Daler Rowney Ltd. (United Kingdom – Euro 14 thousand), Lyra KG (Germany— Euro 47 thousand), F.I.L.A. Iberia S.L. (Spain— Euro 24 thousand), Dixon Ticonderoga Company (U.S.A. – Euro 14 thousand) and Fila Arches (France— Euro 96 thousand);
- ▶ Recharges of costs incurred by F.I.L.A. S.p.A. related to the ERP roll out and network management at the F.I.L.A. Group, principally related to Dixon Ticonderoga Company (U.S.A. – Euro 1,079 thousand), Canson Art & Craft Yixing Co. Ltd (China – Euro 52 thousand), Lyra KG (Germany – Euro 119 thousand), Fila Arches SAS (France – Euro 252 thousand), Industria Maimeri S.p.A. (Italy – Euro 105 thousand), F.I.L.A. Iberia S.L. (Spain – Euro 63 thousand), Canson SAS (France – Euro 556 thousand), Daler Rowney Ltd. (United Kingdom – Euro 906 thousand), Fila Benelux (Belgium – Euro 16 thousand), Bridesshore (Dominican Republic – Euro 219 thousand) and Dixon Ticonderoga Art ULC (Canada – Euro 28 thousand).
- ▶ “Income from Investments” includes dividends received in the year from subsidiaries. Specifically, from Dixon Ticonderoga Co. (U.S.A.– Euro 13,564 thousand), F.I.L.A. Iberia S.L. (Spain – Euro 4,839 thousand), Fila Polska Sp Z.o.o (Poland – Euro 202 thousand), St. Cuthberts Holding (United Kingdom – Euro 233 thousand), Fila Hellas (Greece – Euro 600 thousand), FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey – Euro 130 thousand), DOMS Industries Limited (India - Euro 528 thousand), Fila Art and Product AG (Switzerland – Euro 52 thousand), F.I.L.A. Chile (Chile – Euro 4 thousand), Fila Arches

(France – Euro 500 thousand), Lyra KG (Germany – Euro 1,692 thousand) and Fila Art and Craft (Israel – Euro 62 thousand).

- ▶ “Interest and Income from Group companies” includes financial income recharged principally to the subsidiary Canson SAS (France – Euro 1,303 thousand), to the subsidiary Daler Rowney Ltd. (United Kingdom – Euro 210 thousand), to the subsidiary Dixon, S.A. de C.V. (Mexico – Euro 682 thousand) and to the subsidiary Fila Arches (France – Euro 1,482 thousand), calculated on the loans granted by F.I.L.A. S.p.A.
- ▶ “Other financial income” mainly includes the capital gain resulting from the DOMS IPO for a total of Euro 67,280 thousand. This also include recharges of costs for sureties granted in favour of DOMS Industries Limited (India – Euro 46 thousand) by F.I.L.A. S.p.A. and in favour of Dixon Ticonderoga U.S.A. (USA – Euro 56 thousand). It also includes the rebilling to Dixon Ticonderoga U.S.A. of fees paid by F.I.L.A. for the RCF not used in the amount of Euro 160 thousand.
- ▶ Against loans in foreign currency subject to currency hedging recharges were made to Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico – Euro 177 thousand).

In addition, the following information is provided in relation to the remuneration of the Directors, Statutory Auditors, Chief Executive Officer and the General Manager, in the various forms in which they are paid and reported in the financial statements.

Name and Surname	Office held	Term	Fees for office (€)	Fees for committees participation (€)	Bonuses and other incentives (€)
Giovanni Gorno Tempini	Chairperson	2021-2023	120,000		
Massimo Candela	Chief Executive Officer	2021-2023	1,260,000		330,120
Luca Pelosin	COO	2021-2023	440,000		115,280
Alberto Candela	Director & Honorary Chairman	2021-2023	150,000		
Annalisa Barbera	Director	2021-2023	25,000	13,500	
Giorgina Gallo	Director	2021-2023	25,000	6,000	
Donatella Sciuto	Director	2021-2023	25,000	20,000	
Carlo Paris	Director	2021-2023	25,000	19,500	
Total directors in office at December 31, 2023			2,070,000	59,000	445,400

The figures reported above do not include the long-term incentives (LTIs)

Name and Surname	Office held	Term	Fees for office (€)
Gianfranco Consorti	Chair. Board of Statutory Auditors	2021-2023	41,600
Sonia Ferrero	Statutory Auditor	2021-2023	31,200
Pietro Villa	Statutory Auditor	2021-2023	31,200
Total statutory auditors in office as at December 31, 2023			104,000

The following members of the Board of Statutory Auditors also received fees for offices held in other companies of the Group.

Name and Surname	Office held	Fees for Office (€)	Company
Stefano Amoroso	Statutory Auditor	6,760	Industria Maimeri S.p.A.

Disclosure pursuant to Article 149-duodecies of the Consob Issuers Regulation

The following table, prepared pursuant to Article 149-duodecies of the CONSOB Issuers Regulation, reports the payments made in 2023 for audit and other services carried out by the independent auditor and entities of its network:

<i>Euro thousands</i>	Company providing the service	Recipient	2023 Fees
Audit	KPMG S.p.A.	Parent	431
	KPMG S.p.A.	Italian Subsidiaries	28
	KPMG network **	Non-Italian Subsidiaries	906
Non Audit Services *	KPMG ***		389
Total			1,754

* Other services for Euro 389 thousand mainly include the limited assurance procedures on the consolidated non-financial report and other audit-related services related to the IPO of the Indian company DOMS Industries Limited.

** Other companies belonging to the KPMG S.p.A. network.

*** KPMG S.p.A. and other companies belonging to the KPMG S.p.A. network.

Attachments

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

Company	Country	Segment IFRS 8 ¹	Year of acquisition	% Held directly (F.I.L.A. S.p.A.)	% Held indirectly	% Held F.I.L.A. Group	Held By	Recognition	Non controlling interests
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany	EU	2008	99.53%	0.47%	100.00%	FILA S.p.A. Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-Line	0.00%
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany	EU	2008	0.00%	100.00%	100.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	0.00%
F.I.L.A. Nordic 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 Stationery 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 Stationery O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Industria Maineri S.p.A.	Italy	EU	2014	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Fila Hellas Single Member S.A.	Greece	EU	2013	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Polska Sp. Z.o.o	Poland	EU	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-Line	49.00%
Dixon Tconderoga 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 Tconderoga Company	Line-by-Line	0.00%
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico	CSA	2005	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Tconderoga Company	Line-by-Line	0.00%
F.I.L.A. Chile Ltda	Chile	CSA	2000	0.79%	99.21%	100.00%	Dixon Tconderoga Company FILA S.p.A.	Line-by-Line	0.00%
FILA Argentina S.A.	Argentina	CSA	2000	0.00%	100.00%	100.00%	F.I.L.A. Chile Ltda Dixon Tconderoga Company	Line-by-Line	0.00%
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China	AS	2005	0.00%	100.00%	100.00%	Dixon Tconderoga Company	Line-by-Line	0.00%
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
PT. Lyra Akrelux	Indonesia	AS	2008	0.00%	52.00%	52.00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	48.00%
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	AS	2013	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
FILA SA PTY LTD	South Africa	RM	2014	99.43%	0.00%	99.43%	FILA S.p.A.	Line-by-Line	0.57%
Carson Art & Craft Yixing Co., Ltd.	China	AS	2015	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
Renoir Topco Ltd	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Renoir Midco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Topco Ltd	Line-by-Line	0.00%
Renoir Bidco Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Midco Ltd	Line-by-Line	0.00%
FILA Benelux SA	Belgium	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney Ltd	U.K.	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-Line	0.00%
Daler Rowney GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
Brideshore srl	Domenican Republic	CSA	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
St. Cuthberts Holding Limited	U.K.	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
St. Cuthberts Mill Limited	U.K.	EU	2016	0.00%	100.00%	100.00%	St. Cuthberts Holding Limited	Line-by-Line	0.00%
Fila Iberia S. L.	Spain	EU	2016	96.77%	0.00%	96.77%	FILA S.p.A.	Line-by-Line	3.23%
Carson SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Fila Carson Do Brasil Produtos de Artes e Escolar Ltda	Brazil	CSA	2016	0.04%	99.96%	100.00%	Carson 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%
Carson Australia PTY LTD	Australia	RM	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Carson Qingdao Paper Productos Co., Ltd.	China	AS	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-Line	0.00%
Carson 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 Tconderoga ART ULC	Canada	NA	2018	0.00%	100.00%	100.00%	Dixon Canadian Holding Inc. Dixon Tconderoga Company	Line-by-Line	0.00%
Princeton HK Co., Limited	Hong Kong	AS	2018	0.00%	100.00%	100.00%	Dixon Tconderoga 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 Tconderoga 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%
DOMS Industries Limited	India	AS	2015	30.60%	0.00%	30.60%	FILA S.p.A.	Line-by-Line	69.40%
Pioneer Stationery Pvt Ltd.	India	AS	2015	0.00%	51.00%	51.00%	DOMS Industries Limited	Equity method	49.00%
Clapjoy Innovations Private Limited	India	AS	2023	0.00%	30.00%	30.00%	DOMS Industries Limited	Equity method	70.00%
Mikro Wood Private Limited	India	AS	2023	0.00%	75.00%	75.00%	DOMS Industries Limited	Equity method	25.00%

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, during 2023 the F.I.L.A. Group did not undertake any atypical and/or unusual transactions as defined by this communication, whereby atypical and/or unusual transactions are those that, due to their size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the year-end) may give rise to doubts in relation to: the correctness/completeness of the information in the consolidated 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



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

March 19, 2024

Statement of the Manager in Charge of Financial Reporting and the Corporate Bodies – 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., confirm, and 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 consolidated financial statements as at December 31, 2023.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of the consolidated financial statements at December 31, 2023 is based on a process defined by F.I.L.A. S.p.A. in accordance with the Internal Control - Integrated Framework model issued by the Committee of the Sponsoring Organisations of the Treadway Commission, a benchmark framework generally accepted at international level.

It is also declared that:

1. The Consolidated Financial Statements at December 31, 2023 of F.I.L.A. S.p.A.:
 - have been drawn up in conformity with the applicable IFRS endorsed by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
 - correspond to the underlying accounting documents and records;
 - provide a true and fair view of the financial position and results of operations of the issuer and of the other companies in the consolidation scope.
2. The Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The Chief Executive Officer

Massimo Candela

Manager in Charge of
Financial Reporting

Cristian Nicoletti

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Independent Auditors' Report pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010



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(The accompanying translated consolidated financial statements of the F.I.L.A. Group constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the F.I.L.A. Group (the "group"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of F.I.L.A. S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Cagliari Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 I.v.
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20124 Milano MI ITALIA



F.I.L.A. Group
 Independent auditors' report
 31 December 2023

Recoverability of goodwill

Notes to the consolidated financial statements: section "Basis of preparation" and note 1 "Intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2023 comprise goodwill of €136.9 million, including €100.3 million allocated to the "Nord America" cash generating unit ("CGU") and €17.0 million to the "Canson Group" CGU.</p> <p>The group tests the carrying amounts of goodwill for impairment at least annually and whenever there are indicators of impairment, by comparing them to the individual CGU's estimated recoverable amount, calculated by discounting the expected cash flows using the discounted cash flow model.</p> <p>The directors have forecast the expected cash flows used to estimate the recoverable amount on the basis of the projections derived from the 2024 budget and the business plan approved by the board of directors on 13 February and 14 March 2024, respectively.</p> <p>Calculating the recoverable amount of goodwill and of the related CGU requires significant estimates. Specifically, this process has the following characteristics:</p> <ul style="list-style-type: none"> valuation assumptions affected by the reference market trends (including the US and French markets), due to the specific economic and political conditions that are difficult to predict and unstable; assumptions about the synergies expected, as set out by the directors in the business plan; estimates of the long-term growth rate and the discount rate applied to the projected cash flows, which require a high level of judgement. <p>For the above reasons, we believe that the recoverability of the goodwill allocated to the North America" and "Canson Group" CGUs is a key audit matter.</p>	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> understanding the process adopted to prepare the impairment test approved by the parent's board of directors; understanding the process adopted to prepare the forecasts from which the expected cash flows used for impairment testing have been derived; analysing the reasonableness of the assumptions used to prepare the forecasts; checking any discrepancies between the previous year forecast and actual figures, in order to check the level of historical accuracy of the estimates; checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; analysing the reasonableness of the key assumptions used to calculate value in use, as well as the valuation models used and the underlying data. checking the sensitivity analysis carried out by the directors and presented in the notes in relation to the key assumptions used for impairment testing; assessing the appropriateness of the disclosures provided in the notes about goodwill.



F.I.L.A. Group
 Independent auditors' report
 31 December 2023

Inventories

Notes to the consolidated financial statements: section "Basis of preparation " and note 8 "Inventories"

Key audit matter	Audit procedures addressing the key audit matter
<p>The carrying amount of inventories at 31 December 2023 is €264.4 million, net of the allowance for inventory write-down of €10.3 million.</p> <p>Recognising and measuring inventories are a complex and structured process considering the various underlying activities and estimates, including taking into account the group's market sector and the related geographical stratification.</p> <p>Recognising and measuring inventories are complex and entail a high level of judgement by the directors as they are affected by many factors, including:</p> <ul style="list-style-type: none"> • the inventory management policy; • requirement planning and integration with sales planning; • the sales' seasonality; • price volatility. <p>For the above reasons, we believe that the recognition and measurement of inventories are a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • understanding the process for the recognition and measurement of inventories and the related IT environment and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; • performing substantive analytical procedures for the most significant discrepancies compared to the previous year figures and discussing the outcome with the relevant internal departments; • analysing inventory turnover and discussing the outcome with the relevant internal departments; • checking, on a sample basis, whether sales and purchases had been correctly recognised on an accruals basis; • for a representative sample of purchase and sale invoices, checking whether inventory item quantities had been correctly recorded; • for a sample of inventory items, performing physical counts of quantities and reconciling them with the related accounting records; • analysing the reasonableness of the assumptions used to measure the allowance for inventory write-down through discussions with the relevant internal departments, checks of the supporting documentation and comparison with historical figures and our knowledge of the group and its operating environment; • assessing the appropriateness of the disclosures provided in the notes about inventories.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in this report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 20 February 2015, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2023 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.



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 Independent auditors' report
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Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of F.I.L.A. S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the consolidated non-financial statement separately.

Milan, 28 March 2024

KPMG S.p.A.

(signed on the original)

Annalisa Violante
 Director of Audit

IV - Separate financial statements of F.I.L.A. S.p.A. at December 31, 2023

Separate financial statements of F.I.L.A. S.p.A.

Statement of Financial Position

<i>in Euro</i>		December 31, 2023	December 31, 2022
Assets		559,554,813	542,461,963
Non-Current Assets		362,331,835	391,961,346
Intangible Assets	Note 1	5,625,834	5,995,050
Property, Plant and Equipment	Note 2	6,368,442	7,190,443
Non-Current Financial Assets	Note 3	8,466,822	4,027,301
Equity investments	Note 4	339,034,383	371,064,138
Deferred Tax Assets	Note 5	2,836,354	3,684,414
Current Assets		197,222,978	150,500,617
Current Financial Assets	Note 3	85,307,109	61,133,436
Current Tax Assets	Note 6	908,618	907,581
Inventories	Note 7	32,721,177	32,645,738
Trade Receivables and Other Assets	Note 8	16,262,676	19,516,485
Cash and Cash Equivalents	Note 9	62,023,398	36,297,378
Liabilities and Equity		559,554,813	542,461,963
Equity		338,670,440	296,503,044
Share Capital	Note 12	46,985,773	46,985,773
Negative reserve for treasury shares in portfolio		(2,965,901)	(1,794,002)
Reserves		185,164,040	187,544,256
Retained Earnings		57,662,448	48,098,472
Profit for the year		51,824,079	15,668,545
Non-Current Liabilities		176,113,821	191,469,056
Non-Current Financial Liabilities	Note 13	172,656,249	188,840,575
Financial Instruments	Note 17	824,481	-
Employee benefits	Note 14	1,085,117	1,190,801
Provisions for Risks and Charges	Note 15	665,382	591,817
Deferred Tax Liabilities	Note 16	687,672	800,451
Other Non-Current Liabilities	Note 34	194,920	44,412
Current Liabilities		44,770,552	54,489,863
Current Financial Liabilities	Note 13	22,591,926	29,214,834
Current Provisions for Risks and Charges	Note 15	-	35,855
Current Tax Liabilities	Note 18	817,961	615,861
Trade Payables and Other Liabilities	Note 19	21,360,665	24,623,313

Statement of Comprehensive Income

<i>in Euro</i>		2023	2022
Revenue	Note 20	70,223,328	79,288,054
Income	Note 21	6,826,410	7,168,156
Total Revenue		77,049,738	86,456,210
Raw Materials, Consumables, Supplies and Goods	Note 22	(33,164,308)	(45,465,643)
Services and Use of third party assets	Note 23	(28,062,339)	(22,759,894)
Other Costs	Note 24	(438,697)	(593,105)
Change in Raw Materials, Semi-Finished Products, Work in Progress and Finished Goods	Note 22	75,439	6,949,160
Personnel Expense	Note 25	(12,512,251)	(12,255,975)
Amortisation and Depreciation	Note 26	(4,370,726)	(3,809,676)
Net impairment losses on trade receivables and other assets	Note 27	(291,474)	(276,173)
Total Operating Costs		(78,764,357)	(78,211,307)
Operating Profit		(1,714,619)	8,244,904
Financial Income	Note 29	95,528,658	28,789,001
Financial Expense	Note 30	(13,999,211)	(18,073,707)
Net impairment losses on Equity Investments	Note 32	(12,010,560)	(944,652)
Net Financial Income		69,518,888	9,770,642
Pre-Tax Profit		67,804,268	18,015,545
Income Taxes		(15,034,649)	(1,049,378)
Deferred Taxes		(945,541)	(1,297,623)
Total Taxes	Note 33	(15,980,190)	(2,347,001)
Profit for the Year		51,824,079	15,668,545
Other Comprehensive income (expense) which may be reclassified subsequently to Profit and Loss		(2,921,529)	4,360,817
Fair Value gain (loss) on Hedging Derivatives		(2,921,529)	4,360,817
Other Comprehensive income (expense) which may not be reclassified subsequently to Profit and Loss		(32,925)	107,000
Actuarial gains (losses) on Employee Benefits recorded directly in Equity		(45,310)	143,000
Income Taxes and Expenses recorded directly in Equity		12,385	(36,000)
Other Comprehensive income (expense), net of tax effect		(2,954,454)	4,467,817
Comprehensive Income		48,869,625	20,136,361

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	Retained Earnings	Profit for the year	Equity
<i>in Euro</i>									
December 31, 2021	46,985,773	(487,647)	8,738,152	154,646,167	(581,534)	21,550,476	43,454,643	17,002,270	291,308,300
Profit for the year	-	-	-	-	-	-	-	15,668,545	15,668,545
Share Capital Increase	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	106,992	4,360,818	-	-	4,467,810
Other Changes	-	(1,306,355)	-	(31,809)	-	(1,904,009)	-	-	(3,242,173)
Profit for the year recognised directly in equity	-	(1,306,355)	-	(31,809)	106,992	2,456,809	-	15,668,545	16,894,182
Allocation of the 2021 profit	-	-	659,003	-	-	-	16,343,267	(17,002,270)	-
Dividends	-	-	-	-	-	-	(11,699,438)	-	(11,699,438)
December 31, 2022	46,985,773	(1,794,002)	9,397,155	154,614,358	(474,542)	24,007,285	48,098,472	15,668,545	296,503,044
Profit for the year	-	-	-	-	-	-	-	51,824,079	51,824,079
Share Capital Increase	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(32,925)	(2,921,529)	-	-	(2,954,454)
Other changes	-	(1,171,899)	-	-	-	574,238	-	-	(597,661)
Profit for the year recognised directly in equity	-	(1,171,899)	-	-	(32,925)	(2,347,291)	-	51,824,079	48,271,964
Allocation of the 2022 profit	-	-	-	-	-	-	15,668,545	(15,668,545)	-
Dividends	-	-	-	-	-	-	(6,104,569)	-	(6,104,569)
December 31, 2023	46,985,773	(2,965,901)	9,397,155	154,614,358	(507,467)	21,659,994	57,662,448	51,824,079	338,670,440

Statement of cash flows

<i>in Euro</i>	December 31, 2023	December 31, 2022
Profit for the year	51,824,079	15,668,545
Non-monetary and other adjustments:	(48,419,714)	(2,937,455)
Amortisation and depreciation of intangible assets and property, plant and equipment	Note 1 - 2 3,852,653	3,244,603
Amortisation and depreciation of right-of-use assets	Note 1 - 2 518,073	565,073
Net impairment losses on intangible assets and property, plant and equipment	Note 1 - 2 4,235	760
Impairment gains/losses on Trade Receivables and write-downs of inventories	Note 9 320,539	373,730
Accruals for post-employment benefits and other employee benefits	374,820	167,846
Exchange gains/losses on foreign currency trade receivables and payables	Note 24 57,764	152,977
Net gain on the sale of intangible assets and property, plant and equipment	Note 21 - 24 (9,100)	(18,042)
Net Financial Income/Expense	Note 29 - 30 (81,529,448)	(10,715,294)
Impairment gains (losses) on financial assets	Note 31 12,010,560	944,652
Taxes	Note 33 15,980,189	2,347,000
Additions for:	(2,325,196)	(508,210)
Income Taxes Paid	Note 7 - 18 (1,490,044)	(1,293,214)
Net unrealised exchange losses on foreign currency assets and liabilities	Note 28 - 29 (29,883)	(34,385)
Net realised exchange gains/losses on foreign currency assets and liabilities	Note 28 - 29 (805,269)	819,390
Cash flows from operating activities before changes in net working capital	1,079,170	12,222,881
Changes in net working capital:	(566,469)	(6,704,198)
Change in Inventories	Note 8 (108,739)	(7,047,477)
Change in Trade receivables and Other Assets	Note 9 2,966,570	(1,606,135)
Change in Trade payables and Other Liabilities	Note 19 (3,262,649)	2,814,059
Change in Other Assets and Liabilities	Note 15-16-6 (42,413)	(67,824)
Change in Post-Employment Benefits and Other Employee Benefits	Note 14 (119,238)	(796,822)
Net cash flows from operating activities	512,701	5,518,682
Net increase /decrease in Intangible Assets	Note 1 (2,023,925)	(3,014,127)
Net increase/decrease in Property, Plant and Equipment	Note 2 (1,150,719)	(916,205)
Net increase/decrease in Equity Investments	Note 4 69,056,328	(0)
Net increase/decrease in Other Financial Assets	Note 3 (37,494,732)	8,643,244
Dividends from Group companies	28,031,678	13,627,734
Interest collected	4,145,860	2,205,392
Net cash flows from investing activities	60,564,490	20,546,038
Change in Equity	Note 12 (5,906,691)	(11,699,438)
Purchase of Treasury Shares	Note 12 (1,171,899)	(2,323,582)
Interest paid - IFRS 16	Note 29 (40,030)	(50,656)
Interest paid	Note 29 (10,618,216)	(9,733,862)
Net increase/decrease in Loans and Borrowings and Other Financial Liabilities	Note 13 (24,781,232)	(21,789,339)
Net increase/decrease in lease liabilities IFRS 16	Note 13 (179,925)	(382,097)
Net cash flows used in financing activities	(42,697,993)	(45,978,974)
Other non-monetary changes	7,346,823	1,563,499
Net cash flows for the year	25,726,021	(18,350,755)
Opening Cash and Cash Equivalents net of current account overdrafts	36,297,378	54,647,374
Closing Cash and Cash Equivalents net of current account overdrafts	62,023,399	36,297,378

1. Cash and cash equivalents at December 31, 2023 came to Euro 62,023,398;
2. Cash and cash equivalents at December 31, 2022 came to Euro 36,297,378;

<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Opening Cash and Cash Equivalents	36,297	54,647
Cash and cash equivalents	36,297	54,647
Current account overdrafts	-	-
Closing Cash and Cash Equivalents	62,023	36,297
Cash and cash equivalents	62,023	36,297
Current account overdrafts	-	-

Reference should be made to the “Directors’ Report” for comment and analysis.

