



**F.I.L.A. GROUP  
INTERIM REPORT  
AT MARCH 31, 2018**

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

Via XXV Aprile 5 Pero (MI)

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**DIRECTORS' REPORT**

**AT MARCH 31, 2018**

## I - Directors' Report

### Board of Directors

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#### Board of Directors

Chairman	Gianni Mion
Honorary Chairman	Alberto Candela
Chief Executive Officer	Massimo Candela
Executive Director	Luca Pelosin
Director (**)	Filippo Zabban
Director (**)	Annalisa Barbera
Director (*)	Sergio Ravagli
Director (*) (***)	Gerolamo Caccia Dominioni
Director (*)	Francesca Prandstraller
Director (*)	Paola Bonini

(\*) Independent director in accordance with Article 148 of the CFA and Article 3 of the Self-Governance Code.

(\*\*) Non-Executive Director.

(\*\*\*) Lead Independent Director.

#### Control and Risks Committee

Gerolamo Caccia Dominioni  
Paola Bonini  
Filippo Zabban  
Sergio Ravagli

#### Board of Statutory Auditors

Chairman	Gianfranco Consorti
Statutory Auditor	Elena Spagnol
Standing Auditor	Pietro Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Sonia Ferrero

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

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The F.I.L.A. Group operates in the creativity tools market, producing colouring, design, modelling, writing and painting objects, such as pencils, crayons, modelling clay, chalk, oil colours, acrylics, watercolours, paints and paper for the fine arts, school and leisure.

The F.I.L.A. Group at March 31, 2018 operates through 19 production facilities and 36 subsidiaries across the globe and employs over 8,400, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, DAS, LYRA, CANSON, MAIMERI, DALER & ROWNEY LUKAS and TICONDEROGA.

Founded in Florence in 1920, F.I.L.A. has achieved strong growth over the last twenty years, supported by a series of strategic acquisitions: the Italian Company Adica Pongo in 1994, the US Group Dixon Ticonderoga in 2005, the German Group LYRA in 2008, the Mexican Company Lapiceria Mexicana in 2010 and the Maimeri business unit in 2014. In addition to these operations, on the conclusion of an initiative which began with the acquisition of a minority stake in 2011, control was acquired in 2015 of the Indian company DOMS Industries Pvt Ltd.

In 2016, the F.I.L.A. Group has focused upon development on 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 since 1783 materials and accessories on the arts & crafts market, with a direct presence in the United Kingdom, the Dominican Republic, Germany and the USA.

In September 2016, the F.I.L.A. Group acquired St. Cuthberts, 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.

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, the USA, 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.

## Significant events in the first quarter

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- ▶ On January 18, 2018, F.I.L.A. S.p.A., on the basis of strong operating and financial developments both at company and Group level, negotiated with the lending banks a number of amendments to the medium/long-term loan, contracted on May 12, 2016 for a total maximum amount of Euro 236,900 thousand and agreed with Intesa Sanpaolo S.p.A., Mediobanca – Banca di Credito Finanziario S.p.A., Banca Nazionale del Lavoro S.p.A. and UniCredit S.p.A..

The amendments and supplements to the Loan Contract currently under negotiation with the lending banks related to the approval of improved conditions and terms for the company and the other Group companies, both in terms of reducing the financial charges on the loan and with regards to lessening the commitments in terms of the associated financial documentation and covenants. In addition, these amendments included the undertaking by the company F.I.L.A. S.p.A. of an additional debt of a total maximum amount of Euro 30 million from Banca Popolare di Milano, maturing on February 2, 2022, increasing the total amount set out under the loan contract to Euro 266.9 million.

- ▶ On March 7, 2018, 51% of the share capital of FILA Art and Craft Ltd (Israel) was acquired, a company involved in the sale of F.I.L.A. Group writing, art and design products in Israel;

## Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2018 are reported below.

