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Testo del comunicato

F.I.L.A. S.p.A. Press Release H1 2024 Results



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PRESS RELEASE

F.I.L.A. S.P.A. BOARD OF DIRECTORS APPROVES H1 2024 RESULTS

F.I.L.A. GROUP GENERATED REVENUE OF €333.3 MILLION IN H1 2024, -5.2% VS H1 2023 (-3.5% NET OF THE CURRENCY EFFECT)

Q2 2024 REVENUES IMPROVED OVER Q1, WHICH WAS IMPACTED BY THE SCHEDULED INTRODUCTION OF SAP EWM IN NORTH AMERICA

GROUP PROFITABILITY STRENGTHENED: ADJUSTED IFRS 16 EBITDA UP 11.5% IN Q2 2024 VS Q2 2023. IN H1 2024 UP 5.6% TO €70.8 MILLION (€67.0 MILLION IN H1 2023)

MARGIN INCREASED IN H1 2024 TO 21.3% (FROM 19.1% IN H1 2023) THANKS TO EFFICIENCIES AND MIX EFFECT ACROSS ALL GEOGRAPHICAL AREAS

ADJUSTED GROUP NET PROFIT INCREASED TO €32.0 MILLION FROM €19.8 MILLION IN H1 2023 (€23.7 MILLION INCLUDING DOMS)

IMPROVED FREE CASH FLOW TO EQUITY TREND CONFIRMED (+€7.9 MILLION H1 2024 VS H1 2023), REFLECTING BETTER CASH GENERATION, ALSO DUE TO THE DECONSOLIDATION OF DOMS

NET BANK DEBT OF €309.6 MILLION IN H1 2024, EQUAL TO 2.7X LTM ADJUSTED IFRS 16 EBITDA, COMPARED TO €408.3M IN H1 2023, EQUAL TO 3.1X ADJUSTED IFRS 16 EBITDA

MARKET VALUE OF FILA'S 30.6% STAKE IN DOMS INDUSTRIES OF €462 MILLION, INCREASING 25% ON THE FIGURE ANNOUNCED IN THE Q1 2024 RESULTS PRESS RELEASE

2024 OUTLOOK CONFIRMED IN TERMS OF STABLE REVENUES, MID-SINGLE DIGIT ADJUSTED IFRS 16 EBITDA GROWTH AND FREE CASH FLOW TO EQUITY GENERATION OF BETWEEN €40 MILLION AND €50 MILLION

CAPITAL MARKETS DAY SCHEDULED FOR NOVEMBER 12, 2024 TOGETHER WITH Q3 2024 RESULTS

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





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Pero, August 6, 2024 – The Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“F.I.L.A.” or the “Company”), whose ordinary shares (ISIN code IT0004967292) are listed on the Euronext STAR regulated market of the Italian Stock Exchange, today approved the H1 2024 consolidated results, drawn up in accordance with IFRS.

Massimo Candela, CEO of F.I.L.A. stated:

“The H1 2024 F.I.L.A. Group results confirm our capacity to grow earnings and margins, in addition to generating free cash flow. Group EBITDA grew 5.6% compared to the first half of last year, and we have increased margins in the United States, Europe and Central-South America. Free Cash Flow to Equity also improved by nearly 8 million Euros versus the first half of the previous year, with over 60 million Euros generated in FY 2023. Looking to Revenues, Europe and Mexico continued the growth seen in Q1, while North America has begun to recover the deficit from the preceding quarter, caused by the roll-out of the SAP Extended Warehouse Management (EWM) module in March.

Based on the strong results approved today, I am confident that we will achieve the 2024 Outlook objectives. The target of stable revenues on 2023 is confirmed, while we can forecast mid-single digit IFRS 16 EBITDA growth. In addition, we highlight that Free Cash Flow to Equity generation shall be in the 40 million Euro to 50 million Euro range.

With regards to DOMS, the results for the fiscal year to March 2024 report 26.8% Revenue growth and 46.1% EBITDA growth, which has strongly driven the company’s share price on the Indian stock market, with DOMS up 79% since the beginning of the year. The partnership between FILA and DOMS – which is of key importance – generates significant industrial and commercial synergies and is a competitive advantage for the F.I.L.A. Group.

Having achieved a first half 2024 in line with our expectations, we are pleased to announce that we shall host a Capital Markets Day on November 12, 2024, together with the Q3 2024 results, in order to present an update to the markets of our future industrial, commercial and financial strategy.”