Statement of Financial Position pursuant to CONSOB Resolution No. 15519 of July 27, 2006

<i>Euro thousands</i>		December 31, 2023	<i>of which:</i> Related Parties	December 31, 2022	<i>of which:</i> Related Parties
Assets		559,555		542,462	
Non-Current Assets		362,332		391,961	
Intangible Assets	Note 1	5,626		5,995	
Property, Plant and Equipment	Note 2	6,368		7,190	
Non-Current Financial Assets	Note 3	8,467	8,465	4,027	1,727
Equity investments	Note 4	339,034	339,009	371,064	371,039
Deferred Tax Assets	Note 5	2,836		3,684	
Current Assets		197,223		150,501	
Current Financial Assets	Note 3	85,307	90,228	61,133	64,610
Current Tax Assets	Note 6	909		908	
Inventories	Note 7	32,721	14,201	32,646	13,352
Trade receivables and Other Assets	Note 8	16,263	4,030	19,516	4,579
Cash and Cash Equivalents	Note 9	62,023		36,297	
Liabilities and Equity		559,555		542,462	
Equity	Note 12	338,670		296,503	
Share Capital		46,986		46,986	
Negative reserve for treasury shares in portfolio		(2,966)		(1,794)	
Reserves		185,164		187,544	
Retained Earnings		57,662		48,098	
Profit for the year		51,824		15,669	
Non-Current Liabilities		176,114		191,469	
Non-Current Financial Liabilities	Note 13	172,656		188,841	
Financial Instruments	Note 17	824		-	
Employee benefits	Note 14	1,085		1,191	
Provisions for Risks and Charges	Note 15	665		592	
Deferred Tax Liabilities	Note 16	688		800	
Other Non-Current Liabilities	Note 34	195		45	
Current Liabilities		44,771		54,490	
Current Financial Liabilities	Note 13	22,592	10,392	29,215	7,280
Current Provisions for Risks and Charges	Note 15	-		36	
Current Tax Liabilities	Note 18	818		616	
Trade payables and Other Liabilities	Note 19	21,361	1,698	24,623	3,835

Statement of Comprehensive Income pursuant to CONSOB Resolution No. 15519 of July 27, 2006

		2023	of which: Related Parties	of which: Non-Recurring Expenses	2022	of which: Related Parties	of which: Non-Recurring Expenses
<i>Euro thousands</i>							
Revenue	Note 20	70,223	15,119		79,288	16,131	
Income	Note 21	6,826	6,199		7,168	6,614	1,087
TOTAL REVENUE		77,050			86,456		
Raw Materials, Consumables, Supplies and Goods	Note 22	(33,164)	(15,841)		(45,466)	(19,903)	(604)
Services and use of third-party assets	Note 23	(28,062)	(189)	(6,759)	(22,760)	(228)	(2,321)
Other Costs	Note 24	(439)			(593)		
Change in Raw Materials, Semi-Finished Products, Work-in-Progress and Finished Goods	Note 22	75			6,949		
Personnel expense	Note 25	(12,512)		(164)	(12,256)		67
Amortisation and Depreciation	Note 26	(4,371)			(3,810)		
Net impairment losses on trade receivables and other assets	Note 27	(291)			(276)		
TOTAL OPERATING COSTS		(78,764)			(78,211)		
OPERATING PROFIT		(1,715)			8,245		
Financial Income	Note 29	95,529	27,250		28,789	26,626	
Financial Expense	Note 30	(13,999)	(240)		(18,074)	(28)	
Net impairment losses on Equity Investments	Note 32	(12,011)			(945)		
NET FINANCIAL INCOME		69,519			9,771		
PRE-TAX PROFIT		67,804			18,016		
Income Taxes		(15,035)			(1,049)		
Deferred Taxes		(946)			(1,298)		
TOTAL TAXES	Note 33	(15,980)			(2,347)		
PROFIT FOR THE YEAR		51,824			15,669		
Other Comprehensive income (expense) which may be reclassified subsequently to Profit and Loss		(2,922)			4,361		
Fair Value gain (loss) on Hedging Derivatives		(2,922)			4,361		
Other Comprehensive income (expense) which may not be reclassified subsequently to Profit and Loss		(33)			107		
Actuarial gains (losses) on Employee Benefits recorded directly in Equity		(45)			143		
Income Taxes and Expenses recorded directly in Equity		12			(36)		
Other Comprehensive income (expense), net of tax effect		(2,954)			4,468		
Comprehensive Income		48,870		(6,923)	20,136		(1,771)

Notes to the Separate Financial Statements of F.I.L.A. S.p.A.

Introduction

The separate financial statements of the Parent F.I.L.A. S.p.A. (hereafter also “Parent” or “Company”) as at and for the year ended December 31, 2023, prepared by the Board of Directors of F.I.L.A. S.p.A., were drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The IFRS were applied consistently for all reporting periods presented in this document.

For the separate financial statements of F.I.L.A. S.p.A. the first year of application of IFRS was 2007.

The separate financial statements of F.I.L.A. S.p.A. are comprised of the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the Notes.

The presentation of these separate financial statements as at and for the year ended December 31, 2023, in line with the consolidated financial statements, is as follows:

- ▶ Statement of Financial Position: in accordance with IAS 1, the assets and liabilities must be classified as current and non-current or, alternatively, according to their liquidity. The Company chose the classification between current and non-current;
- ▶ Statement of Comprehensive Income: IAS 1 requires alternatively classification based on the nature or destination of the items. The Company chose the classification by nature of income and expense;
- ▶ Statement of Changes in Equity: IAS 1 requires that this statement illustrates the changes in the year of each individual equity caption or that it illustrates the nature of income and expense recorded in the financial statements. The Company chose to use the latter in the statement of changes in equity, reconciling the opening and closing amounts of each caption in a statement in the Notes;
- ▶ Statement of Cash Flows: IAS 7 requires that the statement of cash flow includes the cash flows for the year for operating, investing and financing activities. The cash flows from operating activities may be represented using the direct method or the indirect method. The Company decided to use the indirect method.

The separate financial statements of F.I.L.A. S.p.A. are accompanied by the Directors’ Report, to which reference should be made in relation to the business activities, subsequent events and transactions with related parties, the statement of cash flows, the reclassified statement of

comprehensive income and statement of financial position and outlook.

The separate financial statements of F.I.L.A. S.p.A. were prepared in accordance with the general historical cost criterion.

During the year, no special circumstances arose requiring recourse to the exceptions allowed under IAS 1.

The preparation of the separate financial statements and the relative notes in application of IFRS require that management make estimates and assumptions. These estimates and relative assumptions are based on historical experience and other factors considered reasonable and were adopted to determine the carrying amount of the assets and liabilities which are not easily obtained from other sources, are reviewed periodically and the effects of each change are immediately reflected in profit or loss. However as they are based on estimates, actual results may differ from such estimates included in the separate financial statements.

The estimates are used to measure the loss allowance, depreciation and amortisation, impairment losses on assets, employee benefits, income taxes and other provisions.

The accounting policies used in the preparation of the financial statements and the composition and changes of the individual captions are illustrated below.

For a better comparison of the data, the figures for the prior year were adjusted where necessary.

These separate financial statements are expressed in Euro, which is the functional currency of the Company. Unless otherwise indicated, all amounts expressed in Euro have been rounded to the nearest thousand. As a result of this rounding, the row and column totals of the tables in this report may differ slightly from the actual arithmetic sums of the figures

Basis of preparation

Intangible assets

An intangible asset is a clearly identifiable non-monetary asset without physical substance, subject to control and capable of generating future economic benefits. They are recognised at acquisition cost where acquired separately and are capitalised at fair value at the acquisition date where acquired through business combinations.

The interest expense on loans required for the purchase and the development of intangible assets, which would not have been incurred if the investment had not been made, is not capitalised.

Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortised on a straight line basis over their useful life to take account of the residual possibility of use. Amortisation commences when the asset is available for use.

The amortisation policies adopted by the Company provide for the following useful lives:

- ▶ Trademarks: based on the useful life;
- ▶ Concessions, Licences and Patents: based on the duration of the right under concession or license and based on the duration of the patent;
- ▶ Other intangible assets: 3 years.

Research and Development Costs

Research and development costs are recognised in profit or loss in the year they are incurred, with the exception of development costs recorded under “Intangible assets”, when they satisfy the following conditions:

- ▶ The project is clearly identified and the related costs are reliably identifiable and measurable;
- ▶ The technical feasibility of the project is demonstrated;
- ▶ The intention to complete the project and sell the assets generated from the project is demonstrated;
- ▶ A potential market exists or, in the case of internal use, it has been demonstrated that the intangible asset will be used in the production of the goods generated by the project;
- ▶ The technical and financial resources necessary for the completion of the project are available;
- ▶ The intangible asset will generate probable future economic benefits.

Amortisation of development costs recorded under intangible assets begins from the date in which the outcome of the project is commercialised. Amortisation is calculated, on a straight-line basis, over the estimated useful life of the project.

Property, plant and equipment

Property, plant and equipment are measured at purchase cost, net of accumulated depreciation and any impairment losses. The cost includes all charges directly incurred for the purchase and/or production. The interest expense on loans for the purchase and the construction of Property, Plant and Equipment, which would not have been incurred if the investment had not been made, are not capitalised but expensed in the year it is incurred. Where a caption of property, plant and equipment is composed of various components with differing useful lives, these components are recorded separately (significant components) and depreciated separately. Property, plant and equipment acquired through business combinations are recognised in the separate financial statements at fair value at the acquisition date.

The expense incurred for maintenance and repairs is directly charged to profit or loss in the year in which it is incurred. The costs for improvements, modernisation and transformation are recognised in the statement of financial position as an increase in the carrying amount of Property, Plant and Equipment.

The purchase price or construction cost is net of public grants which are recognised when the conditions for their granting are confirmed. At the reporting date, there are no public grants recorded as a decrease of “Property, Plant and Equipment”.

The initial carrying amount of property, plant and equipment is adjusted for depreciation on a systematic basis, calculated on a straight-line basis monthly, when the asset is available and ready for use, based on its estimated useful life.

In accordance with the materiality principle as per Article 2423, paragraph 4 of the Civil Code in the first year of depreciation the rates are reduced by half.

The estimated useful lives for the current and previous years are as follows:

▶ Buildings	25 years
▶ Plant and machinery	8.7 years
▶ Equipment	2.5 years
▶ Other assets:	
▶ Office equipment:	8.3 years
▶ Furniture and EDP:	5 years
▶ Transport vehicles:	5 years
▶ Motor vehicles:	4 years
▶ Other:	4 years

Leases

The Company has adopted IFRS 16 using the modified retrospective method.

At the commencement of the contract the Company assesses whether the contract is – or contains – a lease. The contract is, or contains a lease, where in exchange for consideration, it transfers the right to control the use of an identified asset for a period of time. In order to assess whether a contract grants the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

F.I.L.A. S.p.A. adopted a single recognition and measurement model, with the exception of short-term contracts (less than 12 months) or low value leases (less than Euro 5 thousand), for which the Company applied the recognition and measurement exemptions under IFRS 16. The Company recognises the lease liabilities and the right-of-use asset representing the right to use the asset underlying the contract.

Right-of-use assets

The Company recognises right-of-use assets at the lease commencement date (i.e. the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before, net of any incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the useful life of the right-of-use asset or at the end of the lease term, whichever is earlier.

Leases liabilities

At the lease commencement date, the Company recognises the lease liabilities measuring them at the present value of the payments due. The payments include the fixed payments net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual amount. The lease payments include the exercise price of a purchase option where it is reasonably certain that this option will be exercised by the Company and the lease termination penalty payments, where the lease term takes account of the exercise by the Company of the termination option on the lease.

In calculating the present value of the payments due, the Company uses the incremental borrowing rate at the commencement date where the implicit interest rate cannot be readily determined. The Company's incremental borrowing rate is calculated on the basis of the interest rates obtained from various external funding sources by making certain adjustments reflecting the terms of the lease and the type of asset leased.

After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease liabilities is restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

Where the lease liabilities are remeasured, the lessee correspondingly alters the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognises the change in profit or loss.

In the statement of financial position, the Company presents right-of-use assets that do not meet the definition of investment property under "Property, plant and equipment" and lease liabilities under "Financial liabilities".

Short-term leases and low value asset leases

F.I.L.A. S.p.A. applies the exemption for the recognition of leases relating to low value assets such as PCs, printers, electronic equipment and contracts that have a term of 12 months or less and do not contain purchase options (short-term leases). The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease term.

Impairment losses on non-financial assets

At each reporting date, the intangible assets and property, plant and equipment are analysed to identify the existence of any indicators, either internally or externally to the company, of impairment. Where these indicators exist, an estimate of the recoverable amount of the above-mentioned assets is made, recording any impairment losses in profit or loss. In the case of goodwill and other intangible assets with indefinite useful lives, this estimate is made annually independently of the existence of such indicators. The recoverable amount of an asset is the higher between the fair value less costs to sell and its value in use. The fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. An impairment loss is recognised in profit or loss when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is higher than the recoverable amount.

Impairment losses on cash generating units are firstly allocated as a decrease in the carrying amount of any goodwill allocated to the cash generating unit and, thereafter, as a decrease in other assets, in proportion to their carrying amount. Impairment losses relating to goodwill may not be restated. In relation to assets other than goodwill, where the reasons for the impairment loss no longer exist, the carrying amount of the asset is reversed up to the amount at which the asset would have been recognised if no impairment had taken place and amortisation had been recorded.

Equity investments

Equity investments in companies represent investments in their share/quota capital.

Equity investments are carried at acquisition or subscription cost and measured under the cost method. The Company verifies the recoverable amount of an asset whenever a trigger event points to a possible impairment loss, comparing the carrying amount in the financial statements with the recoverable amount. The “Value in use” was used to establish the recoverable amount of investments. For further information on impairment testing, see Note 4 – Equity Investments. Impairment losses are recognised in the income statement when the carrying amount of the asset is greater than its recoverable amount. Where the reasons for the impairment loss no longer exist, the original carrying amount is reinstated.

Loans and financial assets

Trade receivables and debt securities issued are recognised as they arise.

All other financial assets and liabilities are initially recognised on the trading date, i.e. when the Company becomes a contractual party to the financial instrument.

Financial assets are initially recognized at fair value, plus or minus, in the case of financial assets or liabilities not at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset.

Upon initial recognition, a financial asset is classified according to how it is measured: at amortised cost, at fair value through other comprehensive income (FVOCI) for debt and equity securities, or at fair value through profit or loss (FVTPL). Financial assets are not reclassified following initial recognition unless the Company modifies the business model within which the financial assets are held. In such cases, all the affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Loans and financial assets are measured at amortised cost, taking the interest to profit or loss according to the effective interest rate method or applying a rate that results in a nil balance of the present values of the net cash flows generated by the financial instrument. Losses are recognised in profit or loss when they become apparent. Financial assets are tested for impairment by setting aside a specific loss allowance deducted directly from the carrying amount of such assets. They are impaired when there is objective evidence of a probable default on the loan and on the basis of past experience and historical data (expected credit losses). When, in subsequent periods, the reasons for the impairment no longer exist, the carrying amount of the asset is restated up to the amount deriving from the application of the amortised cost as if no impairment loss had been recognised.

Other non-current equity instruments classified to FVOCI are initially measured at fair value plus any directly attributable transaction costs. Changes in fair value and any gains or losses on disposal of an

equity investment are taken to other comprehensive income and never pass through profit or loss. Since this election is irrevocable and may be made on an investment-by-investment basis, any exceptions upon initial recognition will be disclosed in the notes to the caption. All equity instruments must be measured at fair value. The fair value of securities traded in active markets is determined by reference to the exchange prices recorded at the end of trading at the reporting date.

The fair value of investments for which no active market exists is determined on the basis of the price in recent transactions between independent parties of essentially similar instruments or the use of other valuation techniques such as methods based on income or an analysis of discounted cash flows. Financial assets designated at fair value through profit or loss upon initial recognition are measured with reference to their market value at the reporting date. The value of non-quoted instruments is determined through generally accepted financial valuation techniques based on market data. Gains or losses deriving from the fair value measurement of assets classified in this category are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents principally include cash, bank deposits on demand and other highly liquid short-term investments. They are recognised at nominal value, which represents fair value.

For the purposes of the classification of financial instruments according to the criteria set out in IFRS 9, as required by IFRS 7, cash and cash equivalents have been classified as financial assets at amortised cost for credit risk purposes. Current account overdrafts are classified under “Current Financial Liabilities”.

Trade receivables and other assets

Trade receivables and other assets are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade receivables and other assets are reduced by an appropriate loss allowance to reflect estimated impairment losses taking into account objective evidence of indicators of impairment of trade receivables. The impairment losses are recognised so that the assets are discounted to the present value of the expected future cash flows. If, in subsequent periods, the reasons for the impairment loss no longer exist, the carrying amount of the assets is reinstated up to the amount deriving from the application of the amortised cost where no impairment loss had been applied.

The loss allowance is recorded as a direct reduction of trade receivables and other assets. These provisions are classified in the profit or loss caption “Impairment losses”; the same classification was used for any utilisations and impairment losses on trade receivables.

Inventories

Inventories of raw materials, semi-finished products and finished goods are measured at the lower of purchase or production price, including related charges, determined in accordance with the weighted average cost method, and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs to sell.

Obsolete and slow-moving inventories are written down in relation to their possible use or realisable value.

The purchase cost is used for direct and indirect materials, purchased and used in the production cycle. The production cost is however used for finished goods or in work in progress.

For the determination of the purchase price, consideration is taken of the actual costs incurred net of commercial discounts.

Production cost includes, in addition to the costs of the materials used, as defined above, the direct and indirect production costs allocated. The indirect costs were allocated based on the normal production capacity of the plant.

Distribution costs were excluded from purchase cost and production cost.

Provisions for risks and charges

Provisions for risks and charges are recognised where the Company has a current obligation, legal or constructive, deriving from a past event and it is probable that fulfilment of the obligation will result in an outflow of resources and the amount of the obligation can be reasonably estimated.

Provisions are recorded at the best estimate of the amount that the entity would pay to discharge the obligation or transfer it to a third party. When the time value of money is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. The rate used in the determination of the present value of the liability reflects the current market values and includes the further effects relating to the specific risk associated with each liability. The increase in the provision due to the passage of time is recognised in profit or loss under “Financial income/(expense)”.

The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discount rate; the revisions of estimates are recorded in the same profit or loss caption in which the provision was recorded, or when the liability relates to an asset, against the asset caption to which it refers.

The notes illustrate the contingent liabilities represented by: (i) possible obligations (but not probable) deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity; (ii) current obligations deriving from past events whose amount cannot be reliably estimated or whose fulfilment will not likely generate an outflow of resources.

Restructuring provisions

Restructuring provisions are recognised where an approved, detailed formal programme has raised a valid expectation among third parties that the entity will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Employee benefits

All employee benefits are measured and reflected in the separate financial statements on an accruals basis.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and will not have a legal or constructive obligation to pay further contributions. The contributions to be paid to defined contribution plans are recognised as costs in profit or loss when incurred. Contributions paid in advance are recognised under assets up to the advanced payment which will determine a reduction in future payments or a reimbursement.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net obligation of the Company deriving from defined benefit plans is calculated separately for each plan estimating the amount of the future benefit which the employees matured in exchange for the services provided in the current and previous years; this benefit is discounted to calculate the present value, while any costs relating to past services not recorded in the separate financial statements and the fair value of any assets to service the plan are deducted from liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of the Company and which are expressed in the same currency in which it is expected the benefits will be paid. The calculation is made by an independent actuary using the projected credit unit method. Where the calculation generates a benefit for the Company, the asset recognised is limited to the total, net of all costs relating to past services not recognised and the present value of all economic benefits available in the form of refunds from the plan or curtailments in future contributions to the plan. Where improvements are made to the plan benefits, the portion of increased benefits relating to past service is recognised as an expense on a straight-line basis over the average period until the benefits vested. If the benefits vest immediately, the cost is recognised immediately in profit or loss.

The Company records all actuarial gains and losses from a defined benefit plan directly and immediately in equity.

In relation to Post-Employment Benefits, following the amendments to Law No. 296 of December 27,

2006 and subsequent Decrees and Regulations (“Pension Reform”) issued in the first months of 2007, the Parent F.I.L.A. S.p.A. adopted the following accounting treatment:

- ▶ The Post-Employment Benefits, accrued to December 31, 2006 are considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, in the form of Post-Employment Benefits, paid on the termination of employment, are recognised in the period when the right vests;
- ▶ The Post-Employment Benefits accruing from January 1, 2007 are considered a defined contribution plan and therefore the contributions accrued in the year were fully recognised as a cost and recorded as a liability in the caption “Post-Employment Benefits”, after deduction of any contributions already paid.

Other long-term employee benefits

The net obligation of F.I.L.A. S.p.A. for long-term employee benefits, other than those deriving from pension plans, corresponds to the amount of the future benefits which employees accrued for services in current and previous years. This benefit is discounted, while the Fair Value of any assets is deducted from the liabilities. The discount rate is the return, at the reporting date, on the primary obligations whose maturity date approximates the terms of the obligations of the Company. The obligation is calculated using the projected unit credit method. Any actuarial gains or losses are recorded in the statement of financial position in the year in which they arise.

Short-term employee benefits

Short-term employee benefits are recognised as undiscounted expenses when the services that generate them are provided.

F.I.L.A. S.p.A. records a liability for the amount that it expects will be paid in the presence of a present obligation, legal or constructive, as a consequence of past events and for which the obligation can be reliably estimated.

Financial liabilities

Financial liabilities are initially recognised at fair value, which essentially coincides with the sum received, less directly attributable transaction costs. Management determines the classification of financial liabilities according to the criteria laid down in IFRS 9 and cited in IFRS 7 on initial recognition.