<i>Euro thousands</i>	March 2018	% core business revenue	March 2017	% core business revenue	Change 2018 - 2017	of which: IFRS 15 effect <sup>(3)</sup>	of which: IFRS 9 effect <sup>(3)</sup>
Core Business Revenue	104,796	100.0%	117,613	100.0%	(12,817)	-10.9%	(916)
EBITDA <sup>(1)</sup>	15,511	14.8%	16,072	13.7%	(561)	-3.5%	(134)
EBIT	10,678	10.2%	11,456	9.7%	(778)	-6.8%	(134)
Net financial expenses	(3,582)	-3.4%	(1,685)	-1.4%	(1,897)	-112.6%	134
Total income taxes	(2,543)	-2.4%	(3,564)	-3.0%	1,021	28.6%	-
F.I.L.A. Group Net Profit/(loss)	4,249	4.1%	5,731	4.9%	(1,482)	-25.9%	-

Earnings per share (€ cents)

<i>basic</i>	0.10	0.14
<i>diluted</i>	0.10	0.14

<i>NORMALISED - Euro thousands</i>	March 2018	% core business revenue	March 2017	% core business revenue	Change 2018 - 2017	of which: IFRS 15 effect <sup>(3)</sup>	of which: IFRS 9 effect <sup>(3)</sup>
Core Business Revenue	104,796	100.0%	117,613	100.0%	(12,817)	-10.9%	(916)
EBITDA <sup>(1)</sup>	16,200	15.5%	17,106	14.5%	(906)	-5.3%	(134)
EBIT	11,367	10.8%	12,490	10.6%	(1,123)	-9.0%	(134)
Net financial expenses	(3,582)	-3.4%	(2,675)	-2.3%	(907)	-33.9%	134
Total income taxes	(2,645)	-2.5%	(3,656)	-3.1%	1,011	27.6%	-
F.I.L.A. Group Net Profit	4,836	4.6%	5,683	4.8%	(847)	-14.9%	-

Earnings per share (€ cents)

<i>basic</i>	0.12	0.14
<i>diluted</i>	0.12	0.14

<i>Euro thousands</i>	March 31, 2018	March 31, 2017	Change 2018 - 2017
Cash Flow from operating activities	(24,361)	(24,518)	157
Investments	3,541	3,696	(155)
% core business revenue	3.4%	3.1%	

<i>Euro thousands</i>	March 31, 2018	December 31, 2017	Change 2018 - 2017	of which: IFRS 9 effect <sup>(3)</sup>
Net capital employed	511,188	479,191	31,997	(1,307)
Net Financial debt <sup>(2)</sup>	(269,878)	(239,614)	(30,264)	-
Equity	(241,310)	(239,577)	(1,733)	1,307

<sup>(1)</sup> The Gross Operating Profit (EBITDA) corresponds to the operating result before amortisation and depreciation and write-down;

<sup>(2)</sup> Indicator of the net financial structure, 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 asset. The net financial position as per CONSOB Communication DEM/6064293 of July 28, 2006 excludes non-current financial assets. The non-current financial assets of the F.I.L.A. Group at March 31, 2018 amount to Euro 3,721 thousand, of which Euro 6 thousand included in the calculation of the net financial position; therefore the F.I.L.A. Group financial indicator does not equate, for this amount, with the net financial position as defined in the above-mentioned Consob communication.

<sup>(3)</sup> Please refer to the Annex - "Change of accounting standards - Impact of IFRS 15 and IFRS 9 on the consolidated financial statements"

#### 2018 Adjustments:

- ▶ The adjustments to the Q1 2018 EBITDA relates to non-recurring operating costs of approx. Euro 0.7 million, principally for Group reorganisation plans and the Stock Grant Plan for specific Group employees.
- ▶ The adjustments of the Q1 2018 Group Result concerns the above-stated adjustments, net of the tax effect.

#### 2017 Adjustments:

- ▶ The adjustment of the Q1 2017 EBITDA relates to non-recurring operating costs of approx. Euro 1 million, principally for Group reorganisation plans.
- ▶ The adjustment of the financial items relates to the financial income of the company Lyra KG (Germany) and deriving from the sale of the 30% stake held in FILA Nordic AB (Sweden) amounting to approx. Euro 1 million.
- ▶ The adjustment of the Q1 2017 Group Result concerns the above-stated adjustments, net of the tax effect.