Financial Highlights

The H1 2023 and H1 2024 financial highlights are presented below (DOMS is not consolidated in the H1 2024 results).

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Consolidated Results excluding DOMS (€m)	H1 2023	H1 2024	Change 2024-2023
Revenue	351.7	333.3	-18.5
Other revenue and income	4.6	4.1	-0.5
Total Revenue and Income	356.4	337.4	-19.0
Adjusted IFRS 16 EBITDA	67.0	70.8	3.8
Adjusted EBITDA excluding IFRS 16	60.0	64.6	4.7
Adjustments	-3.0	-2.5	0.5
Consolidated Results (€m)	H1 2023 with DOMS	H1 2024	Change 2024 - 2023
IFRS 16 Adjusted Group Net Profit	23.7	32.0	8.3
Adjusted Group Net Profit excluding IFRS 16	24.6	32.8	8.2
Adjustments	-2.5	-4.3	-1.8
Net Bank Debt	-408.3	-309.6	98.7
Financial Debt excluding IFRS 16 and MtM Hedging	-406.9	-305.7	101.2
Net Financial Debt IFRS 16	-489.0	-369.0	119.9
Group Equity	-446.4	-574.9	-128.5

Revenue overview

The Revenue figures exclude DOMS both for H1 2023 and H1 2024. Revenue in H1 2024 totalled €333.3 million, decreasing 5.2% on H1 2023 (or -3.5% on an organic basis net of the currency effect). The overall currency effect was -€6.1 million, of which -€4.8 million in Central-South America (due to the weakening of the Argentinian Peso in December 2023), -€0.9 million in Europe (due to the weakening of the Turkish Lyra) and -€0.1 million in North America.

Looking to the main geographical areas in which the F.I.L.A. Group operates, organic Revenue was as follows:

- in North America, Revenue contracted €18.7 million (-10.3%), impacted by the roll-out of the SAP EWM module in March 2024. Q2 reflecting the latest delays in deliveries, recovered during July, coupled with the reorganization of our offer towards businesses with better margins;
- in Europe, Revenue was up €1.7 million (+1.4%), significantly improving in Q2 over Q1 (+2.2% vs +0.4%), returning to growth following a 2023 which featured significant destocking, also thanks to the new commercial and marketing initiatives;

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- in Central-South America, Revenue was up €4.9 million (+11.1%), confirming the excellent outlook, with sustained organic growth in Mexico.

Consolidated Revenue excluding DOMS (€m)	H1 2023	H1 2024	% change reported	% change FX comparable
North America	182.4	163.6	-10.3%	-10.3%
Europe	116.9	117.7	0.6%	1.4%
Central and South America	43.8	43.8	0.1%	11.1%
Asia	6.9	6.5	-5.5%	-2.5%
Rest of the World	1.7	1.7	1.5%	4.2%
Total Revenue	351.7	333.3	-5.2%	-3.5%

The income amounted to €4.1 million, decreasing €0.5 million compared to the preceding year, mainly due to the lower exchange gains on commercial transactions.

Adjusted IFRS 16 EBITDA overview

The EBITDA figures exclude DOMS both for H1 2023 and H1 2024. Adjusted IFRS 16 EBITDA was €70.8 million, up 5.6% on H1 2023. Excluding the IFRS 16 impact, Adjusted EBITDA grew 7.8% on the preceding year.

The stronger growth of Adjusted IFRS 16 EBITDA than Revenue resulted in an improved margin, which in H1 2024 increased to 21.3%, from 19.1% in H1 2023 (excluding the IFRS 16 impact, the margin was 19.4% vs 17.1% in the previous year).

Adjusted IFRS 16 EBITDA was €70.8 million in H1 2024, growth therefore of 5.6% on the previous year. We highlight the stronger growth in Q2 (+11.5%) over Q1 (-6.2%). By geographical area, Adjusted IFRS 16 EBITDA was as follows:

- in North America, growth of 8.3% compared to a contraction of 10.3% in Revenues, thanks to ongoing efficiencies and margin improvement;
- in Europe, EBITDA saw stronger growth than Revenue, mainly thanks to the mix effect;
- in Central-South America, Adjusted IFRS 16 EBITDA rose 2.0%, mainly due to the weakening of the Argentinian Peso, which more than offset the sustained growth in Mexico.

Russia and Dominican Republic operations in H1 2024 reported an Adjusted IFRS 16 EBITDA loss of €1.2 million, with these activities currently substantially non-operative.