Subsequent to initial recognition, such liabilities are measured at amortised cost, as defined in IFRS 9. Financial liabilities measured at amortised cost are measured by taking the interest to profit or loss according to the effective interest rate method or applying a rate that results in a nil balance of the present values of the net cash flows generated by the financial instrument. Nominal value is used as

an approximation of amortised cost for instruments maturing within twelve months.

Financial instruments

Financial instruments are initially recognised at fair value and, subsequent to initial recognition, are measured on the basis of their classification, as per IFRS 9.

IFRS 9 classifies financial assets into three principal categories: at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). According to the standard, classification is usually based on the entity's business model for the financial assets and the contractual cash flow characteristics of each financial asset. Under IFRS 9, derivatives embedded in contracts where the host contract is a financial asset that is within the scope of the standard are never to be separated. Rather, the hybrid instrument is examined as a whole to determine its classification.

IFRS 9 essentially maintains the provisions of IAS 39 for the classification and measurement of financial liabilities.

Derivative financial instruments

Derivatives are classified in the category "Hedging derivatives" if they satisfy the requisites for the application of so-called hedge accounting, otherwise, although in place in order to manage exposure to risk, they are recognised as "Non-hedging derivatives".

Financial instruments are only accounted for under the hedge accounting methods adopted by the Company when the relationship between the derivative and the hedged item is formally documented and the hedge is highly effective (effectiveness test).

The effectiveness of hedges is documented both at the inception of the transaction and periodically (at least at the annual or interim reporting dates).

When the hedging derivatives cover the risk of change in the fair value of the instruments subject to the hedge (fair value hedge), the derivatives are recorded at fair value through profit or loss.

When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge), the effective part of the changes in the fair value of the derivatives is recognized to the statement of comprehensive income and presented in the cash flow hedge reserve. The ineffective part of the changes in the fair value of the derivative instrument is immediately recognised in profit or loss.

The methods for the calculation of the fair value of these financial instruments, for accounting or disclosure purposes, are summarised below with regards to the main categories of financial instruments:

- Derivative financial instruments: the pricing models are adopted based on the market values

of the interest rates;

- ▶ Unlisted financial assets and liabilities: for financial instruments with maturity greater than 1 year the discounted cash flow method was applied, i.e. the discounting of expected cash flows in consideration of current interest rate conditions and credit ratings, for the determination of the fair value on first-time recognition. Subsequent measurements are made based on the amortised cost method;
- ▶ Listed financial instruments: the market value at the reporting date is used.

In relation to financial instruments measured at fair value, IFRS 13 requires the classification of these instruments according to the hierarchy levels, which reflect the significance of the inputs used in establishing the fair value. The following levels are used:

- ▶ Level 1: unadjusted asset or liability price on an active market;
- ▶ Level 2: inputs other than prices listed at the previous point, which are directly (prices) or indirectly (derived from the prices) observable on the market;
- ▶ Level 3: inputs which are not based on observable market data.

Trade payables and other liabilities

Trade payables and other liabilities are initially recognised at fair value, normally equal to the nominal amount, net of discounts, returns or invoice adjustments, and are subsequently measured at amortised cost. When there is a change in the cash flows and it is possible to estimate them reliably, the liabilities are recalculated to reflect this change, based on the present value of the cash flows and on the internal rate of return initially determined.

Current, deferred and other taxes

Income taxes include all the taxes calculated on the taxable income of the Company applying the tax rates in force at the reporting date.

Income taxes are recognised in profit or loss, except those relating to items directly credited or debited to equity, in which case the tax effect is recognised directly in equity.

Other taxes not related to income, such as taxes on property and capital gains, are included under other operating costs (“Services”, “Use of third party assets” and “Other costs”). The liabilities related to indirect taxes are classified under “Other Liabilities”.

Deferred tax assets and liabilities are determined in accordance with the global assets/liability method and are calculated on the basis of the temporary differences arising between the carrying amounts of the assets and liabilities and the corresponding amounts recognised for tax purposes, taking into account the tax rate under current tax legislation for the years in which the differences will reverse, with the exception of non-tax deductible goodwill and those differences deriving from investments in subsidiaries which are not expected to reverse in the foreseeable future, and on the tax losses to be

carried forward.

“Deferred Tax Assets” are classified under non-current assets and are recognised only when there exists a high probability of future taxable profit to recover these assets.

The recovery of the “Deferred Tax Assets” is reviewed at each reporting date and those for which recovery is no longer probable are taken to profit or loss.

Revenue and costs

Revenue recognition

The revenue and income are recorded, as per IFRS 15, net of returns, discounts, rebates and premiums as well as direct taxes related to the sale of products and services. In particular, revenue is measured taking into account the consideration specified in the contract with the customer and is recognised when control of the good or service is transferred. As it concerns the sale of goods, revenue is recognised at a point in time, i.e. when control of the goods is transferred to the buyer, which generally coincides with their physical delivery.

Recognition of costs

Costs are recognised when relating to goods and services acquired or consumed in the year or when there is no future utility.

The costs directly attributable to share capital transactions are recorded as a direct reduction of equity. Commercial costs relating to the acquisition of new customers are expensed when incurred.

Financial income and expense

Financial income includes interest income on liquidity invested, dividends received and income from the sale of available-for-sale financial assets. Interest income is recorded in profit or loss on an accruals basis using the effective interest method. Dividend income is recorded when the right of the Company to receive the payment is established which, in the case of listed securities, corresponds to the coupon date.

Financial expense includes interest on loans, discounting of provisions, dividends distributed on redeemable preference shares, changes in the fair value of financial assets measured at fair value through profit or loss and impairment losses on financial assets. Financial expense is recorded in the profit or loss using the effective interest method. Exchange differences are shown on a net basis.

Dividends

Dividends to be paid to shareholders are recognised on the date of the shareholders' resolution.

Earnings per share

The basic earnings/(loss) per share are calculated by dividing the Company's profit or loss by the weighted average shares outstanding during the year.

In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilutive effect.

The profit or loss for the year is also adjusted to account for the effects of the conversion, net of taxes.

The diluted earnings/(loss) per share are calculated by dividing the Company's profit or loss for the year by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

Use of estimates

The preparation of the separate financial statements requires the directors to apply accounting policies and methods that, in some circumstances, are based on judgements and estimates based on experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact the carrying amount of the assets and liabilities and of the costs and revenue and the disclosure on contingent assets and liabilities at the reporting date. Actual results may differ from these estimates.

The captions which require greater judgement by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the combined financial figures are briefly described below.

- Measurement of trade receivables: trade receivables are adjusted by the loss allowance, taking into account the effective recoverable amount. The calculation of the impairment losses requires the directors to make judgements based on the documentation and the information available relating to the solvency of the customers, and from market and historical experience.
- Measurement of goodwill and intangible assets with indefinite useful lives: in accordance with the accounting policies applied by the Company, goodwill and the intangible assets with indefinite useful lives are subject to impairment testing at least annually in order to verify whether a reduction in value has taken place. This assessment requires the directors to make judgements based on the information available within the Group and from the market, as well as from historical experience; this depends in addition on factors which may change over time, affecting the judgements and estimates made by directors. In addition, when it is determined that there may be a potential impairment loss, the Company determines this

through using the most appropriate technical valuation methods available.

- ▶ Risk provisions: the identification of the existence of a present obligation (legal or constructive) in some circumstances may be difficult to determine. The directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to fulfil the obligation. When the directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.
- ▶ Measurement of closing inventories: inventories of products which are obsolete or slow moving are periodically subject to impairment testing and written down where the recoverable amount is lower than the carrying amount. The write-downs are made based on assumptions and estimates of management deriving from experience and previous figures.
- ▶ Pension plans and other post-employment benefits: management uses multiple statistical assumptions and valuation techniques with the objective of anticipating future events for the calculation of the charges, liabilities and assets relating to these plans. The assumptions relate to the discount rate, the expected return of the plan assets and the rate of future salary increases. In addition, the actuarial consultants of the Company use subjective factors, for example mortality and employee turnover rates. The calculation of deferred tax assets is supported by a recoverability plan prepared on the basis of assumptions which the directors consider reasonable.
- ▶ The transition to IFRS 16 introduces some elements of professional judgment that entail the use of assumptions and estimates with regard to the lease term and the definition of the incremental borrowing rate.

Introduction

F.I.L.A. S.p.A. operates in the creativity tools market, producing writing and design objects such as crayons, paints, modelling clay and pencils etc..

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

The separate financial statements of the F.I.L.A. S.p.A. were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union.

For further details regarding the purchase of treasury shares, see Note 12 – Share capital and equity in F.I.L.A. S.p.A.’s separate financial statements as at and for the year ended December 31, 2023.

The resulting breakdown of the share capital of F.I.L.A. S.p.A. is shown below.

Shareholders	Ordinary shares	%
Pencil S.p.A.	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.p.A.	11,628,214	8,081,856	19,710,070	53.73%
Market Investors *	31,348,227		31,348,227	46.63%
Total	42,976,441	8,081,856	51,058,297	

*includes 330,766 treasury shares

Note 1 - Intangible Assets

“Intangible Assets” at December 31, 2023 amount to Euro 5,626 thousand (Euro 5,995 thousand at December 31, 2022) and consist only of intangible assets with finite useful lives.

The table below shows the changes in the year.

Note 1 - 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	3,163	12,184	3,516	19,063
Increases	-	-	3,002	12	3,014
Investments	-	-	1,110	1,904	3,014
Transfers from assets under development	-	-	1,892	(1,892)	-
Historical cost at December 31, 2022	200	3,163	15,186	3,528	22,077
Increases	-	-	3,036	(1,012)	2,024
Investments	-	-	1,145	879	2,024
Transfers from assets under development	-	-	1,891	(1,891)	-
Historical cost at December 31, 2023	200	3,163	18,221	2,517	24,101
Accumulated amortisation at December 31, 2021	(183)	(2,982)	(11,129)	-	(14,294)
Increases	(6)	(54)	(1,728)	-	(1,788)
Amortisation	(6)	(54)	(1,728)	-	(1,788)
Accumulated amortisation at December 31, 2022	(190)	(3,035)	(12,857)	-	(16,082)
Increases	(4)	(47)	(2,342)	-	(2,393)
Amortisation	(4)	(47)	(2,342)	-	(2,393)
Accumulated amortisation at December 31, 2023	(194)	(3,082)	(15,199)	-	(18,475)
Carrying Amount at December 31, 2021	16	181	1,056	3,516	4,769
Carrying Amount at December 31, 2022	10	127	2,330	3,528	5,995
Carrying Amount at December 31, 2023	6	80	3,023	2,517	5,626
Change	(4)	(47)	693	(1,011)	(369)

“Industrial Patents and Intellectual Property Rights” amount to Euro 6 thousand at December 31, 2023 (Euro 10 thousand at December 31, 2022).

The average residual useful life of the “Industrial patents and intellectual property rights” recorded in the financial statements at December 31, 2023, is 10 years.

“Concessions, Licenses, Trademarks and Similar Rights” amount to Euro 80 thousand at December 31, 2023 (Euro 127 thousand at December 31, 2022) and include the costs incurred for the registration and acquisition of trademarks necessary for the marketing of F.I.L.A. products.

The average residual useful life of the “Concessions, Licenses, Trademarks and Similar Rights” recorded in the financial statements at December 31, 2023 is 10 years.

"Other" amounted to Euro 3,023 thousand at December 31, 2023 (Euro 2,330 thousand at December

31, 2022) and includes net investments that primarily regarded the implementation and roll out of the ERP (Enterprise Resource Planning) system both by the Group and by F.I.L.A. S.p.A., of which "Software licenses and development", together with related consultancy fees, represent the main component.

The average residual useful life of "Other" recorded in the separate financial statements at December 31, 2023, is 3 years.

"Assets under development" amount to Euro 2,517 thousand at December 31, 2023 (Euro 3,528 thousand at December 31, 2022) and concern the investments to roll-out the new ERP (Enterprise Resource Planning) system.

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

There are no intangible assets whose usage is subject to restrictions (for further details, reference should be made to the "Directors' Report - Commitments and Guarantees").

Note 2 - Property, Plant and Equipment

"Property, Plant and Equipment" at December 31, 2023 amounts to Euro 6,368 thousand (Euro 7,190 thousand at December 31, 2022), comprising for Euro 5,555 thousand Property, Plant and Equipment ("Note 2.A - Property, Plant and Equipment") and for Euro 814 thousand Right-of-Use Assets ("Note 2.B - Right-of-Use Assets").

The movements in the year are shown below:

Note 2.A - Property, Plant and Equipment

Note 2 - 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	1,977	9,733	19,451	9,771	1,605	153	42,690
Increases	-	22	481	180	146	21	850
Investments	-	22	357	180	141	150	850
Transfers from assets under construction	-	-	124	-	5	(129)	-
Decreases	-	-	(212)	(51)	(36)	-	(299)
Disinvestments	-	-	(212)	(51)	(35)	-	(298)
Impairment Losses	-	-	-	-	(1)	-	(1)
Historical cost at December 31, 2022	1,977	9,755	19,719	9,900	1,716	175	43,242
Increases	-	77	279	319	41	124	840
Investments	-	77	199	319	41	204	840
Transfers from assets under construction	-	-	80	-	-	(80)	-
Decreases	-	-	(39)	(243)	(69)	-	(351)
Disinvestments	-	-	(39)	(243)	(65)	-	(347)
Impairment Losses	-	-	-	-	(4)	-	(4)
Historical cost at December 31, 2023	1,977	9,832	19,958	9,976	1,689	299	43,731
Accumulated depreciation at December 31, 2021	-	(8,356)	(16,802)	(9,482)	(1,231)	-	(35,871)
Increases	-	(379)	(755)	(204)	(119)	-	(1,457)
Depreciation	-	(379)	(755)	(204)	(119)	-	(1,457)
Decreases	-	-	212	51	3	-	266
Disinvestments	-	-	212	51	3	-	266
Accumulated depreciation at December 31, 2022	-	(8,735)	(17,345)	(9,635)	(1,347)	-	(37,062)
Increases	-	(381)	(696)	(256)	(127)	-	(1,460)
Depreciation	-	(381)	(696)	(256)	(127)	-	(1,460)
Decreases	-	-	39	243	64	-	346
Disinvestments	-	-	39	243	64	-	346
Accumulated depreciation at December 31, 2023	-	(9,116)	(18,001)	(9,649)	(1,409)	-	(38,175)
Carrying Amount at December 31, 2021	1,977	1,378	2,648	288	375	153	6,819
Carrying Amount at December 31, 2022	1,977	1,020	2,374	265	369	175	6,180
Carrying Amount at December 31, 2023	1,977	716	1,957	327	279	299	5,555
Change	-	(304)	(417)	62	(90)	124	(625)

“Land” at December 31, 2023, amounting to Euro 1,977 thousand (Euro 1,977 thousand at December 31, 2022), includes land adjacent to the building owned at the production site in Rufina Scopeti (Florence, Italy).

“Buildings” at December 31, 2023 totalling Euro 716 thousand (Euro 1,020 thousand at December 31, 2022) concern the production facility in Rufina Scopeti (Florence - Italy).

“Plant and Machinery” amounts to Euro 1,957 thousand at December 31, 2023 (Euro 2,374 thousand at December 31, 2022) and mainly includes the assets required for production at the Rufina Scopeti (Florence - Italy) facility.

Net investments totalled Euro 199 thousand and were to expand the current production capacity and upgrade production process efficiency, and specifically during the year new industrial presses and a Cartesian robot were purchased.

"Industrial and Commercial Equipment" amounted to Euro 327 thousand at December 31, 2023 (Euro 265 thousand as at December 31, 2022) and mainly includes investments incurred for the use of production moulds for the production process at the Rufina Scopeti (Florence - Italy) plant, as well as the related technical upgrading.

"Other Assets" amount to Euro 279 thousand at December 31, 2023 (Euro 369 thousand at December 31, 2022) and include furniture and office equipment, EDP and motor vehicles. Investments of Euro 41 thousand made during the year.

"Assets under construction" amounted to Euro 299 thousand at December 31, 2023 (Euro 175 thousand at December 31, 2022) and includes mainly investments in new plant and machinery not yet operational at the reporting date, intended to expand current production capacity and increase the efficiency of the production process at the Rufina Scopeti plant (Florence, Italy).

There are no items of "Property, plant and equipment" whose use is subject to restrictions (for further details, reference should be made to the "Directors' Report - Commitments and Guarantees").

Note 2.B - Right-of-Use Assets

Nota 2.B RIGHT-OF-USE ASSETS				
<i>Euro thousands</i>	Buildings	Plant and machinery	Other assets	Total
Historical cost at December 31, 2022	1,314	270	821	2,405
Increases	22	-	299	321
Investments	22	-	299	321
Decreases	-	-	(283)	(283)
Disinvestments	-	-	(283)	(283)
Historical cost at December 31, 2023	1,336	270	837	2,443
Accumulated depreciation at December 31, 2022	(932)	(96)	(367)	(1,395)
Increases	(233)	(44)	(240)	(518)
Depreciation	(233)	(44)	(240)	(518)
Decreases	-	-	283	283
Disinvestments	-	-	283	283
Accumulated depreciation at December 31, 2023	(1,166)	(140)	(323)	(1,629)
Carrying amount at December 31, 2022	382	174	454	1,010
Carrying amount at December 31, 2023	170	130	514	814
Change	(212)	(44)	60	(196)

Right-of-use assets at December 31, 2023 amounted to Euro 814 thousand and mainly refer to head office buildings in Pero (Milan - Italy), in addition to company car leases.

“Buildings” at December 31, 2023 amounted to Euro 170 thousand (Euro 382 thousand at December 31, 2022), decreasing Euro 212 thousand on the previous year. This decrease is directly attributable to the termination, in 2024, of the lease agreement related to the second floor of the Pero property not yet renewed at the reporting date.

“Plant and Machinery” amounts to Euro 130 thousand at December 31, 2023 (Euro 174 thousand at December 31, 2022) and decreased Euro 44 thousand on the previous year due to depreciation in the year.

“Other Assets” totalled Euro 514 thousand at December 31, 2023 (Euro 454 thousand at December 31, 2022) and increased Euro 60 thousand on the previous year. This is mainly due to the signing of new car rental and lease agreements for company employees.

There are no “Right-of-Use assets” whose use is subject to restrictions (for further details, reference should be made to the “Directors’ Report – Commitments and Guarantees”).

Note 3 – Financial Assets

“Financial Assets” amount to Euro 93,774 thousand at December 31, 2023 (Euro 65,160 thousand at December 31, 2022).

The breakdown of “Financial Assets” at December 31, 2023 and at December 31, 2022 is shown below:

Note 3.A - FINANCIAL ASSETS					
<i>Euro thousands</i>	Loans and Financial Assets - Subsidiaries	Loans and Financial Assets - Associates	Other Financial Assets - Subsidiaries	Other Financial Assets - Third Parties	Total
December 31, 2022	57,218	-	5,625	2,317	65,160
non-current portion	1,710	-	-	2,317	4,027
current portion	55,508	-	5,625	-	61,133
December 31, 2023	93,385	366	-	23	93,774
non-current portion	8,444	-	-	23	8,467
current portion	84,941	366	-	-	85,307
Change	36,167	366	(5,625)	(2,294)	(28,613)
non-current portion	6,734	-	-	(2,294)	4,440
current portion	29,433	366	(5,625)	-	24,173

“Loans and financial assets - Subsidiaries”, both in terms of the current and non-current portions, mainly concern loans granted by F.I.L.A. S.p.A. to its subsidiaries to support commercial, production and investment activities.

“Loans and financial assets - subsidiaries -non-current portion” include:

- Loan granted in favour of the subsidiary Dixon Ticonderoga Co. (U.S.A.) for USD 8,385 thousand related to the portion attributed to the subsidiary for repayment of the Senior Financial Agreement (SFA) in December. For further details, reference should be made to “Note 13 - Financial Liabilities”;
- Loan granted in favour of the subsidiary Canson Australia (Australia) for Euro 602 thousand in 2021 concerning the commercial payables accumulated over the years by the company;
- Loan granted to FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) of Euro 225 thousand, of which Euro 121 thousand reclassified to trade payables in 2023;
- Loan granted in favour of the subsidiary FILA SA PTY Ltd. (South Africa) for Euro 50

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thousand in 2021;

- ▶ Recognition of a loss allowance (IFRS 9) on the above long-term loans, calculated on the basis of their average term (three years) and the country risk, in the amount of Euro 22 thousand.

The caption “Loans and financial assets – subsidiaries -current portion” includes:

- ▶ in 2022, the Company had signed a cash management agreement the subsidiary Industria Maimeri S.p.A. giving rise to a financial asset of Euro 8,176 thousand. The amount includes Euro 74 thousand in accrued interest. A decrease of Euro 248 thousand was recognised in relation to the impairment of financial assets with the subsidiary Industria Maimeri S.p.A. following impairment testing of the equity investment.
- ▶ Loan in favour of the subsidiary Canson Brasil I.P.E. LTDA (Brazil) for Euro 1,000 thousand granted in 2021. The amount includes Euro 97 thousand interest accrued. In 2023, another loan of USD 1,000 thousand was granted. The amount includes Euro 23 thousand interest accrued. The loan in Euro accrues interest at a fixed rate of 225 basis points. The loan in US Dollars accrues interest at a variable rate equal to Euribor at 3 months, plus a spread of 240 basis points;
- ▶ The current portion, for a total of Euro 16,369 thousand, of the loan issued in favour of the subsidiary Canson SAS (France). The amount includes Euro 321 thousand interest accrued. The loans bear interest at a variable rate equal to the three-month Euribor, plus a spread of 375 basis points. A repayment of Euro 645 thousand was made on the loan issued in 2019. In 2023, the company signed a cash management agreement, which had a balance of Euro 4,687 thousand at the reporting date. The amount includes Euro 59 thousand in accrued interest. The loan accrues interest at a variable rate equal to Euribor at 3 months, plus a spread of 50 basis points;
- ▶ The current portion of the loan, amounting to Euro 1,651 thousand, granted to the subsidiary Canson Australia Pty Ltd (Australia). The amount includes Euro 32 thousand in interest accrued. The loan bear interest at a variable rate equal to the three-month Euribor, plus a spread of 375 basis points. The caption also includes, the current portion of the loan, amounting to Euro 45 thousand, granted to the subsidiary. The current portion of the loan includes Euro 10 thousand in interest at a variable rate equal to the three-month Euribor, plus a spread of 235 basis points;
- ▶ During the year, the subsidiary Lodi 12 SAS (France) fully repaid the loan disbursed in 2016 for an amount of Euro 418 thousand. At the end of the year, interest due of Euro 13 thousand was recognised;

- ▶ The current portion of the loan, amounting to Euro 43 thousand, granted to the subsidiary FILA SA PTY Ltd. (South Africa). The amount includes Euro 13 thousand in interest accrued. The loan bears interest at a variable rate equal to the three-month Euribor, plus a spread of 185 basis points;
- ▶ Loans, amounting to Euro 4,550 thousand, granted to the subsidiary FILA Stationary O.O.O. (Russia). The amount includes Euro 510 thousand of accrued interest.
The loans bear interest at a variable rate equal to the three-month Euribor, plus a spread of 240 basis points. It should be noted that, in 2023, the company disbursed a loan to the subsidiary of RUB 30,000 thousand, which bears interest at a variable rate equal to the 3M Euribor, plus a spread of 240 basis points;
- ▶ The current portion of the loan, amounting to Euro 21,584 thousand, issued in favour of the subsidiary Fila Arches (France) for the acquisition in March 2020 of the Arches business unit of the Swedish Group Ahlstrom-Munksjo. The amount includes Euro 399 thousand of accrued interest. The loan bear interest at a variable rate equal to the three-month Euribor, plus a spread of 345 basis points;
- ▶ The current portion of the loan granted to the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) of Euro 50 thousand. The amount includes Euro 5 thousand interest accrued. The loan bears interest at a variable rate equal to the three-month Euribor, plus a spread of 290 basis points;
- ▶ The current portion of the loan, amounting to Euro 3,157 thousand, granted to the subsidiary Daler Rowney Ltd. (United Kingdom) in 2019. The amount includes Euro 56 thousand interest accrued. The loan bear interest at a variable rate equal to the three-month Euribor, plus a spread of 325 basis points;
- ▶ The current portion of the loan, amounting to Euro 1,122 thousand, granted to the subsidiary Daler Rowney Ltd. (United Kingdom) in 2019. The loan does not accrue interest;
- ▶ Loan granted in favour of the subsidiary Dixon Ticonderoga Co. (U.S.A.) for USD 8,385 thousand related to the portion attributed to the subsidiary for repayment of the Senior Financial Agreement (SFA) in December. For further details, reference should be made to “Note 13 - Financial Liabilities”;
- ▶ In 2023, a loan of USD 20,000 thousand was granted to the subsidiary Grupo F.I.L.A. Dixon S.A. de C.V. (Mexico). The loan accrues interest at a variable rate equal to Euribor at 3 months, plus a spread of 240 basis points;
- ▶ The recognition of a loss allowance (IFRS 9) on the above short-term loans, calculated on the basis of their average term (3 years) and the country risk for Euro 4,673 thousand, increasing on 2022 by Euro 1,196 thousand. This increase is directly attributable to the measurement, in application of the aforementioned standard, of the financing issued to the Russian subsidiary.