## F.I.L.A. Group Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2018 are reported below.

### Adjusted operating results

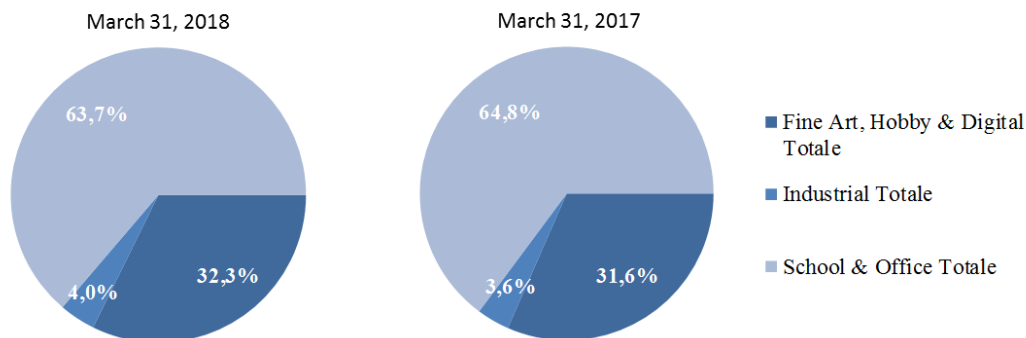
The Q1 2018 F.I.L.A. Group results report a reduced EBITDA of 5.3% compared to Q1 2017.

	March 2018	% core business revenue	March 2017	% core business revenue	Change 2018 - 2017	
<i>NORMALIZED - Euro thousands</i>						
Core Business Revenue	104,796	100%	117,613	100%	(12,817)	-10.9%
Other Revenue and Income	2,035		5,855		(3,820)	-65.2%
<b>Total Revenue</b>	<b>106,831</b>		<b>123,468</b>		<b>(16,637)</b>	<b>-13.5%</b>
Total operating costs	(90,631)	-86.5%	(106,362)	-90.4%	15,731	14.8%
<b>EBITDA</b>	<b>16,200</b>	<b>15.5%</b>	<b>17,106</b>	<b>14.5%</b>	<b>(906)</b>	<b>-5.3%</b>
Amortisation, depreciation and write-down	(4,833)	-4.6%	(4,616)	-3.9%	(217)	-4.7%
<b>EBIT</b>	<b>11,367</b>	<b>10.8%</b>	<b>12,490</b>	<b>10.6%</b>	<b>(1,123)</b>	<b>-9.0%</b>
Net financial expenses	(3,582)	-3.4%	(2,675)	-2.3%	(907)	-33.9%
<b>Pre-tax profit</b>	<b>7,785</b>	<b>7.4%</b>	<b>9,815</b>	<b>8.3%</b>	<b>(2,030)</b>	<b>-20.7%</b>
Total income taxes	(2,645)	-2.5%	(3,656)	-3.1%	1,011	27.6%
<b>NET PROFIT FOR THE YEAR - CONTINUING OPERATIONS</b>	<b>5,140</b>	<b>4.9%</b>	<b>6,159</b>	<b>5.2%</b>	<b>(1,019)</b>	<b>-16.5%</b>
<b>Net Profit</b>	<b>5,140</b>	<b>4.9%</b>	<b>6,159</b>	<b>5.2%</b>	<b>(1,019)</b>	<b>-16.5%</b>
Non-controlling interest profit	304	0.3%	476	0.4%	(172)	-36.1%
<b>F.I.L.A. Group Net Profit</b>	<b>4,836</b>	<b>4.6%</b>	<b>5,683</b>	<b>4.8%</b>	<b>(847)</b>	<b>-14.9%</b>

The main changes compared to Q1 2017 are outlined below.

“Core Business Revenue” of Euro 104,796 thousand decreased on the previous year Euro 12,817 thousand (-10.9% on the same period of the previous year). The reduction related to negative currency impacts of approx. Euro 7,504 thousand (principally the weakening of the US Dollar, the Indian Rupee and the Mexican Peso against the Euro) and the application of IFRS 15 which resulted in a Euro 916 thousand reduction in “Core Business Revenue”, net of these impacts revenues decreased Euro 4,397 thousand. The contraction was principally apparent in Europe (Euro 4,618 thousand, -8.2%) and in North America (Euro 1,485 thousand, -5.2%), partly offset by improved revenues in South America (Euro 1,048 thousand, +7.2%) and Asia (Euro 971 thousand, +5.8%).

In order to better illustrate F.I.L.A. Group developments, reference should be made to the table below highlighting revenue compared with the previous period by “Strategic Segments”:



Other Revenues and Income of Euro 2,035 thousand decreased Euro 3,820 thousand on the previous year, of which Euro 3,411 thousand due to realised and unrealised exchange movements on commercial transactions.

“Operating Costs” in Q1 2018 of Euro 90,631 thousand reduced Euro 15,731 thousand on 2017, mainly due, in addition to the weakening of the US Dollar, the Indian Rupee, the Mexican Peso and the Chinese Renminbi against the Euro, also lower procurement costs net of changes in inventory, of Euro 11,059 thousand on the basis of lower sales volumes and improved production efficiency and on operating costs, and lower realised and unrealised currency differences on commercial transactions for Euro 3,927 thousand.