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IFRS 16 Adjusted EBITDA excluding DOMS (€m)	H1 2023	% margin	H1 2024	% margin	Change % 2024-2023
North America	34.9	19.1%	37.8	23.1%	8.3%
Europe	20.0	17.1%	21.5	18.3%	7.8%
Central and South America	8.9	20.3%	9.1	20.7%	2.0%
Asia	3.3	48.2%	2.3	35.3%	-30.8%
Rest of the World	0.0	-2.5%	0.1	6.0%	n.m.
Adjusted IFRS 16 EBITDA	67.0	19.1%	70.8	21.3%	5.6%
IFRS 16 impact	-7.1	-	-6.2	-	-12.7%
Adjusted EBITDA excluding IFRS 16	60.0	17.1%	64.6	19.4%	7.8%

Adjusted Net Profit overview

In H1 2024, the Adjusted Net Profit was €32.0 million, significantly up on €23.7 million in the same period of the previous year (with DOMS). This result stemmed from lower financial expense, which reduced from €20.8 million in 2023 to €9.9 million in 2024, due to the lower debt and reduced currency effects. The contribution to the profit of the stake in DOMS (€1.4 million for 30.6%) is reflected only for the first 3 months of 2024 as the company's fiscal year concludes on March 31, 2024.

The adjustments concern charges for projects to improve the efficiency of the organisational structure and corporate processes, costs and consultancy related to extraordinary projects, the portion for the period related to the medium-long term incentive plan, non-recurring income and for the fair value adjustment of intangible assets, all net of the related tax effect.

Adjusted Net Profit (€m)	H1 2023 with DOMS	H1 2024	Change 2024-2023
IFRS 16 Adjusted Group Net Profit	23.7	32.0	8.3
Adjusted Net Group Profit excluding IFRS 16	24.6	32.8	8.2
Adjustments	-2.5	-4.3	-1.8

Adjusted Free Cash Flow to Equity overview

Adjusted Free Cash Flow to Equity of €40.3 million was absorbed in H1 2024, improving by a considerable €7.9 million on the absorption of €48.2 million in H1 2023.

Comparing the Free Cash Flow to Equity for H1 2024 with 2023 (which includes DOMS), and despite the decrease in Adjusted EBITDA, an increased utilisation of working capital is reported (increasing €8.2 million), with a reduction in net investments in tangible and intangible fixed assets (decreasing €14.0 million). Overall, Operating Cash Flow of €22.5 million was generated.

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The improvement of the Adjusted Free Cash Flow to Equity from an absorption of €37.8 million in H1 2024, against an absorption of €45.1 million in H1 2023, is due to the reduced absorption of liquidity for IFRS 16 leases (decreasing €1.2 million), the payment of income taxes (decreasing €4.5 million), and for the payment of interest and financial expense (decreasing €4.5 million, thanks to the lower debt and improved interest rate).

Adjusted Free Cash Flow to Equity (€m)	H1 2023 with DOMS	H1 2024	Change 2024- 2023
Adjusted IFRS 16 EBITDA	79.9	70.8	-9.1
Change in Net Working Capital	-81.3	-89.5	-8.2
Net Investments in Intangible and Tangible Assets	-17.9	-3.9	14.0
Operating Cash Flow	-19.3	-22.5	-3.2
Adjusted Free Cash Flow to Equity	-45.1	-37.8	7.3
Adjustments	-3.0	-2.5	0.5
Reported Free Cash Flow to Equity	-48.2	-40.3	7.9

Net Financial Debt overview

The Net Bank Debt in H1 2024 was €309.6 million, reducing €98.7 million on €408.3 million in H1 2023, mainly due to the positive cash-in effect from the DOMS IPO of €69.1 million in FY 2023, in addition to the generation of cash flow.

The Net Bank Debt in H1 2024 increased €80.1 million on FY 2023, due to the payment of dividends of €36.2 million in 2024, in addition to the investment in working capital which reflects normal business seasonality.

The Net Financial Debt, which reflects the same dynamics as the Net Bank Debt, was €305.7 million in H1 2024 (including the IFRS 16 effect of €369.0 million), which compares with €406.9 million in H1 2023 and €226.6 million in FY 2023.