More specifically, with the outbreak of the war between Russia and Ukraine in February 2022, the ratings agencies increased the country risk for Russia, thereby reducing the rating for Russia to “Ca”. This downgrading, together with the financial performance and standing of the subsidiary, contributed to a higher percentage of impairment of the financial assets in place with the subsidiary O.O.O. FILA STATIONERY LLC.

Below, "Note 3.B - Financial assets" shows all the related details of the companies involved and the main financial conditions at December 31, 2023:

Note 3.B - FINANCIAL ASSETS													
Description	General information						Amount					Guarantees Received	Guarantees Granted
	Amount		Total	Year	Interest		Current Financial Assets	Non-Current Financial Assets					
	Principal	Interest			Variable	Spread		2024	2025	2026	2027		
<i>Euro thousands</i>													
Loan FILA Arches (France)	21,185	399	21,584	2020	3-month Euribor	3.45%	21,584	-	-	-	-	None	None
Loan Canson Sas (France)	16,369	321	16,690	2016	3-month Euribor	3.75%	16,690	-	-	-	-	None	None
Loan Canson Sas (France)	4,627	60	4,687	CPM	3-month Euribor	0.50%	4,687	-	-	-	-	None	None
Loan Lodi 12 Sas (France)	-	13	13	2016		0.00%	13	-	-	-	-	None	None
Loan Canson Australia Pty Ltd. (Australia)	1,619	32	1,651	2016	3-month Euribor	3.75%	1,651	-	-	-	-	None	None
Loan Canson Australia Pty Ltd. (Australia)	637	10	647	2021	3-month Euribor	2.35%	45	35	35	531	-	None	None
Loan Daler Rowney Ltd. (U.K.)	1,200	22	1,222	2016-2019	3-month Euribor	3.50%	1,222	-	-	-	-	None	None
Loan Daler Rowney Ltd. (U.K.)	1,122	-	1,122	2019		0.00%	1,122	-	-	-	-	None	None
Loan Daler Rowney Ltd. (U.K.)	1,901	34	1,935	2019	3-month Euribor	3.00%	1,935	-	-	-	-	None	None
Loan Industria Maineri S.p.A. (Italy)	8,176	74	8,250	CPM	3-month Euribor	0.50%	8,250	-	-	-	-	None	None
Loan Fila SA (South Africa)	80	13	93	2021	3-month Euribor	1.85%	43	50	-	-	-	None	None
Loan Canson Brasil I.P.E. Ltda (Brazil)	1,000	97	1,097	2021		2.25%	1,097	-	-	-	-	None	None
Loan Canson Brasil I.P.E. Ltda (Brazil)	905	23	928	2023	3-month Euribor	2.40%	928	-	-	-	-	None	None
Loan Grupo F.I.L.A. Dixon S.A. de C.V. (Mexico)	18,100	-	18,100	2023	3-month Euribor	2.40%	18,100	-	-	-	-	None	None
Loan FILA Stationery and Office Equipment Industry Ltd Co. (Turkey)	275	5	280	2023	3-month Euribor	2.90%	55	50	75	100	-	None	None
Loan Dixon Ticonderoga U.S.A. (U.S.A.)	15,177	54	15,231	2023	3-month Euribor	2.40%	7,642	7,589	-	-	-	None	None
Loan FILA Stationery O.O.O. (Russia)	2,493	447	2,940	2013-2020	3-month Euribor	2.40%	2,940	-	-	-	-	None	None
Loan FILA Stationery O.O.O. (Russia)	1,547	62	1,609	2022-2023		3.00%	1,609	-	-	-	-	None	None
Total Loans and Financial Assets - Subsidiaries	96,414	1,666	98,080				89,614	7,724	110	631	-		
Security Deposits	23	-	23	2004-15-19-20		0.00%	-	-	-	-	23	None	None
Total Other Financial Assets - Third Parties	23	-	23				-	-	-	-	23		
Loss Allowance (IFRS9)	(4,673)	-	(4,673)				(4,673)	-	-	(22)	-		
Total amount	91,764	1,666	93,430				84,941	7,724	110	609	23		

“Loans and Financial Assets from Associates” of Euro 366 thousand at December 31, 2023, are directly attributable to the financial receivable from DOMS Industries Limited (India), for Euro 352 thousand, following the public listing of the company (hereinafter also the “DOMS IPO”).

“Other Financial Assets from third parties” of Euro 23 thousand at December 31, 2023 (Euro 2,317 thousand at December 31, 2022), relate to deposits paid to third parties as contractual guarantees for the provision of services and goods. At December 31, 2022, the account also included the fair value of the hedging derivatives related to the loan (the instrument hedged) disbursed to the company in the amount of Euro 2,294 thousand.

The decrease on the previous year is directly attributable to the change in derivative instruments, which were recognised in 2022 among “Other Financial Assets from third parties”, whereas in 2023 they have been recognised as a liability among “Financial Instruments” given their negative performance. The company designates the derivatives as cash flow hedging instruments to hedge against the variability of cash flows from highly probable transactions due to fluctuations in interest rate in accordance with hedge accounting rules for cash flow hedges in particular. This involves the

recognition of a financial asset or liability and an equity reserve for the pure cash flows that determine the effectiveness of the hedge, net of the tax effect (reference should be made to “Note 12 - Share Capital and Equity”), while the negotiation costs incurred for the contractual amendment on the hedged instrument (floor revised to zero) were recognised at amortised cost in bank loans borrowings, with the relevant portion subsequently reversed to profit or loss each year until the end of the contract.

We break down below by bank the notional amounts subject to hedging with derivative instruments, the relative fair values, in addition to the relative contractual conditions:

Note 17 - FINANCIAL INSTRUMENTS													
F.I.L.A. S.p.A.		Banca Nazionale del Lavoro S.p.A.	Intesa Sanpaolo S.p.A.	Banco BPM S.p.A.	BPER Banca S.p.A.	Mediobanca Banca di Credito Finanziario Italia S.p.A.	Credit Agricole Italia S.p.A.	Unicredit S.p.A.					
Euro													
IRS	Date Agreed	Loan	% Hedge	Fix Rate	Variable Rate	Notional	Notional	Notional	Notional	Notional	Notional	Notional	Total Notional
IRS 1	September 20, 2022	TLA F.I.L.A. S.p.A.	65%	2.610%	3-month Euribor	3,395,143	3,395,143	17,714,712	3,427,583	3,427,583	3,427,583	14,977,877	49,765,624
IRS 2	September 20, 2022	TLB F.I.L.A. S.p.A.	65%	2.645%	3-month Euribor	10,987,836	10,987,836	17,156,681	5,483,738	5,483,738	5,483,738	16,956,434	72,540,000
						14,382,979	14,382,979	34,871,393	8,911,321	8,911,321	8,911,321	31,934,311	122,305,624

As per IFRS 7, the accounting treatment by class of financial assets at December 31, 2023 was as follows:

		December 31, 2023	Assets measured at FVOCI	Assets at Amortised Cost	Total
Euro thousands					
Non-Current assets					
Non-Current Financial Assets	Note 3	8,467	-	8,467	8,467
Current assets					
Cash and Cash Equivalents	Note 9	62,023	-	62,023	62,023
Current Financial Assets	Note 3	85,307	-	85,307	85,307
Trade Receivables and Other Assets	Note 8	16,263	-	16,263	16,263

		December 31, 2022	Assets measured at FVOCI	Assets at Amortised Cost	Total
Euro thousands					
Non-Current assets					
Non-Current Financial Assets	Note 3	4,027	-	4,027	4,027
Current assets					
Cash and Cash Equivalents	Note 9	36,247	-	36,247	36,247
Current Financial Assets	Note 3	61,133	-	61,133	61,133
Trade Receivables and Other Assets	Note 8	19,516	-	19,516	19,516

Note 4 - Equity Investments

“Equity Investments” at December 31, 2023 amount to Euro 339,034 thousand (Euro 371,064 thousand at December 31, 2022).

The changes of the year are shown below:

Note 4.A - EQUITY INVESTMENTS				
<i>Euro thousands</i>	Investments in Subsidiaries	Investments in Associates	Investments in Other Companies	Total Amount
December 31, 2022	371,039	23	2	371,064
Increases	199	-	-	199
Decreases	(32,229)	-	-	(32,229)
Reclassification	(37,059)	37,059	-	-
December 31, 2023	301,950	37,082	2	339,034
Change	(69,089)	37,059	-	(32,030)

The decrease of the year totalling Euro 32,229 thousand is due to the following effects:

- ▶ As concerns Fila Stationary and Office Equipment Industry Ltd Co. (Turkey), a share transfer agreement was signed in May 2023 on 10% of the share held with the manager Suleyman Akcakoca for a total of 28,824 shares, equal to Euro 407 thousand.
- ▶ in December 2023, the Indian company DOMS was publicly listed, during which F.I.L.A., as selling shareholder, sold 10,126,582 DOMS shares for total consideration of INR 790 crore (corresponding to approx. Euro 87.5 million), while still remaining a shareholder of the company post-listing, as it owns 18,561,153 DOMS shares, equivalent to 30.6% of DOMS' share capital. This transaction led to a reduction in the investment of Euro 20,219 thousand, and consequent loss of control, while generating a capital gain of Euro 67,280 thousand. Following this transaction, the equity investment in DOMS, equal to the cost of the share still held (Euro 37,059 thousand), was reclassified to investments in associates.
- ▶ In 2023, after a detailed assessment of equity investments, the Company fully impaired the investment in the subsidiary Industria Maimeri (Italy) for Euro 1,603 thousand and partially impaired the investments in the subsidiaries Lodi 12 (France), for Euro 3,961 thousand, and Renoir Topco (United Kingdom), for Euro 6,039 thousand.

Investments at December 31, 2023 and the changes of the year are illustrated in the table below:

Note 4.B - INVESTMENTS IN SUBSIDIARIES					
<i>Euro thousands</i>	December 31, 2022	Increases	Decreases	Reclassification	December 31, 2023
F.I.L.A. Iberia S.L. (Spain)	209	6	-	-	215
Fila Arches (France)	22,574	-	-	-	22,574
Dixon Ticonderoga Co. (U.S.A.)	107,262	117	-	-	107,379
F.I.L.A. Chile Ltda (Chile)	65	8	-	-	73
Lyra Bleistift-Fabrik GmbH & Co. KG (Germany)	12,458	12	-	-	12,470
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	4,069	-	(407)	-	3,662
FILA Art & Craft (Israel)	-	-	-	-	-
FILA Stationery O.O.O. (Russia)	-	-	-	-	-
Industria Maimeri S.p.A.	1,603	-	(1,603)	-	-
FILA S.A. (Pty) Ltd. (South Africa)	3,747	-	-	-	3,747
FILA Hellas S.A. (Greece)	2,797	-	-	-	2,797
Fila Polska Sp. Z.o.o (Poland)	44	-	-	-	44
DOMS Industries Ltd (India)	57,278	-	(20,219)	(37,059)	-
Renoir Topco Limited (UK)	97,274	26	(6,039)	-	91,260
St. Cuthberts Holdings Limited (UK)	6,727	-	-	-	6,727
Canson SAS (France)	37,748	24	-	-	37,773
Lodi 12 SAS (France)	17,135	6	(3,961)	-	13,180
Fila Art Products AG (Switzerland)	48	-	-	-	48
Total	371,038	199	(32,229)	(37,059)	301,950

Note 4.B - INVESTMENTS IN ASSOCIATES					
<i>Euro thousands</i>	December 31, 2022	Increases	Decreases	Reclassification	December 31, 2023
Doms Industries Ltd (India)	-	-	-	37,059	37,059
Maimeri S.p.A. (Italy)	23	-	-	-	23
Total	23	-	-	37,059	37,082

For further details, reference should be made to the “Significant events in the year” paragraph.

A comparison between the carrying amounts of the equity investments and the share of equity of the subsidiaries at December 31, 2023 is illustrated in the table below:

IMPAIRMENT TEST INVESTMENTS RESULT				
Subsidiaries	Equity at December 31, 2023	Total investment percentage	Share of Equity	Carrying amount
<i>Euro thousands</i>				
Fila SA PTY LTD (South Africa)	1,482	99.43%	1,474	3,747
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	1,229	90.00%	1,107	3,663
Industria Maimeri S.p.A. (Italy)	(936)	51.00%	(477)	1,603
Renoir Topco Ltd (UK) ⁽¹⁾	75,847	100.00%	75,847	97,300
St. Cuthberts Holding (UK) ⁽³⁾	5,837	100.00%	5,837	6,727
Lodi 12 (France) ⁽²⁾	871	100.00%	871	17,141
Fila Hellas (Greece)	2,256	100.00%	2,256	2,797
FILA Art Products AG (Switzerland)	616	52.00%	321	48
Fila Arches (France)*	22,657	100.00%	22,657	22,574

(1) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (UK); Bridesore srl (Dominican Republic).

(2) - Lodi 12 SAS (France); Canson Australia PTY LTD (Australia); Canson Qingdao Ltd.(China); Fila Yixing (China).

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

The investments held by F.I.L.A. S.p.A. in subsidiaries were subject to impairment tests where indicators highlighted a possible impairment loss, comparing the carrying amount in the financial statements with the recoverable amount. The “Value in use” was used to establish the recoverable

amount of investments. The Value in use as per IAS 36 is calculated as the present value of expected cash flows.

The expected cash flows for the calculation of the “Value in use” of each subsidiary are developed based on the information received from the Boards of Directors of the individual subsidiaries in the 2024 Budget, approved by the Group on February 13, 2024, and the Business Plan approved by the Group’s Board of Directors on March 14, 2024.

In particular, the cash flows were determined based on the assumptions in the plan and applying the growth rate identified for each subsidiary in line with the long-term assumptions relating to the growth rate of the sector and the specific country risk in which each company operates. The “Terminal Value” was calculated applying the perpetual yield method. These financial estimates were subject to approval by the Boards of Directors of the individual Group companies subject to impairments testing.

The discount rate (W.A.C.C.) is the weighted average cost of risk capital and borrowing cost considering the tax effects generated by the financial leverage.

The table below outlines the main assumptions for the impairment test on the investments held. The discount rate is different from December 31, 2022 to reflect the changed market conditions at December 31, 2023, as commented upon below:

IMPAIRMENT TEST - VALUE IN USE CALCULATION ASSUMPTIONS				
<i>Euro thousands</i>	Discount Rate (W.A.C.C.)*	Growth Rate (g rate)*	Cash Flow Horizon	Terminal Value Calculation Method
FILA SA (South Africa)	14.7%	4.3%	5 years	Perpetuity growth rate
Fila Stationery and Office Equipment Industry Ltd. Co (Turkey)	25.0%	10.4%	5 years	Perpetuity growth rate
Industria Maimeri S.p.A. (Italy)	8.9%	1.7%	5 years	Perpetuity growth rate
Renoir Topco Ltd (UK) ⁽¹⁾	8.9%	2.0%	5 years	Perpetuity growth rate
St. Cuthberts Holding (UK) ⁽³⁾	8.9%	2.0%	5 years	Perpetuity growth rate
FILA Art Products AG (Svizzera)	6.0%	1.3%	5 years	Perpetuity growth rate
Fila Hellas	11.4%	1.3%	5 years	Perpetuity growth rate
Lodi 12 (France) ⁽²⁾	7.8%	2.0%	5 years	Perpetuity growth rate
Fila Arches	7.8%	2.0%	5 years	Perpetuity growth rate

(1) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (UK); Bridesore srl (Dominican Republic)

(2) - Lodi 12 SAS (France); Canson Australia PTY LTD (Australia); Canson Qingdao Ltd.(China) Fila Yixing (China)

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

* Source Bloomberg

Considering the existence of indicators of impairment, impairment tests were carried out on the following subsidiaries:

- F.I.L.A. SA PTY LTD (South Africa);
- FILA Stationery and Office Equipment Industry Ltd. Co. (Turkey);
- Renoir Topco Ltd (United Kingdom);
- St. Cuthberts Holding (United Kingdom);
- Lodi 12 (France);

- ▶ Fila Hellas SA (Greece);
- ▶ Industria Maimeri S.p.A. (Italy);
- ▶ Fila Arches SAS (France);
- ▶ FILA Art Product AG (Switzerland).

The main changes to the discount rate used for the impairment test on the previous year were:

- ▶ Lodi 12 (France) and Fila Arches (France) - The W.A.C.C. is 7.8% (7.3% at December 31, 2022). The change is due to an increase in the risk free rate, an increase in the cost of debt and an increase in the cost of capital (Ke) ;
- ▶ Renoir Topco (United Kingdom) and St. Cuthberts (United Kingdom) - The discount rate is 8.9% (8.1% at December 31, 2022). The increase is mainly due to an increase in the risk free rate, an increase in the cost of debt and an increase in the cost of capital (Ke);
- ▶ Industria Maimeri S.p.A. (Italy) – the discount rate is 8.9% (8.9% at December 31, 2022). There have been no changes in the W.A.C.C.;
- ▶ FILA SA (South Africa) – the W.A.C.C. is 14.7% (15.2% at December 31, 2022). The change on 2022 is due to the reduction in the cost of capital (Ke);
- ▶ Fila Hellas - the W.A.C.C. is 11.4% (13.3% at December 31, 2022). The change on the previous year is due to a reduction in the cost of capital (Ke) and of the cost of debt.
- ▶ FILA Stationery and Office Equipment Industry Ltd. Co. (Turkey) - the W.A.C.C. is 25% (23.8% at December 31, 2022). The change on the previous year is due to an increase in the cost of debt, an increase in the cost of capital (Ke) and an increase in the risk free rate.
- ▶ FILA Art Product AG (Switzerland) - the W.A.C.C. is 6.0% (6.3% at December 31, 2022). The change on the previous year is due to a reduction in the cost of capital (Ke).

A Sensitivity Analysis was also carried out to verify the recoverability of the equity investment against possible increases and decreases of 0.5 percent in the "Growth Rate" and "WACC";

We have also taken account of the content of the ESMA Report published in October 2023 entitled “European common enforcement priorities for 2023 annual financial reports”.

The above analysis confirmed the full recoverability of the equity investments analysed and the reasonableness of the assumptions used, with the exception of the companies Industria Maimeri S.p.A. (Italy), which was fully impaired by Euro 1,603 thousand, Lodi 12 (France), for which a partial impairment was recognised of Euro 3,961 thousand, and Renoir Topco Ltd (United Kingdom), for which a partial impairment was recognised of Euro 6,039 thousand.

Note 5 – Deferred Tax Assets

“Deferred tax assets” amount to Euro 2,836 thousand at December 31, 2023 (Euro 3,684 thousand at December 31, 2022).

Note 5.A - CHANGES IN DEFERRED TAX ASSETS	
<i>Euro thousands</i>	
December 31, 2022	3,684
Increase	1,164
Utilisation	(2,210)
Change in Equity	198
December 31, 2023	2,836
Change	(848)

“Deferred Tax Assets” at December 31, 2023 refer to temporary differences deductible in future years, recognised as there is a reasonable certainty of the existence, in the years in which they will reverse, of taxable profit not lower than the amount of these differences.

The breakdown of deferred tax assets is illustrated below:

NOTE 5.B - BREAKDOWN OF DEFERRED TAX ASSETS								
<i>Euro thousands</i>	Statement of Financial Position		Profit or Loss		Reclassifications		Equity	
	2023	2022	2023	2022	2023	2022	2023	2022
Deferred tax assets relating to:								
ACE	1,215	2,318	(1,103)	(395)	-	-	-	-
Directors' Remuneration	451	137	314	(314)	-	-	-	-
Capital Increase 2018 Expenses	-	59	(59)	(388)	-	-	-	-
Employees' bonuses	-	-	-	(430)	-	-	-	-
Intangible Assets	97	100	(3)	-	-	-	-	-
Property, Plant and Equipment	68	149	(81)	-	-	-	-	-
Loss allowance, taxed	226	219	7	(1)	-	-	-	-
Inventories	170	160	10	19	-	-	-	-
Agent Leaving Indemnities	225	225	-	(3)	-	-	-	-
IFRS 9	99	234	(135)	103	-	-	-	-
IFRS 16	88	83	5	20	-	-	-	-
Cash Flow Hedge (Derivative)	198	-	-	-	-	-	198	-
Provisions for risks and charges	-	-	-	(9)	-	-	-	-
Total deferred tax assets	2,837	3,684	(1,045)	(1,397)	-	-	198	-

The caption "ACE" includes the recognition of deferred tax assets calculated on the surplus of the ACE amount to be carried forward to subsequent years.

In 2023, a utilisation of Euro 1,893 thousand was recorded to cover the IRES taxable income generated at December 31, 2023, a change offset by an increase of Euro 791 thousand.

The deferred tax asset calculation was made by F.I.L.A. S.p.A., evaluating the projected future recovery of these assets based on updated strategic plans, together with the relative tax plans.

Note 6 - Current Tax Assets

“Current Tax Assets” totalled Euro 909 thousand at December 31, 2023 (Euro 908 thousand at December 31, 2022) and include IRES and IRAP tax assets.