“EBITDA” was Euro 16,200 thousand, contracting Euro 906 thousand on 2017 (-5.3%), although with the margin improving to 15.5% (up 1% on the previous year). The application of IFRS 15 negatively impacted “EBITDA” for Euro 134 thousand.

Amortisation, depreciation and write-downs of Euro 4,833 thousand were substantially in line with the comparative period. The application of IFRS 9 resulted in increased doubtful debt write-downs of Euro 200 thousand.

“Net Financial Charges” increased on Q1 2017 by Euro 907 thousand, mainly due to negative currency effects which were partially offset by an overall reduction in financial charges. The application of IFRS 15 positively impacted “Net Financial Charges” for Euro 134 thousand.

Adjusted Group “Income taxes” of Euro 2,645 thousand decreased on Q1 2017 by Euro 1,011 thousand; the reduced tax charge is mainly due to lower taxes matured by Canson SAS (France) and Dixon Tinconderoga (U.S.A.) against lower tax rates.

Excluding the non-controlling interest result, the F.I.L.A. Group adjusted net profit in Q1 2018 was Euro 4,836 thousand, compared to Euro 5,683 thousand in the previous year.

## Business seasonality

The Group's operations are affected by business seasonality, as reflected in the consolidated results.

The breakdown of the income statement by quarter highlights the concentration of sales in the second and third quarters for the “schools’ campaign”. Specifically, in June significant sales are made through the “*school suppliers*” traditional channel and in August through the “*retailers*” channel.

The key quarterly highlights for 2018 and 2017 are reported below.

	2017				2018
	First 3 mth. 2017	First 6 mth. 2017	First 9 mth. 2017	FY 2017	First 3 mth. 2018
<i>Euro thousands</i>					
<b>Core Business Revenue</b>	<b>117,613</b>	<b>260,543</b>	<b>391,548</b>	<b>510,354</b>	<b>104,796</b>
<i>Full year portion</i>	23.05%	51.05%	76.72%	100.00%	
<b>EBITDA</b>	<b>16,072</b>	<b>38,988</b>	<b>62,018</b>	<b>73,124</b>	<b>15,511</b>
<i>% core business revenue</i>	13.67%	14.96%	15.84%	14.33%	14.80%
<i>Full year portion</i>	21.98%	53.32%	84.81%	100.00%	
<b>Normalised EBITDA</b>	<b>17,106</b>	<b>43,846</b>	<b>67,959</b>	<b>80,605</b>	<b>16,200</b>
<i>% core business revenue</i>	14.54%	16.83%	17.36%	15.79%	15.46%
<i>Full year portion</i>	21.22%	54.40%	84.31%	100.00%	
<b>Net Financial Debt</b>	<b>(255,852)</b>	<b>(285,584)</b>	<b>(276,466)</b>	<b>(239,614)</b>	<b>(269,878)</b>

## Statement of Financial Position

The statement of financial position of the F.I.L.A. Group at March 31, 2018 is reported below.

<i>Euro thousands</i>	<b>March 2018</b>	<b>December 2017</b>	<b>Change 2018 - 2017</b>
Intangible Assets	205,945	208,091	(2,146)
Property, plant & equipment	88,187	88,355	(168)
Financial Assets	4,530	4,725	(195)
<b>Net Fixed Assets</b>	<b>298,662</b>	<b>301,171</b>	<b>(2,509)</b>
<b>OTHER ASSETS/NON-CURRENT LIABILITIES</b>	<b>15,176</b>	<b>15,564</b>	<b>(388)</b>
Inventories	200,396	178,699	21,697
Trade and Other Receivables	144,738	132,768	11,970
Trade and Other Payables	(96,904)	(96,263)	(641)
Other Current Assets and Liabilities	700	241	459
<b>Net Working Capital</b>	<b>248,930</b>	<b>215,445</b>	<b>33,485</b>
<b>Provisions</b>	<b>(51,580)</b>	<b>(52,989)</b>	<b>1,409</b>
<b>Net Capital Employed</b>	<b>511,188</b>	<b>479,191</b>	<b>31,997</b>
<b>Equity</b>	<b>(241,310)</b>	<b>(239,577)</b>	<b>(1,733)</b>
<b>Net Financial Debt</b>	<b>(269,878)</b>	<b>(239,614)</b>	<b>(30,264)</b>
<b>Net Funding Sources</b>	<b>(511,188)</b>	<b>(479,191)</b>	<b>(31,997)</b>

The “Net Capital Employed” of the F.I.L.A. Group at March 31, 2018 of Euro 511,188 thousand is principally comprised of “Net Fixed Assets” of Euro 298,662 thousand (decreasing on December 31, 2017 Euro 2,509 thousand) and the “Net Working Capital” totalling Euro 248,930 (increasing on December 31, 2017 Euro 33,485 thousand).