Net Financial Debt (€m)	H1 2023 with DOMS	FY 2023 with DOMS	H1 2024	Change H1 2024 - H1 2023
Liquidity	65.3	124.8	63.6	-1.7
Financial Liabilities and Receivables	-473.6	-354.3	-373.2	100.4
Net Bank Debt	-408.3	-229.5	-309.6	98.7
Amortised Cost & Financial Receivables	1.4	2.8	3.9	2.5
Net Financial Position excluding IFRS 16 and Mark to Market Hedging	-406.9	-226.6	-305.7	101.2
Mark to Market Hedging	4.5	-0.9	2.2	-2.3
IFRS 16	-86.6	-75.9	-65.5	21.0
IFRS 16 Net Financial Position	-489.0	-303.4	-369.0	119.9

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Outlook

We confirm that the full-year 2024 results shall be impacted by a challenging macroeconomic environment in view of the elections held in June in Mexico, and the upcoming election in the United States and in India.

The Group's forecast operating growth over the coming months shall continue to be driven by strong performances in Mexico, and the ongoing recovery in Europe. The logistics software to boost operating efficiency in the United States has been fully rolled out, resulting in slower order fulfilment in H1 2024, with an impact on revenues. The associated "learning curve" is steadily improving.

The coming months will see the F.I.L.A. Group engaged in an organisational streamlining project to support cost-cutting and to be developed over the coming years, alongside operational and process optimisation activities.

Expectations for 2024, in line with that previously announced by the company, are for substantial revenue stability, in addition to cash generation in line with the last five financial years, thanks to increasingly efficient working capital management and a reduction in financial expense, in addition to an improved margin on 2023.

Conference call to comment on the H1 2024 results

The conference call with institutional investors and financial analysts to comment upon the H1 2024 results shall be held this afternoon, August 6, 2024, at 3.30PM. For further details, please consult the company website (<http://filagroup.it>, Investors section).

Declaration of the Executive Officer

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

Annexes

The IFRS consolidated financial statements extracted from the approved document are attached.

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





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F.I.L.A. (Fabbrica Italiana Lapis ed Affini), founded in Florence in 1920 and managed since 1956 by the Candela family, is a highly consolidated, dynamic and innovative Italian industrial enterprise and continues to grow market share. F.I.L.A. has been listed on EXM – Euronext STAR segment of the Italian Stock Exchange since November 2015. The company, with revenue of Euro 779.2 million in 2023, has grown significantly over the last twenty years and has achieved a series of strategic acquisitions, including the Italian Adica Pongo, the US Dixon Ticonderoga Company and Pacon Group, the German LYRA, the Mexican Lapiceria Mexicana, the English Daler-Rowney Lukas and the French Canson, founded by the Montgolfier family in 1557. F.I.L.A. is an icon of Italian creativity globally through its colouring, drawing, modelling, writing and painting tools, thanks to brands such as Giotto, Tratto, Das, Didò, Pongo, Lyra, Doms, Maimeri, Daler-Rowney, Canson, Princeton, Strathmore and Arches. Since its foundation, F.I.L.A. has chosen to focus on growth through continuous innovation, both in technological and product terms, in order to enable individuals to express their ideas and talent through tools of exceptional quality. In addition, F.I.L.A. and the Group companies work together with the Institutions to support educational and cultural projects which promote creativity and expression among individuals and make culture accessible to all.

F.I.L.A. currently operates through 23 production facilities (of which two in Italy) and 32 subsidiaries across the globe and employs over 3,400.

Investor Relations F.I.L.A.

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

	June 2024	% revenue	June 2023	% revenue	Change 2024 - 2023	
<i>Euro millions</i>						
Revenue	333,283	100%	415,606	100%	(82,323)	-19,8%
Income	4,830		4,969		(0,139)	-2,8%
Total Revenue and Income	338,114		420,575		(82,461)	-19,6%
Total operating expense	(269,758)	-80,9%	(343,713)	-82,7%	73,955	21,5%
EBITDA	68,356	20,5%	76,862	18,5%	(8,506)	-11,1%
Amortisation, depreciation and write-downs	(19,792)	-5,9%	(21,769)	-5,2%	1,977	9,1%
EBIT	48,563	14,6%	55,093	13,3%	(6,530)	-11,9%
Net financial expense	(9,898)	-3,0%	(20,274)	-4,9%	10,376	51,2%
Pre-Tax Profit	38,665	11,6%	34,819	8,4%	3,846	11,0%
Total income taxes	(10,410)	-3,1%	(9,541)	-2,3%	(0,869)	-9,1%
Net Profit for the period	28,255	8,5%	25,278	6,1%	2,977	11,8%
Non-controlling interest profit	0,514	0,2%	4,002	1,0%	(3,488)	-87,1%
F.I.L.A. Group Net Profit	27,741	8,3%	21,276	5,1%	6,465	30,4%