The main change during the year is due to the use of assets relating to IRAP advances in the previous year of Euro 196 thousand. A tax credit related to Industry 4.0 capital expenditures was also recognised for Euro 202 thousand.

Note 7 - Inventories

“Inventories” at December 31, 2023 amount to Euro 32,721 thousand (Euro 32,646 thousand at December 31, 2022).

The breakdown of inventories is as follows:

Note 7.A - INVENTORIES				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2022	5,947	3,735	22,964	32,646
December 31, 2023	5,645	4,498	22,578	32,721
Change	(302)	763	(386)	75

Inventories are shown net of the allowance for inventory write-down for raw materials, work in progress and finished goods, amounting respectively at December 31, 2023 to Euro 238 thousand (Euro 135 thousand at December 31, 2022), Euro 47 thousand (Euro 96 thousand at December 31, 2022) and Euro 248 thousand (Euro 269 thousand at December 31, 2022), which refer to obsolete or slow moving materials for which it is not considered possible to recover their value through sales.

No inventory is provided as a guarantee on liabilities.

The changes in the allowance for inventory write-downs in the year were as follows:

Note 7.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	101	96	205	402
Accruals	57	-	125	182
Utilisation	(23)	-	(61)	(84)
December 31, 2022	135	96	269	500
Accruals	260	150	-	410
Utilisation	(157)	(199)	(20)	(376)
December 31, 2023	238	47	249	534
Change	103	(49)	(20)	34

The allowance for the year increased by Euro 34 thousand, the combined effect of accruals of Euro 410 thousand against obsolete materials and slow moving inventories at December 31, 2023, and utilisations of Euro 376 thousand for the elimination of obsolete products.

Note 8 – Trade receivables and Other assets

“Trade receivables and other assets” amount to Euro 16,263 thousand, decreasing Euro 3,253 thousand on the previous year, when they amounted to Euro 19,516 thousand.

The breakdown is illustrated below.

Note 8.A - TRADE RECEIVABLES AND OTHER ASSETS

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Trade Receivables	9,987	12,131	(2,144)
Tax Assets	440	1,680	(1,240)
Other Assets	166	214	(48)
Prepayments and Accrued Income	1,639	913	726
Third parties	12,233	14,938	(2,706)
Trade Receivables - Subsidiaries	4,006	4,579	(573)
Subsidiaries	4,006	4,579	(573)
Trade Receivables - Associates	24	-	24
Associates	24	-	24
Total	16,263	19,516	(3,253)

“Trade Receivables and other assets from third parties” amount at Euro 12,233 thousand at December 31, 2023 (Euro 14,938 thousand at December 31, 2022), decreasing from the previous year by Euro 2,706 thousand, which is in line with the lower revenue for the year.

“Trade Receivables from Subsidiaries” amount at Euro 4,006 thousand at December 31, 2023 (Euro 4,579 thousand at December 31, 2022), decreasing from the previous year by Euro 573 thousand, due mainly to the reduced rebilling of services provided during the year, particularly for ERP management, as well as to the trend in commercial transactions.

We also report receivables of Euro 24 thousand from the associate DOMS Industries Limited at December 31, 2023.

The amounts of the previous table are shown net of the loss allowance and are all due within 12 months.

At December 31, 2023, there were no trade receivables pledged as guarantees.

The breakdown by geographical segment of trade receivables (by customers) is illustrated in the table below:

Note 8.B - TRADE RECEIVABLES FROM THIRD PARTIES BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Europe	9,730	11,610	(1,880)
Asia	237	508	(271)
Other	20	13	7
Total	9,987	12,131	(2,144)

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

Note 8.C - CHANGES IN THE LOSS ALLOWANCE	
<i>Euro thousands</i>	
December 31, 2021	1,599
Accruals	275
Utilisation	(296)
December 31, 2022	1,578
Accruals	379
Utilisation	(368)
Release	(92)
December 31, 2023	1,497
Change	(81)

The Company 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 losses on trade receivables, the company considers reasonable and demonstrable information which is pertinent and available without excessive cost and burden. Quantitative and qualitative information and analysis, based on historical experience, to assess the asset – in addition to information indicative of expected developments – is included.

During the year, the use of the “Loss Allowance” for Euro 368 thousand concerns the impairment of commercial positions considered by management as no longer recoverable.

“Current tax assets” amount to Euro 440 thousand at December 31, 2023 (Euro 1,680 thousand at December 31, 2022) and mainly concern the VAT asset accrued during the year in the amount of Euro 287 thousand, as well as assets for other local taxes different from income tax.

“Other assets” mainly includes amounts due from suppliers for credit notes received and supplier advances. At December 31, 2023 the caption amounts to Euro 166 thousand (Euro 214 thousand at December 31, 2022). The carrying amount of “Other assets” represents their fair value at the reporting date.

“Prepayments and accrued income” include costs incurred in 2023 but pertaining to the following year. In particular, this includes insurance premiums for Euro 402 thousand.

All of the above assets are due within 12 months.

Note 9 - Cash and Cash Equivalents

“Cash and Cash Equivalents” at December 31, 2023 amount to Euro 62,023 thousand (Euro 36,297 thousand at December 31, 2022). As described in relation to the statement of cash flows, the increase for the year is mainly due to the sale of the shares held in DOMS within the scope of the company’s public listing in December.

The breakdown and comparison with the previous year is illustrated in the table below.

Note 9.A - CASH AND CASH EQUIVALENTS

<i>Euro thousands</i>	Bank and postal deposits	Cash in hand and other cash equivalents	Total
December 31, 2022	36,291	6	36,297
December 31, 2023	62,018	5	62,023
Change	25,727	(1)	25,726

"Bank and Postal Deposits" consist of temporary liquid funds as part of treasury management and concern the ordinary current accounts of F.I.L.A. S.p.A..

Bank and postal deposits are remunerated at rates near zero. There are no bank and postal deposits subject to restrictions.

Intragroup cash management

In 2022, F.I.L.A. S.p.A., as parent of the Group, decided to implement cash pooling accounts.

Given that cash pooling enables corporate groups to minimise expenses for banking transactions thanks to economies of scale, the Company has decided to optimise group cash management by establishing a system of cash pooling.

The primary objectives of centralising the Group's treasury management are: (i) to minimise costs; (ii) to maximise returns and the use of resources; (iii) to optimise financial structure, negotiating power, and financial risks; and (iv) to eliminate holding positive and negative balances at the same time.

Cash pooling is used to optimise only short-term needs of financing and investment. For long-term financing and investment needs, appropriate medium or long-term inter-company and/or bank loans are used.

During the year under review, four cash pooling agreements were signed with subsidiaries. More specifically, on March 10, 2023, contracts were signed with the companies Canson Sas (France), Fila Arches (France) and Fila Benelux (Belgium), in addition to a contract signed with the company Lyra Kg (Germany) on May 3, 2023.

For comments on cash flows of the year reference should be made to the statement of cash flows.

Net Financial Debt

The "Net Financial Debt" of F.I.L.A. S.p.A. at December 31, 2023 was as follows:

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
A Cash	5	6	(1)
B Cash equivalents	62,019	36,291	25,728
C Other current financial assets	85,307	61,134	24,173
D Liquidity (A + B + C)	147,331	97,431	49,900
E Current bank loans and borrowings	(11,300)	(7,988)	(3,312)
F Current portion of non-current bank loans and borrowings	(11,292)	(21,226)	9,934
G Current financial debt (E + F)	(22,592)	(29,214)	6,622
H Net current financial (position) debt (G - D)	124,739	68,217	56,522
I Non-current bank loans and borrowings	(173,481)	(186,547)	13,066
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(173,481)	(186,547)	13,066
M Net financial debt (H + L)	(48,742)	(118,330)	69,588
N Non-current loan assets	8,444	1,710	6,734
O Net financial debt (M + N) - F.I.L.A. S.p.A.	(40,298)	(116,620)	76,322

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

- Captions "A - Cash" and "B - Cash equivalents" are included in "Note 9 - Cash and Cash Equivalents";
- Caption "C - Other current financial assets" refers to "Note 3 - Current Financial Assets";
- Caption "G - Current financial debt" relates to "Note 13 - Current Financial Liabilities" and contains caption "F - Current portion of non-current bank loans and borrowings", which refers to the current portion of IFRS 16 Financial Liabilities and to the current portion of long-term loans, and caption "E - Current bank loans and borrowings", which refers to the group companies' cash pooling liabilities;
- Caption "I - Non-current bank loans and borrowings" refers to "Note 13 - Non-current financial liabilities" and "Note 17 - Financial instruments";
- The caption "N - Non-current loan assets" relates to the caption "Loans and financial assets - Subsidiaries", as per "Note 3 - Non-Current Financial Assets".

Compared to the Net Financial Debt of December 31, 2022, an improvement of Euro 76,322 thousand was reported.

This movement, as may be seen from the statement of cash flows, is principally related to:

- cash generation totalling Euro 69,056 thousand from the DOMS IPO;
- net investments in “Property, Plant and Equipment and Intangible Assets” of Euro 3,175 thousand (Euro 3,930 thousand in 2022);
- cash generation totalling Euro 28,032 thousand from dividends received from subsidiaries;
- payment of financial expense of Euro 10,618 thousand.

Note 12 - Share Capital and Equity

Share capital

The subscribed and paid-up share capital at December 31, 2023 of F.I.L.A. S.p.A. 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 - December 31, 2023	No. of shares	% of share capital	Euro	Listing
Ordinary shares	42,976,411	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 December 31, 2023, the main shareholders of the Parent were:

Shareholders	Ordinary shares	%
Pencil S.p.A.	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.p.A.	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 330.766 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.

The availability and distributability of equity is outlined in the following table:

NOTE 12.A ORIGIN, POSSIBILITY OF USE AND DISTRIBUTION OF EQUITY						
Euro thousand	Equity items	December 31, 2023	Possibility of use	Available portion	Summary of the use in the past three years (2021 - 2023)	
					to cover losses	other reasons
	Share Capital	46,986		-	-	-
	Treasury Shares	(2,966)		-	-	-
	Reserves:					
	Legal Reserve	9,397	B	9,397	-	-
	Share Premium Reserve	154,614	A, B, C	154,614	-	-
	Actuarial Reserve	(507)		-	-	-
	Cash Flow Hedge Equity Reserve	(627)		-	-	-
	Other Reserves	22,286	A, B, C	4,310	-	-
	Retained Earnings	57,663	A, B, C	57,663	-	23,923
	Total	286,846		225,984	-	23,923

Legend:

A - for share capital increase

B - to cover losses

C - for distribution to shareholders

Negative reserve for Treasury Shares in portfolio

In the period between August 7, 2023 and September 26, 2023, F.I.L.A. S.p.A. purchased treasury shares on the regulated Euronext Milan market for 143,875 ordinary shares of F.I.L.A. S.p.A. for a total value of Euro 1,172 thousand.

These transactions were carried out as part of the share buyback program, approved by the Company's Board of Directors on March 16, 2023, and as per the authorisation of the Shareholders' Meeting of April 21, 2023.

Prior to the launch of the Program, the company held 186,891 ordinary treasury shares, representing 0.37% of the share capital.

At December 31, 2023, F.I.L.A. S.p.A. held 330,766 treasury shares, for a total value of Euro 2,966 thousand (equal to the "Negative reserve for treasury shares in portfolio" deducted from consolidated equity).

Legal reserve

At December 31, 2023 this caption amounted to Euro 9,397 thousand. Given the appropriate level of the reserve, no changes were made during the year.

Share premium reserve

The balance at December 31, 2023 amounted to Euro 154,614 thousand (Euro 154,614 thousand at

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December 31, 2022).

Actuarial reserve

Following the application of IAS 19, the actuarial reserve is negative for Euro 507 thousand, decreasing in the year by Euro 33 thousand.

Other reserves

At December 31, 2023, the reserve is positive for Euro 21,660 thousand, decreasing Euro 2,347 thousand on December 31, 2022.

The changes concern the following events:

- “Share-Based Premium” reserve of Euro 773 thousand, increasing Euro 574 thousand on the previous year (Euro 199 thousand at December 31, 2022) due mainly to the recognition of the portion for the year of the medium-/long-term “Performance Shares 2022-2024” and “Performance Shares 2023-2025” incentive plans set up for F.I.L.A. Group management. 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 vest 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.
- The “Hedging” reserve, recognised to account for fair value changes in the hedging instruments (IRSs) entered into by F.I.L.A. S.p.A., amounted to a negative Euro 627 thousand at December 31, 2023. The decrease for the year amounted to Euro 2,921 thousand against the recognition of the change in the fair value of the IRSs hedging loan agreements entered into on July 28, 2022.

In relation to utilisations, in addition, we report the presence in other reserves of reserves taxable on distribution for Euro 3,885 thousand at December 31, 2023.

Retained Earnings

This caption amounts to Euro 57,664 thousand at December 31, 2023 (Euro 48,099 thousand at December 31, 2022). The increase of Euro 9,564 thousand relates to the application of the shareholders' resolution of April 21, 2023 concerning the allocation of the profit for 2022 of Euro 15,669 thousand to "Retained earnings" for Euro 9,564 thousand.

We highlight in addition the restriction on the possibility to distribute a portion related to the revaluation of the investment held in the company DOMS Industries Limited (Euro 15,052 thousand), in accordance with Article 6, paragraph 1, letter a) of Legislative Decree No. 38 of February 28, 2005, following the purchase of the controlling interest in 2018.

Dividends

During the year under review, F.I.L.A. S.p.A. distributed dividends to the Shareholders for a total of Euro 6,105 thousand, corresponding to Euro 0.12 for each outstanding share.

F.I.L.A. S.p.A. expects to receive approx. Euro 15.6 million from subsidiaries in 2024.

Over the last three years and in its forecasts, the F.I.L.A. Group coordinates its dividend policy in line with the financial needs of acquisitions .

Note 13 - Financial Liabilities

The balance at December 31, 2023 amounts to Euro 196,073 thousand (Euro 218,055 thousand at December 31, 2022), of which Euro 173,481 thousand long-term and Euro 22,592 thousand short-term.

It includes the current portion of other loans and borrowings, current account overdrafts concerning ordinary operations, financial liabilities resulting from application of IFRS 16, the derivative instruments and financial liabilities related to transactions with subsidiaries.

The breakdown at December 31, 2023 is illustrated below:

Note 13.A - FINANCIAL LIABILITIES												
Euro thousands	Bank loans and borrowings		Other loans and borrowings		Current account overdrafts		Lease liabilities		Hedging Derivative	From subsidiaries		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest	
December 31, 2022	209,829	(957)	483	-	-	126	1,294	-	-	7,256	24	218,055
non-current portion	189,079	(1,056)	-	-	-	-	818	-	-	-	-	188,841
current portion	20,750	99	483	-	-	126	476	-	-	7,256	24	29,214
December 31, 2023	184,099	(859)	428	-	-	73	1,114	-	824	10,307	85	196,071
non-current portion	173,161	(1,265)	-	-	-	-	760	-	824	-	-	173,480
current portion	10,938	406	428	-	-	73	354	-	-	10,307	85	22,591
Change	(25,730)	98	(55)	-	-	(53)	(180)	-	824	3,051	61	(21,984)
non-current portion	(15,918)	(209)	-	-	-	-	(58)	-	824	-	-	(15,361)
current portion	(9,812)	307	(55)	-	-	(53)	(122)	-	-	3,051	61	(6,623)

Financial liabilities – Bank loans and borrowings

The changes in 2022 are described below.

“Bank Loans and borrowings” decreased by Euro 25,730 thousand during the year.

The decrease from the previous year is the direct result of the repayment on December 28, 2023 of the loan obtained on July 28, 2022, for an amount of Euro 4,754 thousand on the TLB line. This early repayment was made possible by the funds raised following the successful completion of the public listing of DOMS Industries Limited (India). Repayment of the TLA line in the amount of Euro 8,750 thousand is in addition reported. During the year, a payment of Euro 12,000 thousand was also made on the hot-money loans obtained in December 2022 from a number of banks.

“Financial liabilities – Bank loans and borrowings – Non-current portion” amounted to Euro 173,161 thousand, broken down as follows:

- ▶ the non-current portion of Facility A1 for Euro 65,625 thousand (amortising line);
- ▶ the non-current portion of Facility B1 for Euro 106,846 thousand (bullet line);
- ▶ the fair value of the negotiation costs related to the derivative financial instruments of Euro 690 thousand.
- ▶ the current portion of Facility A1 for Euro 10,938 thousand (amortising line).

The loan agreement provides for interest at the 3-month Euribor, plus a spread of 1.40% on Facility A1, in addition to a spread of 1.70% on Facility B1, with quarterly calculation of interest.

The following is reported with regards to the loan repayment plan:

<i>in Euro</i>	Interest Rate	Maturity	December 31, 2023
Facility A1	3-month Euribor + spread 1.40%	July 2027	65,625,000
Facility B1	3-month Euribor + spread 1.70%	July 2027	106,845,938
Total Non-Current Financial Liabilities			172,470,938
Facility A1	3-month Euribor + spread 1.40%	December 2024	10,937,500
Total Current Financial Liabilities			10,937,500
Total Financial Liabilities			183,408,438

The repayment plan establishes for settlement by July 23, 2027 (“Termination Date”) through half-yearly principal instalments to be repaid from December 30, 2022 relating to the Facility “A1”. The Facility “B1” calls for the repayment of principal by July 23, 2027.

The repayment plan by maturity is outlined below:

Note 13.D - BANK LOANS AND BORROWINGS: REPAYMENT PLAN		
<i>Euro thousands</i>	Facility	Principal
June 30, 2024	Facility A1	4,375
December 31, 2024	Facility A1	6,563
June 30, 2025	Facility A1	6,563
December 31, 2025	Facility A1	6,563
June 30, 2026	Facility A1	10,938
December 31, 2026	Facility A1	10,938
July 23, 2027	Facility A1	30,625
Total - Facility A1		76,563
July 23, 2027	Facility B1	106,846
Total - Facility B1		106,846
TOTAL		183,408

In 2023, the Company closed all short-term “hot money” financing from three banks undertaken in 2022 (Credem, BPM and Credit Agricole) in order to access a source of immediate funding at much lower cost than opening a line of credit in a current account.

F.I.L.A. S.p.A., exposed to future cash flow fluctuations in relation to the interest rate indexing mechanism under the loan agreed (hereafter “hedged instrument”), considered a hedge based on the payment of a fixed rate against the variable rate necessary (base parameter of the loan contract) to stabilise future cash flows.

The derivative instruments, qualifying as hedges and represented by Interest Rate Swaps, present characteristics in line with those of the hedged instrument, such as the same maturity and the same repayment plan broken down into quarterly instalments with interest in arrears, in addition to a variable interest rate indexed to the 3-month Euribor. Derivative financial instruments, in the form of 2 Interest Rate Swaps, were agreed with the same banks issuing the loan, concerning a total of 14 contracts.

Financial Liabilities - Other Loans and Borrowings

“Financial Liabilities - Other Loans and borrowings” includes the payables of F.I.L.A. S.p.A. to factoring companies for advances on transfer of receivables (Ifitalia S.p.A.) and the amount of the financial liabilities that arose from the lease contracts due to the application of IFRS 16.

The balance at December 31, 2023 of other loans and borrowings was Euro 1,543 thousand (Euro 1,777 thousand at December 31, 2022).

Details on the timing of cash flows and “Other loans and borrowings” at December 31, 2023 concerning F.I.L.A. S.p.A. are illustrated in the following table:

Note 13.D - OTHER LOANS AND BORROWINGS											
Description	General information						Loan Repayment plan			Guarantees Granted	
	Amount		Total	Year	Curr.	Country	Interest		Current Financial Liabilities		Beyond 2023
	Principal	Interest					Variable	Spread			
<i>Euro thousands</i>									2023		
Ifitalia S.p.A.	428	-	428	2023	EUR	Italy	0.75%	-	428	-	None
Leasing	1,114	-	1,114	2023	EUR	Italy	-	-	354	760	None
Total	1,543	-	1,543						783	760	

Reference should be made to the “Net Financial Debt” and the “Directors’ Report – Financial Highlights of the F.I.L.A. Group – Financial Debt” in relation to the net financial debt at December 31, 2023.

As per IFRS 7, the accounting treatment by class of financial liabilities at December 31, 2023 was as follows:

		December 31, 2023	Liabilities measured at FVOCI	Liabilities measured at Amortised Cost	Total
<i>Euro thousands</i>					
Non-Current Liabilities					
Non-Current Financial Liabilities	Note 13	172,656	-	172,656	172,656
Financial Instruments	Note 17	824	-	824	824
Current Liabilities					
Current Financial Liabilities	Note 13	22,592	-	22,592	22,592
Trade Payables and Other Liabilities	Note 19	21,361	-	21,361	21,361
		December 31, 2022	Liabilities measured at FVOCI	Liabilities measured at Amortised Cost	Total
<i>Euro thousands</i>					
Non-Current Liabilities					
Non-Current Financial Liabilities	Note 13	188,841	-	188,841	188,841
Financial Instruments	Note 17	-	-	-	-
Current Liabilities					
Current Financial Liabilities	Note 13	29,215	-	29,215	29,215
Trade Payables and Other Liabilities	Note 19	24,623	-	24,623	24,623

In accordance with the amendments to IAS 7, the following table shows the variations in liabilities (and any related assets) recorded in the statement of financial position, whose cash flows are or will be recorded in the statement of cash flows as cash flows from (used in) financing activities.

<i>Euro thousands</i>	Bank loans and borrowings	Other loans and borrowings	Current account overdrafts	Hedging Derivative	Total
	Note 13	Note 13	Note 13	Note 17	
December 31, 2022	(208,873)	(483)	(126)	-	(209,482)
Cash Flows	25,841	55	53	-	25,949
Other Changes	208	-	-	-	208
Exchange gains (losses)	-	-	-	-	-
Fair Value variations	-	-	-	(824)	(824)
IFRS Transition Reserve	-	-	-	-	-
Translation Differences	-	-	-	-	-
Change in Consolidation scope	-	-	-	-	-
Retained Earnings	-	-	-	-	-
December 31, 2023	(183,240)	(428)	(73)	(824)	(184,565)

Financial Liabilities - IFRS 16

“Financial Liabilities” at December 31, 2023 include the effects deriving from the adoption by the Company of the new international accounting standard IFRS 16 which came into force on January 1, 2019 and which led to a reduction of Euro 180 thousand as at December 31, 2023, of which Euro 58 thousand as the non-current portion and Euro 122 thousand as the current portion.

Financial Liabilities - Subsidiaries

At December 31, 2023, “Financial Liabilities – Subsidiaries” totalled Euro 10,392 thousand and concerned the cash-pooling liability with the subsidiaries F.I.L.A. Iberia (Spain) for Euro 6,021 thousand, Lyra KG (Germany) for Euro 1,969 thousand, Fila Benelux (Belgium) for Euro 1,803 thousand, and Fila Arches (France) for Euro 514 thousand. The amount includes interest of Euro 85 thousand.

Note 14 - Employee Benefits

The benefits recognised to employees of 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 Post-Employment Benefits, accrued to December 31, 2006 are considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, under the form of the Post-Employment Benefits, paid on the termination of employment, are recognised in the period the right vests. The relative liability is based on actuarial assumptions and the effective liability accrued and not settled at the reporting date. The discounting process, based on demographic and financial assumptions, is undertaken applying the “Projected Unit Credit Method” by professional actuaries.

The Post-Employment Benefits accrued since January 1, 2007 are considered a defined contribution plan and therefore contributions accrued in the year were fully recognised as a cost and recorded as a liability under “Other Current Liabilities”, after the deduction of any contributions already paid.

The amounts at December 31, 2023 were as follows:

Note 14.A - ITALIAN POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

<i>Euro thousands</i>	Post-employment benefits (Italy)	Other employee benefits	Total
December 31, 2022	1,191	-	1,191
Benefits paid	(782)	-	(782)
Interest cost	41	-	41
Service cost	617	-	617
Actuarial (gains) losses	18	-	18
December 31, 2023	1,085	-	1,085
Change	(106)	-	(106)

The “actuarial loss” recorded in 2023 was Euro 18 thousand. The actuarial changes of the year, net of the tax effect, were taken directly to equity.

There are no financial assets at December 31, 2023 invested by F.I.L.A. S.p.A. to cover financial liabilities relating to Post-Employment Benefits.

The table below highlights the net cost recognised in 2023 and 2022:

2. Cost Recognised in Profit or Loss	December 31, 2023	December 31, 2022
Service cost	(617)	(660)
Cost Recognised in Profit or Loss	(617)	(660)

The obligations deriving from the above-mentioned plans are calculated based on the following actuarial assumptions.

For comparative purposes we illustrate the actuarial assumptions applied in 2023:

3. Main Actuarial Assumptions at Reporting Date (average amounts)	December 31, 2023	December 31, 2022
Annual Technical Discount Rate	3.6%	3.6%
Increase in Cost of Living Index	2.0%	5.9%
Future Pensions Increase	3.0%	5.9%

Details on the timing of financial cash flows relating to post-employment benefits at December 31, 2023 are illustrated in the following table:

Note 14.B - EMPLOYEE BENEFITS: CASH FLOWS SCHEDULE						
Nature	Amount	Cash flows schedule				
		2024	2025	2026	2027	Beyond 2027
<i>Euro thousands</i>						
Italian post-employment benefits (TFR)	1,085	96	133	65	101	690
Total	1,085					

Note 15 - Provision for risks and charges

The “Provision for Risks and Charges” amounts to Euro 665 thousand at December 31, 2023 and increased Euro 37 thousand on the previous year.

The change in the “Provisions for Risks and Charges” at December 31, 2023 was as follows:

The relative “Provisions for Risk and Charges” are classified, by nature, in the related profit or loss accounts.

Note 15.A - PROVISION FOR RISKS AND CHARGES			
<i>Euro thousands</i>	Pension and similar provisions	Other Provisions	Total
Balance at December 31, 2022	592	36	628
<i>non-current portion</i>	592	-	592
<i>current portion</i>	-	36	36
Balance at December 31, 2023	665	-	665
<i>non-current portion</i>	665	-	665
Change	73	(36)	37
<i>non-current portion</i>	73	-	73
<i>current portion</i>	-	(36)	(36)

Pension and similar provisions

Pensions similar provisions include the agents’ leaving indemnity. The “Actuarial gain” recorded in 2023 decreased on the previous year and amounts to Euro 34 thousand. The actuarial changes in the year, net of the tax effect, were taken directly in equity.

Other provisions

Based on the information available and the best estimate made by management, the entire provision recorded at December 31, 2022 was released.

Details on the timing of cash flows relating to provisions at December 31, 2023 are illustrated in the following table:

Note 15.C - PROVISIONS FOR RISKS AND CHARGES: CASH FLOWS SCHEDULE

Nature	Amount	Actuarial Value Year 2023	Discount Rate Applied for Actuarial Value	Timing of cash flows		
				2024	2025	Beyond 2025
<i>Euro thousands</i>						
Pension and similar provisions						
Agents' Leaving Indemnity	665	665	2.00%	30	-	635
Other Provisions						
Other Provisions for Risks and Charges	-	-	-	-	-	-
Total	665	665		30	-	635

Note 16 - Deferred Tax Liabilities

“Deferred Tax Liabilities” amount to Euro 688 thousand at December 31, 2023 (Euro 800 thousand at December 31, 2022):

Note 16.A CHANGES IN DEFERRED TAX LIABILITIES
Euro thousands

December 31, 2022	(800)
Change in Equity	12
Utilisation	100
December 31, 2023	(688)
Change	112

The nature of the deferred tax liabilities and the relative effects on the Statement of Financial Position, Profit or loss and Equity are illustrated in the table below.

NOTE 16.B - BREAKDOWN OF DEFERRED TAX LIABILITIES

	Statement of Financial Position		Profit or Loss		Equity	
	2023	2022	2023	2022	2023	2022
<i>Euro thousands</i>						
Deferred tax liabilities relating to:						
Intangible Assets	(8)	(8)	-	-	-	-
Property, Plant and Equipment	703	803	(100)	(101)	-	-
Personnel - IAS 19	(44)	(32)	-	-	(12)	36
Dividends	-	-	-	-	-	-
Other	37	37	-	-	-	-
Total deferred tax liabilities	688	800	(100)	(101)	(12)	36

In 2023 deferred tax liabilities were taken directly to profit or loss for Euro 100 thousand (increase) and to equity for Euro 12 thousand (decrease). The deferred tax liabilities recorded directly in Equity relate to “Actuarial Gains/Losses” on the Post-Employment Benefits in accordance with IAS 19.

“Deferred Tax Liabilities” on “Property, Plant and Equipment” mainly relate to the application of IFRS 16 (Lease) to the production plant at Rufina Scopeti (Florence, Italy); the temporary differences refer to the difference between the lease payments deducted until the redemption date and the net carrying amount of the assets.

Note 17 - Financial instruments

“Financial Instruments” at December 31, 2023 amount to Euro 824 thousand (zero at December 31, 2022 as classified under Financial Assets). The account included the negative fair value of the derivatives on the structured loan (hedged instrument). The change in the caption compared to the previous year is due also to the fact that in 2022 the fair value of the derivative hedging instruments was positive and therefore recorded in the account “Other Financial Assets from third parties”.

Nota 18 - Current Tax Liabilities

"Current Tax Liabilities" amount at Euro 818 thousand at December 31, 2023 (Euro 616 thousand at December 31, 2022) and include the IRAP tax liability for Euro 154 thousand and the tax liability for the German tax representation of the subsidiary Lyra KG for Euro 663 thousand.

Following the analysis and verification of the existence of companies controlled by F.I.L.A. S.p.A., for which the characteristics identifying "*Controlled Foreign Companies*" exist, no value of taxes to be set aside as at December 31, 2023 emerged.

Note 19 - Trade payables and other liabilities

The breakdown of “Trade payables and other liabilities” of F.I.L.A. S.p.A. is reported below:

Note 19.A - TRADE PAYABLES AND OTHER LIABILITIES			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Trade Payables	14,110	17,285	(3,175)
Tax Liabilities	726	727	(1)
Other Liabilities	4,827	2,777	2,050
Third parties	19,663	20,788	(1,126)
Trade Payables - Subsidiaries	1,428	3,585	(2,157)
Accrued expenses and deferred income	270	250	20
Subsidiaries	1,698	3,835	(2,137)
Total	21,361	24,623	(3,263)

“Trade Payables and Other Liabilities” at December 31, 2023 amount to Euro 21,361 thousand (Euro 24,623 thousand at December 31, 2022).

“Trade Payables” to third parties totalled Euro 14,110 thousand at December 31, 2023 (Euro 17,285 thousand at December 31, 2022), decreasing Euro 3,175 thousand, due mainly to the reduction in product purchases in line with the decrease in sales.

The breakdown of trade payables by geographical area segment reported below:

Note 19.B - TRADE PAYABLES TO THIRD PARTIES BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Europe	13,886	14,835	(949)
North America	1	572	(571)
Central - South America	-	-	-
Asia	223	1,878	(1,655)
Other	-	-	-
Total	14,110	17,285	(3,175)

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

The trade payables reported above are due within 12 months.

Trade payables to subsidiaries at December 31, 2023 amount to Euro 1,428 thousand (Euro 3,585 thousand at December 31, 2022).

The change is related to business levels of the year.

“Tax Liabilities” with third parties totalled Euro 726 thousand at December 31, 2023 (Euro 727 thousand at December 31, 2022).

thousand at December 31, 2022). Other tax liabilities refer to withholding taxes on employees and self-employed work.

“Other” amount to Euro 4,827 thousand at December 31, 2023 (Euro 2,777 thousand at December 31, 2022) and primarily include:

- ▶ social security contributions to be paid of Euro 645 thousand (Euro 880 thousand at December 31, 2022);
- ▶ amounts due to employees and to members to the Board of Directors for remuneration amounts to Euro 4,182 thousand (Euro 1,897 thousand at December 31, 2022).

The carrying amount of “Other liabilities” and “Tax liabilities” at the reporting date approximate their fair value.

Note 34 - Other Non-Current Liabilities

During the year, deferred income of Euro 195 thousand was recognised in relation to a tax credit accrued mainly for capital expenditure for Industry 4.0 digital and technological transformation as allowed under State Aid Decree No. 50/2022.

Note 20 – Revenue

Revenue in 2023 amounted to Euro 70,223 thousand (Euro 79,288 thousand in 2022).

Revenue was broken down as follows:

Note 20.A - REVENUE			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Revenue	76,787	87,865	(11,078)
Adjustments to Sales	(6,564)	(8,577)	2,013
<i>Returns on Sales</i>	(2,146)	(3,091)	945
<i>Discounts, Allowances and bonuses</i>	(4,418)	(5,486)	1,068
Total	70,223	79,288	(9,065)

“Revenue” of Euro 70,223 thousand decreased by Euro 9,065 thousand on the previous year (-11.42%). The decrease is mainly due to the current economic landscape in the country, including a stagnation in consumer spending due to high levels of inflation, resulting in fewer orders than in the previous year.

The caption "Adjustments to Sales", amounting to Euro 4,418 thousand, regards “Bonuses to customers”. The decrease in this item is strictly correlated to the lower revenue recognised by the Company during the year.

The following table illustrates the breakdown of revenue by geographical location, based on the location of the customers to whom the revenue relate:

Note 20.B - REVENUE BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Europe	65,755	74,208	(8,453)
North America	495	998	(503)
Central - South America	2,154	2,144	10
Asia	418	-	418
Other	1,401	1,938	(537)
Total	70,223	79,288	(9,065)

The following table illustrates the breakdown of revenue by strategic business area:

<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Fine Art, Hobby & Digital	2,757	2,797	(40)
Industrial	225	223	2
School & Office	67,241	76,268	(9,027)
Total	70,223	79,288	(9,065)

Note 21 – Income

Income relates to ordinary operations and does not include the sale of goods and provision of services, in addition to realised and unrealised exchange gains on commercial operations.

“Income” in 2023 amounted to Euro 6,826 thousand (Euro 7,168 thousand in 2022).

Note 21 – INCOME			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Gains on Sale of Property, Plant and Equipment	9	18	(9)
Unrealised Exchange Gains on Commercial Transactions	19	67	(48)
Realised Exchange Gains on Commercial Transactions	310	361	(51)
Other Revenue and Income	6,489	6,722	(233)
Total	6,826	7,168	(342)

“Other Revenue and Income” (Euro 6,489 thousand) mainly comprises the recharges by F.I.L.A. S.p.A., parent of the F.I.L.A. Group, to the subsidiaries, regarding principally the services provided for consulting, insurance coverage and costs incurred for the roll-out of the ERP.

The recharges are broken down by nature and counterparty below:

- ▶ Recharges for services and consultancy provided by F.I.L.A. S.p.A. mainly in favour of Canson SAS (France - Euro 553 thousand), Dixon Ticonderoga Company (U.S.A. - Euro 543 thousand), Daler Rowney Ltd (United Kingdom – Euro 300 thousand), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico - Euro 24 thousand), Fila Dixon Stationery (Kunshan) Co, Ltd. (China - Euro 109 thousand), Lyra KG (Germany - Euro 188 thousand), F.I.L.A. Iberia S.L. (Spain - Euro 129 thousand) Fila Benelux (Belgium – Euro 29 thousand), Fila Arches (France – Euro 152 thousand) and DOMS Industries (India – Euro 48 thousand).
- ▶ Recharges for costs incurred by F.I.L.A. S.p.A. against Group insurance coverage principally related to the companies Canson SAS (France – Euro 259 thousand), Daler Rowney Ltd. (United Kingdom – Euro 14 thousand), Lyra KG (Germany - Euro 47 thousand), F.I.L.A.

Iberia S.L. (Spain - Euro 24 thousand), Dixon Ticonderoga Company (U.S.A. – Euro 14 thousand) and Fila Arches (France - Euro 96 thousand);

- Recharges of costs incurred by F.I.L.A. S.p.A. related to the ERP roll out and network management at the F.I.L.A. Group, principally related to Dixon Ticonderoga Company (U.S.A. – Euro 1,079 thousand), Canson Art & Craft Yixing Co. Ltd (China – Euro 52 thousand), Lyra KG (Germany - Euro 119 thousand), Fila Arches SAS (France – Euro 252 thousand), Industria Maimeri S.p.A. (Italy – Euro 105 thousand), F.I.L.A. Iberia S.L. (Spain – Euro 63 thousand), Canson SAS (France – Euro 520 thousand), Daler Rowney Ltd. (United Kingdom – Euro 906 thousand), Fila Benelux (Belgium – Euro 16 thousand), Bridesshore (Dominican Republic - Euro 219 thousand) and Dixon Ticonderoga Art ULC (Canada – Euro 28 thousand).

Note 22 - Raw Materials, Consumables, Supplies and Goods

This caption includes all purchases of raw materials, semi-finished products, transport for purchases, goods and consumables for operating activities.

“Raw Materials, Consumables, Supplies and Goods” in 2023 totalled Euro 33,164 thousand (Euro 45,466 thousand in 2022).

The relative detail is shown below:

Note 22 - RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Raw materials, Consumables, Supplies and Goods	(29,934)	(39,995)	10,061
Transport costs	(526)	(2,507)	1,981
Packaging	(341)	(392)	51
Other purchase costs	(2,365)	(2,617)	252
Corrections on purchases	-	45	(45)
<i>Discounts, Allowances and Rewards on Purchases</i>	-	45	(45)
Total	(33,164)	(45,466)	12,302

“Raw Materials, Consumables, supplies and Goods” includes purchases for production and the provision of adequate inventory for future sales. The decrease compared to December 31, 2022, mainly derives from the reduction in the amount of raw materials purchased, which is in line with the decrease in revenue for the year.

“Other Purchase Costs” include all accessory charges, such as outsourcing and consortium fees.

“Raw Materials, Semi-Finished, Work in Progress and Finished Products” at December 31, 2023 increased Euro 75 thousand (increase of Euro 6,949 thousand at December 31, 2022), due to:

- decrease in “Raw Materials, Consumables, Supplies and Goods” for Euro 302 thousand;
- increase in “Contract Work in Progress and Semi-Finished products” of Euro 763 thousand;
- decrease in “Finished Goods” of Euro 386 thousand.

Note 23 - Services and Use of Third-Party Assets

“Services and Use of Third-Party Assets” amounted to Euro 28,062 thousand in 2023 (Euro 22,760 thousand in 2022).

Services are broken down as follows:

Note 23 - SERVICE AND USE OF THIRD PARTY ASSETS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Sundry services	(639)	(616)	(23)
Transport	(3,742)	(4,025)	283
Maintenance	(3,476)	(3,177)	(299)
Utilities	(1,416)	(943)	(473)
Consulting fees	(7,981)	(5,701)	(2,280)
Directors' and Statutory Auditors' Fees	(4,913)	(2,289)	(2,624)
Advertising, Promotions, Shows and Fairs	(1,087)	(1,201)	114
Cleaning	(148)	(151)	3
Bank Charges	(352)	(597)	245
Agents	(1,702)	(1,737)	35
Travel, accommodation and sales representatives	(675)	(529)	(146)
Sales Commissions	(348)	(411)	63
Insurance	(934)	(813)	(121)
Other Services	(304)	(209)	(95)
Rent	(201)	(205)	4
Royalties and Patents	(144)	(156)	12
Total	(28,062)	(22,760)	(5,302)

The increase in “Services and Use of Third-Party Assets” primarily relates to “Directors’ and Statutory Auditors’ Fees” (Euro 2,624 thousand) and “Consulting fees” (Euro 2,280 thousand).

The increase in “Directors’ and Statutory Auditors’ Fees” is mainly due to the extraordinary fees paid in relation to the DOMS IPO.

The increase in consulting fees is mainly due to the costs incurred by F.I.L.A. S.p.A. in 2023 relating to the DOMS IPO (Euro 5,050 thousand), partially offset by the reduction related to the non-recurring costs incurred in 2022 for a new loan obtained in July 2022 and the full settlement of the previously outstanding loan.

The caption "Maintenance" includes the costs relating to the contracts signed for the "software" associated with the Group's ERP development project. It should be underlined that F.I.L.A. S.p.A. recharges Group companies for all services incurred on their behalf on the basis of specific contracts signed.

"Utilities" increased on 2022 by approx. Euro 473 thousand. This increase is related to the new contract signed by the Company for electricity, which reflects the increase in cost per KWh.

"Transport" decreased from December 31, 2022, by approx. Euro 283 thousand, due mainly to the decrease in sales for the year.

"Bank Charges" decreased on December 31, 2022, by approx. Euro 245 thousand. This decrease is mainly attributable to the closure of a number of sureties related to opening lines of credit granted by F.I.L.A. to the various companies of the group within the scope of revising the various lines of credit in order to achieve greater efficiency.

Note 24 – Other Costs

"Other Costs" in 2023 totalled Euro 439 thousand (Euro 593 thousand in 2022). This caption principally includes realised and unrealised exchange losses on commercial transactions.

"Other costs" are broken down as follows:

Note 24 – OTHER COSTS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Unrealised Exchange Losses on Commercial Transactions	(50)	(101)	51
Realised Exchange Losses on Commercial Transactions	(337)	(480)	143
Other Operating Costs	(52)	(12)	(40)
Total	(439)	(593)	154

Note 25 – Personnel Expense

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

“Personnel expenses” amounted to Euro 12,500 thousand in 2023 (Euro 12,256 thousand in 2022).

These costs are broken down as follows:

Note 25 - PERSONNEL EXPENSE			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Wages and Salaries	(8,828)	(8,819)	(9)
Social Security Charges	(2,741)	(2,782)	41
Post-Employment Benefits	(617)	(660)	43
Other	(326)	5	(331)
Total	(12,512)	(12,256)	(256)

“Personnel expense” compared to 2022 increased Euro 256 thousand. This increase is related to “Other”, which includes the “Share-Based Premium” Plan, with a release of Euro 162 thousand in 2023 in response to the actual closure of the plan.

At December 31, 2023, the workforce of F.I.L.A. S.p.A. was as follows:

	Managers	White-collars	Blue-collars	Total Amount
Total at December 31, 2022	11	84	100	195
Decreases	(1)	-	(6)	(7)
Total at December 31, 2023	10	84	94	188
2023 Average Headcount	10	84	97	191

Note 26 – Amortisation and Depreciation

This caption amounted to Euro 4,371 thousand in 2023 (Euro 3,810 thousand in 2022).

Amortisation and depreciation in 2023 and 2022 are reported below:

Note 26 – AMORTISATION AND DEPRECIATION			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Depreciation of Property, plant and equipment	(1,460)	(1,457)	(3)
Amortisation of Intangible assets	(2,393)	(1,788)	(605)
Depreciation of Right-of-use assets	(518)	(565)	47
Total	(4,371)	(3,810)	(561)

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

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

“Net Impairment Losses on Trade Receivables and Other Assets” totalled Euro 291 thousand in 2023, compared to net impairment losses of Euro 275 thousand in 2022. During 2023, after a careful analysis and evaluation of individual past due trade positions, the company impaired past due and uncollectible receivables.

Nota 27 - NET IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Impairment gains (losses) on Trade Receivables and Other Assets	(291)	(275)	(16)
Total	(291)	(275)	(16)

Note 29 – Financial Income

Total “Financial Income” amounted to Euro 95,529 thousand in 2023 (Euro 28,789 thousand in 2022).

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

Note 29 – FINANCIAL INCOME			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Income from investments	22,406	19,253	3,153
<i>Dividends</i>	22,406	19,253	3,153
Interest and Income from Group Companies	4,569	2,558	2,011
Interest income on Bank Deposits	60	4	56
Other Financial Income	68,060	5,599	62,461
Unrealised Exchange Gains on Financial Transactions	1	-	1
Realised Exchange Gains on Financial Transactions	433	1,375	(942)
Total	95,529	28,789	66,740

“Income from Investments” includes dividends received in the year from subsidiaries. Specifically, from Dixon Ticonderoga Co. (U.S.A. - Euro 13,564 thousand), F.I.L.A. Iberia S.L. (Spain - Euro 4,838 thousand), Fila Polska Sp Z.o.o (Poland - Euro 202 thousand), St. Cuthberts Holding (United Kingdom - Euro 233 thousand), Fila Hellas (Greece – Euro 600 thousand), FILA Stationary and

Office Equipment Industry Ltd. Co. (Turkey – Euro 130 thousand), DOMS Industries (India -Euro 528 thousand), Fila Art and Product AG (Switzerland – Euro 52 thousand), F.I.L.A. Chile (Chile – Euro 4 thousand), Fila Arches (France – Euro 500 thousand), Lyra KG (Germany – Euro 1,692 thousand) and Fila Art and Craft (Israel – Euro 62 thousand).

“Interest and Income from Group companies” includes financial income recharged principally to the subsidiary Canson SAS (France - Euro 1,298 thousand), to the subsidiary Daler Rowney Ltd. (United Kingdom – Euro 210 thousand), to the subsidiary Dixon, S.A. de C.V. (Mexico – Euro 682 thousand) and to the subsidiary Fila Arches (France – Euro 1,482 thousand), calculated on the loans granted by F.I.L.A. S.p.A.

“Other financial income” mainly includes the capital gain resulting from the DOMS IPO for a total of Euro 67,280 thousand, which equals the difference between the consideration received on the sale of the shares (Euro 87,499 thousand) and the carrying amount of those shares (Euro 20,219 thousand). This also include recharges of costs for sureties granted in favour of DOMS Industries Limited (India – Euro 46 thousand) by F.I.L.A. S.p.A. and in favour of Dixon Ticonderoga U.S.A. (USA - Euro 56 thousand). It also includes the rebilling to Dixon Ticonderoga U.S.A. of fees paid by F.I.L.A. for the RCF not used in the amount of Euro 160 thousand.

Against loans in foreign currency subject to currency hedging recharges were made to Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico - Euro 177 thousand).

For further information, reference should be made to “Note 3 - Financial Assets”.