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

<i>Economic Results excluding non-recurring expenses - Euro millions</i>	June 2024	% revenue	June 2023	% revenue	Change 2024 - 2023	
Revenue	333,283	100%	415,606	100%	(82,323)	-19,8%
Income	4,145		4,969		(0,824)	-16,6%
Total Revenue and Income	337,428		420,575		(83,147)	-19,8%
Total operating expense	(266,599)	-80,0%	(340,694)	-82,0%	74,095	21,8%
EBITDA	70,829	21,3%	79,882	19,2%	(9,053)	-11,3%
Amortization, depreciation and write-downs	(17,775)	-5,3%	(21,769)	-5,2%	3,995	18,4%
EBIT	53,055	15,9%	58,113	14,0%	(5,058)	-8,7%
Net financial expense	(9,898)	-3,0%	(20,274)	-4,9%	10,376	51,2%
Pre-Tax Profit	43,156	12,9%	37,838	9,1%	5,319	14,1%
Total income taxes	(10,603)	-3,2%	(10,142)	-2,4%	(0,461)	-4,6%
Net Profit for the period	32,553	9,8%	27,697	6,7%	4,856	17,5%
Non-controlling interest profit	0,539	0,2%	4,003	1,0%	(3,464)	-86,5%
F.I.L.A. Group Net Profit	32,014	9,6%	23,694	5,7%	8,320	35,1%

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

<i>Euro millions</i>	June 2024	December 2023	Change 2024 - 2023
Intangible Assets	378,566	378,031	0,535
Property, plant & equipment	109,795	123,325	(13,530)
Biological Assets	1,253	1,241	0,012
Financial assets	163,127	161,149	1,978
Fixed Assets	652,740	663,746	(11,006)
Other non Current Asset/Liabilities	20,626	23,304	(2,678)
Inventories	266,357	264,375	1,982
Trade and Other Receivables	188,003	99,821	88,182
Trade and Other Payables	(107,641)	(105,656)	(1,985)
Other Current Assets and Liabilities	(3,444)	4,476	(7,920)
Net Working Capital	343,274	263,016	80,258
Provisions	(72,651)	(72,702)	0,051
Net Invested Capital	943,989	877,364	66,625
Equity	(574,943)	(573,953)	(0,990)
Net Financial Indebtness excl. IFRS16 & MTM	(305,697)	(226,643)	(79,054)
IFRS16 Effects	(65,540)	(75,891)	10,352
Mark to Market Hedging	2,190	(0,877)	3,068
Net Financial Indebtness - F.I.L.A. Group	(369,046)	(303,412)	(65,635)
Net Funding Sources	(943,989)	(877,364)	(66,625)

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

<i>Euro millions</i>	June 2024	June 2023
EBITDA	68,356	76,862
Non-monetary adjustments	0,055	4,370
IFRS16 operating flow	(6,829)	(7,999)
Supplements for payment of income tax	(0,686)	(5,200)
Cash Flow management from Operating Activities Before Changes in NWC	60,896	68,032
Change NWC	(89,491)	(81,336)
Change in Inventories	2,500	(0,612)
Change in Trade and Other Receivables	(92,799)	(83,172)
Change in Trade and Other Payables	1,362	3,006
Change in Other Assets/Liabilities, Severance Pay and Employee Benefits	(0,554)	(0,557)
Cash Flow management from Operating Activities	(28,595)	(13,303)
Investments in Property, Plant and Equipment and Intangible assets	(3,855)	(17,852)
Interest received	0,405	0,345
Cash Flow management from Investing Activities	(3,450)	(17,508)
Total Change in Equity (Dividends paid and purchase of own shares)	(36,160)	(7,648)
Financial Expense	(11,190)	(15,555)
Interest Expense and Other Financial Charges IFRS16	(1,900)	(2,827)
Cash Flow management from Financing Activities	(49,250)	(26,029)
Exchange differences and other variations	4,861	1,037
Total Net Cash Flow management	(76,433)	(55,803)
Free Cash Flow to Equity	(40,273)	(48,156)
Effect of exchange gains (losses)	(3,710)	(0,949)
Changes in Amortized cost	1,090	(0,318)
Mark to Market Hedging adjustment	3,068	1,302
NFI change due to IFRS16 FTA	10,352	1,950
Change in Net Financial Indebtness of F.I.L.A. Group	(65,635)	(53,819)

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



Fine Comunicato n.1565-26-2024

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