Note 29.A - Foreign Currency Transactions

Exchange gains and losses on financial and commercial transactions in foreign currencies in 2023 are reported below:

Note 31 - FOREIGN CURRENCY TRANSACTIONS			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Unrealised Exchange Gains on Commercial Transactions	19	67	(48)
Realised Exchange Gains on Commercial Transactions	310	361	(51)
Unrealised Exchange Losses on Commercial Transactions	(50)	(101)	51
Realised Exchange Losses on Commercial Transactions	(337)	(480)	143
Net exchange losses on commercial transactions	(58)	(153)	95
Unrealised Exchange Gains on Financial Transactions	1	-	1
Realised Exchange Gains on Financial Transactions	433	1,375	(942)
Realised Exchange Losses on Financial Transactions	(1,211)	(437)	(774)
Net exchange gains on financial transactions	(777)	938	(1,715)
Net exchange gains	(835)	785	(1,620)

Exchange gains and losses in 2023 arose from transactions in US dollars against the euro, in addition to the change in the year of assets and liabilities in foreign currencies, following commercial and financial transactions.

Note 30 – Financial Expense

“Financial Expense” in 2023 amounted to Euro 13,999 thousand (Euro 18,074 thousand in 2022).

“Financial Expense”, together with the comment on the main changes on the previous year, was as follows:

Note 30 - FINANCIAL EXPENSE			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Interest and Charges to Group Companies	(240)	(28)	(212)
Interest on current account Overdrafts	(738)	(35)	(703)
Interest on Bank Loans and borrowings	(9,312)	(6,057)	(3,255)
Interest expense to other lenders	(436)	(267)	(169)
Other Financial Expense	(2,022)	(11,199)	9,177
Realised Exchange Rate Losses on Financial Transactions	(1,211)	(437)	(774)
Lease interest expense – Right-of-use assets	(40)	(51)	11
Total	(13,999)	(18,074)	(11,242)

“Interest on Bank Loans” include interest matured on loans undertaken by F.I.L.A. S.p.A. (Euro 10,038 thousand). In addition, the account includes the interest differentials received following the issue of interest rate hedging instruments on the notional amount of the overall loan (Euro 726 265

thousand). For further details, reference should be made to “Note 13 - Financial Liabilities”.

“Other Financial Expense” amounts to Euro 2,022 thousand at December 31, 2023 (Euro 11,199 thousand at December 31, 2022) and mainly includes the portion of the impairment applied to the loans granted to the Group companies in accordance with IFRS 9 in the amount of Euro 1,671 thousand. Compared to the previous year, the decrease is attributable to costs incurred in 2022 of Euro 3,600 thousand to cover the financing.

Nota 31 – Net Impairment Gains (Losses) on Financial Assets

“Net Impairment Gains (Losses) on Financial Assets” were zero at in 2023 (Euro 0 thousand in 2022):

Note 32 – Impairment losses on equity-accounted investees

In 2023, after a detailed assessment of equity investments, the company fully impaired the investment in the subsidiary Industria Maimeri (Italy) for Euro 1,603 thousand and partially impaired the investments in the subsidiaries Lodi 12 (France), for Euro 3,961 thousand, and Renoir Topco (United Kingdom), for Euro 6,039 thousand. Impairment of Euro 407 thousand was also recognised for Fila Stationary and Office Equipment Industry Ltd Co. (Turkey), in that a share transfer agreement was signed in May 2023 on 10% of the share held with the manager Suleyman Akcakoca for a total of 28,824 shares.

For further details, reference should be made to Note 4.A – Investments.

Note 33 - Taxes

Income taxes amount to Euro 15,980 thousand in 2023 (Euro 2,347 thousand in 2022) and consist of current taxes of Euro 15,035 thousand (Euro 1,049 thousand in 2022) and net deferred taxes of Euro 946 thousand (net deferred taxes of Euro 1,298 thousand in 2022). Current taxes increased significantly from the previous year, mainly due to the withholding tax paid (Euro 13,344 thousand) following the sale of the shares held in DOMS in December 2023.

Note 33.A – Current Taxes

The relative detail is shown below:

Note 33.A - CURRENT TAXES			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Current Taxes	(15,035)	(1,049)	(13,986)
Total	(15,035)	(1,496)	(13,986)

Current taxes for 2023 refer to IRAP, calculated on the basis of current legal provisions, for Euro 161 thousand, foreign taxes relating to the German tax representation of Lyra KG (Germany) for Euro 362 thousand and credits for withholding tax on payments by Group companies that cannot be used due to the lack of availability of IRES taxable income, against the total offsetting of the tax credit for ACE for Euro 14,557 thousand, of which Euro 13,344 thousand relating to the DOMS IPO.

Note 33.B - Deferred taxes

The relative detail is shown below:

Note 33.B DEFERRED TAXES			
<i>Euro thousands</i>	December 31, 2023	December 31, 2022	Change
Deferred tax liabilities	100	100	-
Deferred tax assets	(1,051)	(1,418)	367
Deferred tax assets on Right-of-use assets	5	20	(15)
Total	(946)	(1,298)	352

The overall tax effects in the year are reported below:

Note 33.C TOTAL TAXES FOR THE YEAR			
<i>Euro thousands</i>	December 31, 2023		Total Income Taxes
	I.R.E.S.	I.R.A.P.	
Assessable Tax Base	67,804	15,136	-
Tax adjustments	(59,915)	(12,357)	-
Taxable profit	7,889	2,778	-
Total current income taxes	-	(155)	(155)
Lyra KG (Germany) German tax representation	(362)	-	(362)
Controlled Foreign Company	-	-	-
Other changes - Foreign Withholding Taxes	(14,557)	-	(14,557)
Other tax changes from previous years	39	-	39
Total current income taxes	(14,880)	(155)	(15,035)
Deferred Tax Income on Temporary Differences	(1,046)	-	(1,046)
Deferred Tax Expense on Temporary Differences	101	-	101
Total deferred taxes	(945)	-	(945)
Total taxes	(15,825)	(155)	(15,980)

The breakdown of current and deferred taxes recognised in profit or loss was as follows:

Note 33.D - CURRENT AND DEFERRED TAXES		
<i>Euro thousands</i>	December 31, 2023	December 31, 2022
Current Taxes	(15,035)	(1,049)
Current Taxes	(15,035)	(1,049)
Deferred Taxes	(945)	(1,298)
Deferred Taxes	(945)	(1,298)
Total	(15,980)	(2,347)

In relation to deferred tax liabilities recorded in equity, reference should be made to “Note 16 - “Deferred Tax Liabilities”.

The Board of Directors of F.I.L.A. S.p.A. have proposed:

1. to allocate the Net Profit for the year of Euro 51,824,079.24 as follows:

- (a) to the distribution of a dividend to shareholders in the amount of Euro 0.12 for each of the 51,058,297 F.I.L.A. S.p.A. shares (ordinary and special) that will be issued and in circulation at the ex-dividend date indicated in point 2 of this motion (net of treasury shares that will be in the portfolio at the record date indicated in point 2 of this motion), for a total maximum amount of Euro 6,126,995.64;
- (b) the residual amount to retained earnings, for a total minimum amount of Euro 45,697,083.60, which may be increased in relation to the dividend not distributed in respect of treasury shares held in portfolio at the record date indicated in point 2 of this motion;

2. to pay, gross of any withholding taxes, a dividend in the amount of Euro 0.12 for each of the F.I.L.A. S.p.A. shares (ordinary and special) issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), with ex-dividend date, record date and payment date on May 20, 21 and 22, 2024, respectively.

Subsequent events

On January 22, 2024, the Shareholders of F.I.L.A. S.p.A. approved: (i) the distribution of an extraordinary dividend of Euro 0.58 (fifty-eight euro cents) for each (ordinary and special) F.I.L.A. share outstanding on the coupon date (net of treasury shares in portfolio on that date); (ii) the appointment of Deloitte&Touche S.p.A. for the legally-required audit for the period 2024-2032, pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014.

With regard to the distribution of the extraordinary dividend, considering the 51,058,297 F.I.L.A. shares outstanding as of today, net of the 330,766 treasury shares held by the Company, the maximum total amount of the dividend will be Euro 29,421,967.98.

Atypical and/or Unusual Transactions

In accordance with Consob Communication of July 28, 2006, during 2023, F.I.L.A. S.p.A. did not undertake any atypical and/or unusual transactions as defined by this communication, whereby atypical and/or unusual transactions are those that, due to their size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to year-end), may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the Company's assets and the protection of non-controlling interests.

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

Final Considerations

These notes, as is the case for the separate financial statements, as a whole, of which they are an integral part, provide a true and fair view of the financial position of F.I.L.A. S.p.A. at December 31, 2023 and the financial performance for the year then ended.

These separate financial statements as at and for the year ended December 31, 2023 comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes, and reflect the underlying accounting records.

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)

March 19, 2024

Statement of the Manager in Charge of Financial Reporting and the Corporate Bodies - Separate 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., confirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- o the adequacy in relation to the characteristics of the company and
- o the effective application

of the administrative and accounting procedures for the preparation of the separate financial statements as at December 31, 2023.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of the separate financial statements at December 31, 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:

1. The 2023 Separate Financial Statements of F.I.L.A. S.p.A.:
 - o have been drawn up in conformity with the applicable IFRS endorsed by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
 - o correspond to the underlying accounting documents and records;
 - o provide a true and fair view of the financial position and results of operations of the Issuer.
2. The Directors' Report includes a reliable analysis on the performance and operating result, as well as on the situation of the issuer, together with a description of the principal risks and uncertainties to which they are exposed.

The Chief Executive Officer

Massimo Candela

Manager in Charge of
Financial Reporting
Cristian Nicoletti

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Board of Statutory Auditors' Report on the separate financial statements at December 31, 2023 prepared as per Article 153 of Legislative Decree No. 58/1998.

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING OF F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.p.A. AS PER ARTICLE 153, LEGISLATIVE DECREE NO. 58/1998

Dear Shareholders,

the Board of Statutory Auditors of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A (hereafter also "FILA S.p.A." or "the Company"), in accordance with Article 153 of Legislative Decree No. 58/1998 (hereafter the "CFA") is required to report to the Shareholders' Meeting, called for the approval of the financial statements at December 31, 2023, on the result for the year, on the supervisory activities carried out in execution of its duties, on any omissions and citable events, while in addition required to draw up observations and proposals regarding the financial statements, their approval and the matters within its scope.

The Board of Statutory Auditors has fulfilled its oversight duties, as per Article 149 of the CFA and, as the Internal Control and Audit Committee, has executed the duties established by Article 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, taking account also of the conduct rules for the Boards of Statutory Auditors of listed companies issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*). Moreover, it carried out its supervisory activities in compliance with the provisions and notices issued by Consob concerning corporate controls and the activities of the Board of Statutory Auditors, as well as the guidelines contained in the Corporate Governance Code of listed companies approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in January 2020 (hereafter the "Corporate Governance Code").

This Report was prepared in compliance with the indications provided by Consob with Communication DEM/1025564 of April 6, 2001 and subsequent amendments and rule Q.10.1.

of the Conduct Rules of Boards of Statutory Auditors of listed companies issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) on December 21, 2023.

The audit appointment, as per Legislative Decree No. 58/1998 and Legislative Decree No. 39/2010, was undertaken by KPMG S.p.A. (hereafter also "KPMG" or the "Independent Audit Firm"), as awarded by the Shareholders' Meeting of February 20, 2015 for a period of nine years (for the financial years 2015 to 2023 inclusive).

1. Board of Directors - appointment, duration of office and functioning

The Board of Directors in office at the date of this Report was appointed by the Shareholders' Meeting of FILA S.p.A. of April 27, 2021 for three financial years and therefore until the Shareholders' Meeting called to approve the 2023 Annual Accounts.

The Board of Directors on March 14, 2024 verified and confirmed fulfilment of the standing requirements set out in the applicable regulation by all of the Directors, and of the independence requirements by the Chairperson, Giovanni Gorno Tempini, and the Directors Carlo Paris, Donatella Sciuto and Giorgina Gallo, with regards to Article 148, paragraph 3, of the CFA, as restated in Article 147-ter, paragraph 4, of the CFA and Article 2, Recommendation No. 7 of the Corporate Governance Code. On this occasion, the Board of Statutory Auditors verified the correct application of the procedures adopted by the Board of Directors to assess the independence of its members. The Board of Statutory Auditors noted the substantially positive outcomes of the assessments undertaken by the Board of Directors at the same meeting of March 14, 2024 concerning the size, composition and functioning of the Board of Directors and of the sub-committees, communication between the Board of Directors and senior management and governance, communicating a number of indications and improvement proposals emerging from this assessment.

2. Board of Statutory Auditors - Appointment, duration of office and functioning.

The Board of Statutory Auditors in office during the year under review and as of the date of this Report was appointed, in the persons of Gianfranco Consorti, Chairperson, and Pietro Michele Villa, Statutory Auditor, by the Shareholders' Meeting of April 27, 2021, and, in the person of Sonia Ferrero, Statutory Auditor, by the Shareholders' Meeting of April 21, 2023, until the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2023.

In this regard, it is recalled that on October 12, 2022, following the passing of the Statutory Auditor, Ms. Elena Spagnol, the Alternate Auditor Ms. Sonia Ferrero took over the role, in compliance with applicable legal and statutory provisions on gender balance. On April 21, 2023, the Shareholders' Meeting pursuant to Article 2401, paragraph 1 of the Civil Code resolved to confirm Ms. Ferrero as Statutory Auditor and appoint a new Alternate Auditor.

The Board of Statutory Auditors at the meeting of March 4, 2024 undertook the self-assessment process, declaring the absence of any causes of ineligibility, lapse and incompatibility among its members, as per Article 148 of the CFA and the conduct rules of Boards of Statutory Auditors of listed companies issued by the Italian Accounting Profession

(*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), in addition to their satisfaction of the independence requirements of the aforementioned parties, in accordance with Article 148, paragraph 3, of the CFA and Article 2, Recommendation No. 7 of the Corporate Governance Code, also in consideration of the qualitative and quantitative criteria approved by the Board of Directors of the company at the meeting of March 16, 2021, in accordance with the above Recommendation No. 7, letters c) and d).

As part of this process, the Board of Statutory Auditors at its meeting of March 4, 2024 in addition considered itself, overall, adequate to execute the appointment assigned to it regarding its composition, in addition to the preparation, professionalism, experience, gender and age profiles of its members.

Finally, the members of the Board of Statutory Auditors have declared compliance with the limit on the number of offices envisaged by Article 144-*terdecies* of the Issuers' Regulation and of the availability of the time required to undertake the appointment.

The results of the self-assessment were communicated promptly to the Board of Directors for its consideration and so as to announce to the market, in the Corporate Governance Report, the fulfilment of the independence requirements of the members of the control board.

In executing its duties, the Board of Statutory Auditors in 2023 met 13 times, with full member attendance on every occasion. Specifically, five in-person meetings and eight audio and video meetings were held. In the current year and up to the date of this Report, it has met six more times. The Board of Statutory Auditors met informally, on various other occasions, and considered particular matters, examined relevant documents, set out work schedules, and prepared minutes and communications. In addition, the Board of Statutory Auditors attended, through its Chairperson and at least one other member, all the meetings of the Control, Risks and Related Parties Committee and of the Remuneration Committee (meeting respectively on 10 occasions and six occasions in 2023, and on four and five occasions respectively in 2024 until the date of this Report), as outlined in greater detail in the tables of the specific sections of the Corporate Governance and Ownership Structure Report for 2023. In addition, the Board was invited to and attended the Independent Directors' meeting held on December 18, 2023 for a discussion of corporate governance.

3. Compliance of the company with the Corporate Governance Code

The Board of Directors on February 11, 2021 approved FILA S.p.A.'s compliance with the new Corporate Governance Code from January 1, 2021 and subsequently concluded the verification and adjustment of its governance structure and instruments, undertaking the necessary

actions and assessing whether to adopt the facultative recommendations for FILA S.p.A., which is categorised as a “not large” and “concentrated ownership” company.

The Board of Statutory Auditors has monitored the correct application by the Company of the corporate governance rules outlined in the Corporate Governance Code and, to the extent of its scope, confirmed that the Company acted in compliance with the code.

4. Oversight and control activities

During the year in question and with reference to duties and activities that fall within the scope of its responsibility, the Board of Statutory Auditors declares to have:

- attended the Shareholders’ Meeting of April 21, 2023, which among other matters, approved the financial statements at December 31, 2022;
- attended nine meetings of the Board of Directors, obtaining appropriate information from the Executive Directors on the general operating performance and its expected development;
- acquired the elements of information needed to verify compliance with the law, By-Laws, principles of good administration and suitability of the company’s organisational structure of the company, through the acquisition and review of relevant documents, meetings with the heads of the various company departments and periodical exchanges of information with the Independent Audit Firm;
- attended, as previously stated, with its Chairperson and also with at least one other member, all the meetings of the Control, Risks and Related Parties Committee, with which the Board of Statutory Auditors exchanged relevant information for the execution of their respective duties (Article 6, Recommendation No. 37, second paragraph), and all the meetings of the Remuneration Committee;
- met the Supervisory Board, also at the meetings of the Control, Risks and Related Parties Committee;
- monitored the functioning and effectiveness of internal control systems and the suitability of the administrative and accounting system, particularly in terms of the latter’s reliability in representing accounting data;
- obtained from the Directors at least on a quarterly basis in accordance with Article 150, paragraph 1, of the CFA, adequate information on the activities and significant economic, financial and equity transactions carried out by the Company and its subsidiaries;
- exchanged in a timely manner with the managers of the Independent Audit Firm the relevant data and information for the undertaking of the respective duties as per

Article 150, paragraph 3, of the CFA, examining to the extent necessary both the methodological approach and the planning of its activities and the result of the work carried out and acquiring the auditor's report prepared in accordance with Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EC) No. 537/2014;

- exchanged information on administration and control systems and on the general operating performance with the Board of Statutory Auditors of the Italian subsidiaries in accordance with Article 151, paragraph 1 and 2 of the CFA and requested from the Executive Director, the Internal Audit function and the independent audit firm information concerning the most significant matters regarding the main overseas investees of the FILA Group (hereafter also the "Group");
- reviewed the content of the Additional report to the Board of Statutory Auditors on the functioning of the Internal Control and Audit Committee prepared by the Independent Audit Firm, following its legal audit of the year 2022, as per Article 11 of Regulation (EC) 537/2014, which did not indicate any aspects requiring reporting herein;
- oversaw the functioning of the control system of the subsidiaries and the adequacy of the provisions issued to them by the Company, also pursuant to Article 114, paragraph 2 of the CFA; in this regard, with regards to the provisions of Article 36 of Consob Resolution No. 16191 of October 29, 2007, the Board of Statutory Auditors, based on the information collected and the activities undertaken by the Internal Audit function, considers (i) the information flows of the subsidiaries to the auditor of the parent company for the audit of the annual and interim financial statements as effective; and (ii) the administrative-accounting system of the subsidiaries appropriate to regularly provide management and the auditor of the parent company with the data and information necessary to draw up the consolidated financial statements;
- noted the preparation of the Remuneration Policy and Report pursuant to Article 123-ter of the CFA, as amended by Legislative Decree No. 49 of May 10, 2019, and Article 84-*quater* and Annex 7-*bis* of the Issuers' Regulation, as amended by Consob Resolution No. 2163 of December 10, 2020, without any observations to report;
- ascertained the compliance of statutory provisions with legal and regulatory provisions;
- supervised compliance with the Related Party Transactions Policy adopted by the company (latterly amended with Board of Directors resolution of May 14, 2021), with the principles indicated in the regulation approved by Consob with resolution No. 17221 of March 12, 2010 and subsequent amendments (resolutions No. 17389 of June 23, 2010, No. 19925 of March 22, 2017, No. 19974 of April 27, 2017, No. 21396 of June 10, 2020 and No. 21624 of December 10, 2020), and its observance, pursuant to Article 4, paragraph 6 of this Regulation, attending, as stated, the periodic meetings of the Control, Risks and Related Parties Committee called to review these transactions;

- supervised the financial disclosure process, verifying the Directors' compliance with procedural rules concerning the drafting, approval and publication of the statutory and consolidated financial statements;
- ascertained the methodological suitability and the reasonableness of the criteria and parameters utilised for the impairment test implemented by the competent company functions and approved by the Board of Directors in order to verify the possible existence of impairment losses on the assets recorded to the consolidated financial statements and the separate financial statements;
- verified that the Directors' Report for the financial year 2023 complies with applicable legislation and was consistent with the decisions taken by the Board of Directors and with the facts represented in the statutory and consolidated financial statements;
- noted the content of the Consolidated Half-Year Report, without the need to report any observations, and also ascertained that the latter was published in accordance with the procedures laid down;
- noted that the company continued to publish on a voluntary basis the Quarterly Reports according to the deadlines established by the pre-existing rules;
- in the role of Internal Control and Audit Committee, pursuant to Article 19, paragraph 1 of Legislative Decree No. 39/2010, as amended by Legislative Decree 135/2016, performed the specific information, monitoring, control and audit functions envisaged therein and accomplished the duties and tasks indicated by the aforesaid legislation;
- supervised compliance with the provisions set forth in Legislative Decree No. 254/2016 regarding the Consolidated Non-Financial Statement, while also verifying compliance with the provisions governing its preparation;
- acquired, as part of the activities of the Board of Directors and of the Committees, and also through meetings with the Executive Director and with the managers of the central functions, information and appropriate documentation on the various operating aspects and areas within their scope and responsibility relating to the Company and the Group;
- took part in the in-depth sessions (Board Induction) organised for the benefit of Directors and Statutory Auditors on January 16, 2023 dedicated to learning more about the Indian subsidiary and on May 15, 2023 concerning smaller subsidiaries that only conduct trading activities.

With reference to Legislative Decree No. 14/2019 and the additional related regulations issued to date, and having regard to the concept of "loss of business continuity and business crisis," the Board of Statutory Auditors notes: (i) that it did not make any reports to the Board of Directors pursuant to and for the purposes of Article 25-*octies* of Legislative Decree No. 14/2019 and (ii) that it did not receive reports (a) from qualifying public creditors, pursuant to Article 25-*novies* of Legislative Decree No. 14/2019 and (b) from financial intermediaries regarding communications to the Company of changes, revisions or revocations of credit

facilities, pursuant to Article 25-*decies* of Legislative Decree No. 14/2019.

Following the supervisory activities carried out within the scope of and in accordance with the methods described above, no facts emerged from which to deduce non-compliance with the law and the By-Laws, nor to justify reports to the Supervisory Authorities or a mention in this Report.

In addition, the Board of Statutory Auditors, on the basis of the information and findings, reasonably consider that these operations comply with law and the By-Laws and were not manifestly imprudent or hazardous, in potential conflict of interest, or against the resolutions undertaken by the Shareholders' Meeting or such as to compromise the integrity of the Company's assets.

The Board of Statutory Auditors, within its supervisory activities regarding the adequacy of the organisational, administrative and accounting structure of the Company, consistently monitored the integration of the groups and the companies acquired, from an organisational and operating viewpoint and with regards to the collation of financial information and, on the basis of the findings and activities carried out, does not highlight any particular matters in this regard.

The Board of Statutory Auditors has constantly monitored with particular attention the functioning of the governance processes and bodies and, in this regard, highlights how the Company, also in FY 2023, has made progress in the direction of strengthening its governance and control structures in line with best practices among listed companies.

5. Oversight on atypical or unusual transactions and related party transactions

In 2023, the Board of Statutory Auditors did not report, nor received information, on any atypical or unusual transactions with Group companies, third parties or related parties.

The Board of Statutory Auditors had not received in 2023 and until the date of this Report any communication from the control boards of the subsidiaries, associates or investees, or from the independent audit firm containing issues which require disclosure in this Report.

The Board of Statutory Auditors, in addition, noted that the statement of financial position and income statement balances of infragroup transactions and those with related parties undertaken by the company and its subsidiaries in 2023, are respectively indicated in the "Statement of financial position with indication of transactions with related parties in accordance with Consob Resolution No. 15519 of July 27, 2006", and in the "Statement of comprehensive income with indication of transactions with related parties in accordance with Consob Resolution No. 19 of July 27, 2006", and in greater detail in the "Related party transactions" paragraph of the Consolidated Financial Statements of the FILA Group at December 31, 2023, to which reference should be made. In particular, in this paragraph the transactions executed by the FILA Group with related parties in the course of ordinary

operations and based on market conditions are outlined and were undertaken in the interests of the Group.

The Board of Statutory Auditors assesses the overall adequacy of the information, provided in the manner indicated above, concerning the above transactions and, also on the basis of the analyses and periodic checks carried out by the Control, Risks and Related Parties Committee, considers that they are adequate and in line with the company's interests. The Related Party Transactions, identified on the basis of the international accounting standards and Consob's provisions, were governed by a specific "Related Party Transactions Policy" adopted by the Board of Directors of the Company (in the last version approved with resolution of May 14, 2021). The Board of Statutory Auditors reviewed the Policy, declaring its compliance with the regulation adopted by Consob with Resolution

No. 17221 of March 12, 2010, as latterly amended with Resolution No. 21624 of December 10, 2020, in force since July 1, 2021.

6. Relations with the Independent Audit Firm, in accordance with Legislative Decree No. 39/2010 and observations on its independence

The Board of Statutory Auditors oversaw the efficacy of the legally required audit, discussing and examining through various meetings with the Independent Audit Firm aspects concerning:

- the planning of activities, the methodological approach and the supervision and co-ordination of works carried out by the auditors of the overseas subsidiaries;
- the most significant areas in terms of audit risks;
- the efficacy and reliability of the internal control system;
- the periodic checks on the proper keeping of accounting records;
- the results emerging from the work carried out.

The Independent Audit Firm communicated the fees accruing in 2023 for audit services and non-audit services (NAS) provided to FILA S.p.A. and to its subsidiaries by KPMG S.p.A. and this auditor's network. These fees are summarised in the "Information provided as per Article 149-*duodecies* of Consob Issuers' Regulation" of the Consolidated Financial Statements of the F.I.L.A. Group at December 31, 2023, in compliance with Article 149-*duodecies* of the Issuers' Regulation.

In particular, the fees for non-audit services, according to that confirmed by the Independent Audit Firm, for 2023 totalled Euro 389 thousand, at consolidated level, of which Euro 79 thousand concerning the services provided by KPMG S.p.A. and Euro 310 thousand the services provided by parties belonging to the KPMG network in favour of the overseas Group subsidiaries. In this regard, in all of those cases in which, in accordance with Article 5, paragraph 4 of Regulation (EC) 537/2014, the prior review of the Internal Control and Audit Committee was requested, the Board of Statutory Auditors, in that role, reviewed in

accordance with Articles 4, 5 and 6 of the above Regulation and considering the relative research and interpretation documents the requests to receive and adopt its decisions after reviewing and assessing: i) the subject, method of execution of the appointment and fees; ii) the documents and relevant professional technical principles and iii) the declarations of the independent audit firm concerning the absence of risks regarding its independence.

In carrying out its investigatory activities, the Board of Statutory Auditors took into consideration the overall rationale of the rules stated, and assumed a more prudent approach in order to accept and guarantee the complete independence of the auditor.

With reference to the so-called 70% fee-cap rule provided for by Article 4 of Regulation (EC) 537/14, applicable starting from the financial year ended December 31, 2020, the Board of Statutory Auditors found that the fee for NAS services paid to KPMG S.p.A. in 2023 compared to the average fee for the legal audit in the three-year period 2020-2022 is well below the established percentage limit. Incidentally, it should be noted that the Company, on the request of the Board of Statutory Auditors, prepared and approved with Board of Directors' resolution of May 15, 2019, both the procedure for the "Conferment to the independent audit firm of non-audit services", latterly amended with Board of Directors resolution of August 4, 2022 and by that with regards to the "Selection of the Audit Firm" to which the audit appointment is assigned. With regards also to the independence of the audit firm, the Board of Statutory Auditors, also in its role also as Internal Control and Audit Committee:

- a) fulfilled the duties required of Article 19, paragraph 1, letter e) of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, verifying and monitoring i) the independence of the Audit Firm, in accordance with Articles 10, 10-bis, 10-ter and 10-quater and 17 of Legislative Decree No. 39/2010 and Article 6 of Regulation (EC) No. 537/2014; ii) the adequacy of the provision of non-audit services in accordance with Article 5 of the above Regulation;
- b) received the Additional Report for the Internal Control and Audit Committee established by Article 11 of Regulation (EC) 537/2014 prepared following the 2023 legal audit and noted that contained in the Transparency Report published by the Independent Audit Firm on its website in compliance with the criteria outlined in the Regulation;
- c) received as an annex to the above Additional Report, the "Annual confirmation of independence in accordance with Article 6, paragraph 2, letter a) of Regulation 537/2014 and in accordance with paragraph 17 of international audit principle (ISA Italy) 260" where the independent Audit Firm, among others, declares that, in the period between January 1, 2023 and the issue of the Confirmation, no situations which would compromise its independence with regards to FILA S.p.A. arose in accordance with Articles 10 and 17 of Legislative Decree No. 39/2010 and Articles 4 and 5 of Regulation (EC) 537/20;

- d) discussed with the Independent Audit Firm, the risks regarding its independence and the measures taken to mitigate them, pursuant to Article 6, paragraph 2, letter b) of EU Regulation No. 537/2014.

On the basis of the information acquired and the activities carried out, no aspects or situations emerged indicating risks to the independence of the Independent Audit Firm, and in this regard the Board of Statutory Auditors does not report any observations for the Shareholders' Meeting.

7. Supervisory activities on the financial disclosure process and internal control system

The Board of Statutory Auditors supervised the adequacy of the administrative and accounting system, in addition to its reliability to correctly represent the operating events, obtaining information from the administrative department managers and exchanging information with the Control, Risks and Related Parties Committee, the Internal Audit department and the Independent Audit Firm.

The Board of Statutory Auditors in addition supervised, also through periodic meetings with the Executive Officer for Financial Reporting, the organisation and company procedures and the instruments adopted for the collation of the information and the data necessary for the drawing up of the statutory financial statements, the consolidated financial statements and the periodic financial reports, in addition to other financial communications, in order to: i) assess the adequacy and the effective adoption and ii) verify the adequacy and the suitability of the powers and the means assigned by the Board of Directors to the Executive Officer for Financial Reporting for the undertaking of his/her role.

In this regard, the Board of Statutory Auditors notes that in relation to the statements issued by the Executive Bodies (specifically the Chief Executive Officer) and the Executive Officer for Financial Reporting in accordance with Article 154-bis, paragraph 5 of the CFA, on the statutory financial statements and on the consolidated financial statements of the Group at December 31, 2023, in addition to the Half-Year Financial Report at June 30, 2023 and on the quarterly reports, no citable matters or annotations emerged.

The Board of Statutory Auditors considers the administration and accounting system overall to be substantially adequate and reliable in view of the size and complexity of the company and of the Group.

Considering that responsibility for the audit of the accounts is assigned to the Independent Audit Firm, the Board of Statutory Auditors supervised the general lay-out of the statutory financial statements and the consolidated financial statements and their compliance with the rules governing their formation and structure, taking account also of the priorities indicated by ESMA – European Securities and Market Authority. The Board of Statutory Auditors also verified their consistency with the events and information noted during the execution of their duties. In this regard, the Board of Statutory Auditors does not highlight any particular

observations.

The Board of Statutory Auditors supervised, within the extent of its remit, the adequacy of the internal control and risk management system: a) obtaining information from the managers of the various company departments, so as to verify the existence, adequacy and proper implementation of the procedures; b) attended the meetings of the Control, Risks and Related Parties Committee; c) met periodically with the Internal Audit Manager and acquired information regarding the results of work carried out, actions recommended and subsequent initiatives undertaken to solve specific problems and/or for the improvement of the procedures; ii) exchanged information with the Independent Audit Firm.

In addition, the Board of Statutory Auditors noted the information provided periodically by the Executive Director as the Director in charge of setting up and maintaining an effective internal control system and the periodic reports prepared by the Control, Risks and Related Parties Committee, in compliance with Article 6, Recommendation No. 35 of the Corporate Governance Code on the activities undertaken where, among other matters, a positive assessment was expressed on the adequacy and efficacy of the Internal Control and Risk Management System.

The Board of Statutory Auditors, on the basis of that reported above and considering the control activities put in place and the improvement actions taken and being implemented, considers that the internal control system should be considered in overall terms adequate to the size, complexity and operations undertaken by the Company and by the Group.

In this regard and considering the major acquisitions of overseas companies in the recent past, and the consequent expansion of the FILA Group internationally, the Board of Statutory Auditors in various circumstances stimulated the implementation of adequate integration processes and further strengthening the control functions and the governance system of the main subsidiaries.

In this regard, the Board of Statutory Auditors reports that during the year (i) the activities to fine-tune and improve the Group's single ERP system continued at the subsidiaries that have already adopted it, (ii) its implementation was completed in the initial days of January 2023 at the subsidiaries Bridesshore (Dominican Republic) and Daler Rowney (UK), and (iii) the new Organizational Model became operative, which, as mentioned above, provides for, among other matters, the strengthening of the role and responsibilities of the central functions, the better functioning of the strategic committees with the tasks of controlling, supervising and monitoring the activities and operating performance of the subsidiaries.

8. Oversight of the non-financial disclosure process

As previously indicated, the Board of Statutory Auditors oversaw compliance with Legislative Decree No. 254/2016 and the enactment regulation adopted by Consob with Resolution No. 20267 of 18/01/2018, with regards to the Non-financial Statement (hereafter "NFS") and verified the existence of an adequate organisational system of reporting and control processes

and tools, adopted by the Company to enable the correct and complete presentation of non-financial disclosure.

In this regard, the Board of Statutory Auditors met with the Executive Director, in addition to the various company structures and outsourcers which were part of the work group under the latter's responsibility involved in the preparation of the NFS, acquiring information regarding the materiality analysis carried out by the company to establish the relevant non-financial reporting scopes for the FILA Group, the involvement of the subsidiaries and the operating procedures and instruments adopted for the collation of data/information and their subsequent analysis, control and consolidation.

The Board of Statutory Auditors in addition discussed with the independent audit firm the content of the Non-Financial Statement, taking account also of the priorities indicated by ESMA - European Securities and Market Authority, of the procedures undertaken and the operating means for the planning and execution of works.

On the basis of the information and the evidence acquired and according to the terms reported above, the Board of Statutory Auditors considers the procedures, processes, and structures for the production, reporting, measuring and presentation of this information to be adequate and does not highlight any particular matters for the Shareholders' Meeting.

9. Additional information requested by Consob Communication No. DEM/1025564 of April 6, 2001 and subsequent supplements

In accordance with that required by Consob, the Board of Statutory Auditors also reports the following:

- a) the Board of Statutory Auditors did not receive any petitions as per Article 2408 of the Civil Code, nor notices from third parties;
- b) the Company and the Board of Statutory Auditors, during 2023, did not receive any disclosure requests from Consob, neither as per Article 115 of the CFA, nor as per Article 114 of the CFA;
- c) The Board of Statutory Auditors issued its opinion as per Article 2389, paragraph 3 of the Civil Code, on the application of the Remuneration Policy 2023 and on the Remuneration Policy 2024, with regards to the Senior Directors (resolution of the Board of Directors of March 19, 2024);
- d) in its role as Internal Control and Audit Committee, on November 10, 2023, the Board of Statutory Auditors issued its recommendation on the appointment of the independent audit firm for the 2024-2032 period - pursuant to Articles 13, paragraph 1, and 17, paragraph 1, of Legislative Decree No. 39 of January 27, 2010, as amended, respectively, by Articles 16 and 18 of Legislative Decree No. 135 of July 17, 2016, and Article 16 of European Regulation No. 537/2014 of the European Parliament and of the Council of April 16, 2014 (hereinafter "the Recommendation");

- e) the Board of Statutory Auditors expressed its opinion on the resolutions within the scope of the Board of Directors, concerning i) the 2023 activity plan prepared by the Internal Audit function (as per Article 6, Recommendation No. 33, letter c) of the Corporate Governance Code) and ii) the correct use of the accounting standards and their uniformity for the purposes of the Report on the separate and consolidated annual and half-year accounts (as per Article 6, Recommendation No. 35, letter a) of the Corporate Governance Code).

10. Significant events indicated in the Directors' Report, in the separate financial statements and in the consolidated financial statements

Among the significant events outlined in the Directors' Report, in the separate financial statements and in the consolidated financial statements at December 31, 2023, during the year ending at that date, the Board of Statutory Auditors indicates the following:

- on December 20, 2023, the listing of the Indian subsidiary DOMS Industries Limited on the National Stock Exchange of India was completed. As part of the listing, the Company, as the selling shareholder, sold 10,126,582 DOMS shares for total consideration of approx. Euro 88.0 million, while still remaining the largest single shareholder of the company post-listing, as it owns 18,561,153 shares, equivalent to 30.6% of DOMS' share capital. The Directors' Report contains details of and comments on the economic and financial effects of this transaction on the annual financial statements and consolidated financial statements as of December 31, 2023, the financial income earned and its use;
- in relation to the Russia-Ukraine conflict, the Directors, after recalling the direct and indirect effects at a global level and the impacts on the Company and the Group, highlight the write-down of trade receivables from third parties of the Russian subsidiary on the basis of assessments regarding their recoverability, underlining however the insignificance of this company's revenues and the absence of any operations in Ukraine. With reference to the assessments made for financial reporting purposes and the uncertainties related to the development of the current conflict, the Directors state that they cannot rule out that, should the crisis worsen or spread internationally, the consequences for the Company and the Group could be more severe than can be assumed at present;
- in terms of the conflict involving Israel, the Directors state that they consider the economic and financial impacts that could result to their commercial subsidiary in that country, Fila Art and Craft Ltd. and the Group, to be insignificant.

11. Subsequent events

The Board of Statutory Auditors notes that in the paragraph entitled "Subsequent events" in the Directors' Report, the Directors explain that on January 22, 2024, the Shareholders' Meeting of F.I.L.A. S.p.A., approved:

- (i) the distribution of an extraordinary dividend of Euro 0.58 for each (ordinary and special) F.I.L.A. share in circulation on the coupon date (net of treasury shares in portfolio on that date) for a maximum total amount of Euro 29,421,967.98, to be charged as a reduction of the available and distributable reserves; (ii) the appointment of Deloitte & Touche S.p.A. to undertake the legally-required audit for the period 2024-2032, pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014 (and specifically until the Shareholders' Meeting called to approve the 2032 Annual Accounts).

12. Independent Auditors' Report and Board of Statutory Auditors' Report

The Independent Audit Firm issued on March 28, 2024 the Reports as per Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EC) 537/2014, on the separate financial statements and on the consolidated financial statements at December 31, 2023 where, in particular, it certified that:

- the separate financial statements and the consolidated financial statements provide a true and fair view of the statement of financial position of the Company and of the Group at December 31, 2023 and of the economic result and cash flow for the year ended at that date in compliance with International Financial Reporting Standards adopted by the European Union and the provisions issued in implementation of Article 9 of Legislative Decree No. 38/05;
- the opinion on the statutory financial statements and the consolidated financial statements is in line with that indicated in the Additional Report drawn up pursuant to Article 11 of Regulation (EC) 537/2014 and in accordance with Article 19 of Legislative Decree No. 39/2010;
- the Directors' Report and certain specific information contained in the Corporate Governance and Ownership Structure Report indicated in Article 123-bis, paragraph 4 of Legislative Decree No. 58/1998, are consistent with the company's statutory financial statements and Group consolidated financial statements and are drawn up in accordance with law;
- the separate financial statements and the consolidated financial statements have been prepared in XHTML format (and limited to the consolidated financial statements, have been marked in all significant aspects) in accordance with the provisions of Delegated Regulation (EU) 2019/815

It is recalled for informational purposes alone that in the Reports on the financial statements, the Independent Audit Firm considered it beneficial to identify as "key aspects of the audit", for the statutory financial statements of FILA S.p.A., the process to measure the recoverable value of the

investments while, with regards to the consolidated financial statements of the Group, a) the process to measure the recoverable value of goodwill and b) the recognition and valuation of inventory. In the Auditors' Report on the consolidated financial statements, the Independent Audit Firm also stated that it had verified the approval by the FILA S.p.A. Directors of the Consolidated Non-Financial Statement for the year 2023.

In the above Independent Auditors' Reports, no issues or requests for disclosure were raised, nor were declarations issued in accordance with Article 14, paragraph 2, letters d) and e) of Legislative Decree No. 39/2010.

The Board of Statutory Auditors, during various meetings with the competent corporate functions and with the Independent Audit Firm, examined in-depth the various aspects related to the obligation, established by Delegated Regulation (EU) 2019/815 ("ESEF Regulation"), to prepare the Annual Financial Report in xHTML format (instead of PDF) and the financial statements marked with iXBRL language according to the ESEF taxonomy. It therefore monitored the process put in place by the Company to comply with this obligation and acknowledged the opinion expressed by the Independent Audit Firm on compliance with the provisions of the above-mentioned Regulations on the basis of International Auditing Standard (ISA Italia) 700B.

In addition, also on March 28, 2024, the Independent Audit Firm:

- sent to the Board of Statutory Auditors, as the Internal Control and Audit Committee, the additional report as per Article 11 of Regulation (EC) No. 537/2014, which does not contradict that outlined in the Reports on the financial statements indicated above and reports on other significant aspects, and that the Board of Statutory Auditors sends to the Board of Directors for its information;
- issued, in accordance with Article 3, paragraph 10 of Legislative Decree No. 254/2016 and Article 5 of Consob Regulation 20267/2018, the Consolidated Non-Financial Statement, regarding which the Independent Audit Firm declares that, on the basis of the work carried out, no matters came to its attention to suggest that the FILA Group's Consolidated Non-Financial Statement for the year ended December 31, 2023 was not drawn up, in all significant aspects, in compliance with the requirements of Articles 3 and 4 of the Decree and selected GRI Standards.

The regular meetings held by the Board of Statutory Auditors with the Independent Audit Firm, pursuant to Article 150, paragraph 3 of Legislative Decree No. 58/1998, did not reveal aspects that should be highlighted in this Report.

Moreover, the Board did not receive any disclosures from the Independent Audit Firm on reprehensible facts detected during the audit activity on the annual and consolidated financial statements.

13. Note on the next Shareholders' Meeting

The Board notes that the Company has decided to make use of the option under Article 106, paragraph 4, of Decree-Law No. 18 of March 17, 2020, converted into law with amendments (the "Italian Healthcare Decree"), the effectiveness of which was most recently extended (also) with reference to Shareholders' Meetings to be held by April 30, 2024. Participation in the Shareholders' Meeting by those entitled to attend may take place exclusively by proxy (or sub-proxy) to the Company's Appointed Representative.

14. Final considerations

Considering all that stated above, the Board of Statutory Auditors does not raise specific critical matters, omissions, reportable events or irregularities, nor observations or proposals to be submitted to the Shareholders' Meeting in accordance with Article 153 of Legislative Decree No. 58/1998, to the extent of its remit, and therefore does not indicate any reasons to prevent approval of the separate financial statements at December 31, 2023 and the proposals for the allocation of the profit drawn up by the Board of Directors for the Shareholders' Meeting.

Rome, March 28, 2024

Gianfranco Consorti, Chairperson of the Board of Statutory Auditors
(Signed on the original)

Sonia Ferrero, Statutory Auditor
(Signed on the original)

Pietro Michele Villa, Statutory Auditor
(Signed on the original)

Independent Auditors' Report pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010



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(The accompanying translated separate financial statements of F.I.L.A. S.p.A. constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

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

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of F.I.L.A. S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of F.I.L.A. S.p.A. as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate financial statements" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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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F.I.L.A. S.p.A.
 Independent auditors' report
 31 December 2023

Measurement of equity investments

Notes to the separate financial statements: section "Basis of preparation" and note 4 "Equity investments"

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2023 include equity investments of €339.0 million, mainly relating to subsidiaries (€301.9 million) and associates (€37.1 million). Investments in subsidiaries mainly related to the US subsidiary Dixon Ticonderoga Company (€107.4 million), the UK subsidiary Renoir Topco Limited (€91.3 million), the French subsidiary Canson S.A.S. (€37.8 million) and the French subsidiary FILA Arches SAS (€22.6 million).</p> <p>When they identify indicators of impairment and, in any case, at least annually, the directors test these equity investments for impairment, checking their recoverability by comparing their carrying amounts with their value in use calculated using the discounted cash flow model.</p> <p>The directors have forecast the expected cash flows used to estimate the recoverable amount on the basis of the projections derived from the 2024 budget and the business plan approved by the board of directors on 13 February and 14 March 2024, respectively.</p> <p>Calculating the recoverable amount of these equity investments requires significant estimates. Specifically, in addition to the uncertainty inherent in any forecast, this process has the following characteristics:</p> <ul style="list-style-type: none"> valuation assumptions affected by the reference market trends, due to the specific economic and political conditions that are difficult to predict and unstable; assumptions about the synergies expected, as set out by the directors in the business plan; estimates of the long-term growth rate and the discount rate applied to the projected cash flows, which require a high level of judgement. <p>For the above reasons, we believe that the measurement of the above equity investments is a key audit matter.</p>	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> understanding the process adopted to prepare the impairment test approved by the company's board of directors; understanding the process adopted to prepare the forecasts from which the expected cash flows used for impairment testing have been derived; analysing the reasonableness of the assumptions used to prepare the forecasts; checking any discrepancies between the previous year forecast and actual figures, in order to check the level of historical accuracy of the estimates; checking the consistency of the expected cash flows used for impairment testing with those used for the forecasts and analysing the reasonableness of any discrepancies; analysing the reasonableness of the key assumptions used to calculate value in use, as well as the valuation models used and the underlying data. assessing the appropriateness of the disclosures provided in the notes about the measurement of equity investments.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in this report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 20 February 2015, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2023 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.



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In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 28 March 2024

KPMG S.p.A.

(signed on the original)

Annalisa Violante
Director of Audit