The decrease in “Intangible Assets” on December 31, 2017 of Euro 2,146 thousand substantially relates to negative translation differences of Euro 753 thousand and the amortisation of intangible assets (Euro 1,743 thousand), particularly with regards to “*Trademarks*” and “*Development Technology*” by the Group companies Daler-Rowney Lukas, St. Cuthberts Mill (United Kingdom), the Canson Group and DOMS Industries Pvt Ltd (India), valued during their respective acquisitions. The reduction was partly offset by investments of Euro 350 thousand, principally by the parent F.I.L.A. S.p.A.

“Property, plant and equipment” decreased Euro 168 thousand on December 31, 2017. Overall net investments of Euro 3,219 thousand mainly concerned DOMS Industries Pvt Ltd (India), Canson SAS (France) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) to extend and develop local production sites. The overall movement also stems from negative currency differences for Euro 654 thousand and depreciation of Euro 2,731 thousand.

“Financial assets” decreased Euro 195 thousand compared to December 31, 2017, principally due to the Fair Value adjustment of the Carrying amount of hedging derivatives of F.I.L.A. S.p.A. for Euro 169 thousand.

The increase in “Net Working Capital” on December 31, 2017 of Euro 33,485 thousand relates to the following:

- “Inventories” - the increase was Euro 21,697 thousand and mainly concerned the business seasonality in the run up to the school’s campaign and continued development of the “Arts & Craft” business. The increase in stock levels is principally concentrated at Dixon Ticonderoga Company (U.S.A.), Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), Canson SAS (France), Canson Inc. (U.S.A.) and at Daler Rowney Ltd (United Kingdom);
- “Trade and Other Receivables” - increased Euro 11,970 thousand principally due to F.I.L.A. Group seasonality and concerns in particular F.I.L.A. S.p.A., South American subsidiaries Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico), F.I.L.A. Chile Ltda (Chile) and Omyacolor S.A. (France). The application of IFRS 9 in addition resulted in lower “Trade and Other Receivables” for Euro 2,300 thousand;
- “Trade and Other Payables” - increased Euro 641 thousand, principally concerning payables for the procurement of raw materials and investments by DOMS Industries Pvt Ltd (India).

The decrease in “Provisions” on December 31, 2017 of Euro 1,409 thousand principally concerns reduced “Deferred tax liabilities” (Euro 934 thousand), “Employee benefits” (Euro 203 thousand), mainly due to actuarial gains recorded in the first quarter by the company Daler Rowney Ltd (United Kingdom) and of “Risks and Charges Provisions” (Euro 272 thousand).

The “Equity” of the F.I.L.A. Group, amounting to Euro 241,310 thousand, increased on December 31, 2017 Euro 1,733 thousand. Net of the period profit of Euro 4,553 thousand (of which Euro 304 thousand concerning non-controlling interest), the residual movement principally concerns negative currency effects of Euro 1,798 thousand, the “fair value adjustment” of derivative hedging instruments held by F.I.L.A. S.p.A. and Canson SAS (negative for Euro 194 thousand), the increase in the “Share Based Premium” reserve of Euro 131 thousand, the increase in the IAS 19 reserve for Euro 236 thousand and the negative effects from application of IFRS 9 for Euro 1,195 thousand.

The F.I.L.A. Group “Net Financial Position” at March 31, 2018 was a net debt of Euro 269,878 thousand, increasing Euro 30,264 thousand on December 31, 2017 in line with business seasonality. For greater details, reference should be made to the “Financial Overview” paragraph.

## Financial overview

The overview of the Q1 2018 Group operating and financial performance is completed by the Group Net Financial Position and Statement of Cash Flow reported below.

The **Net Financial Position** at March 31, 2018 reports a debt of Euro 269,878 thousand.

<i>Euro thousands</i>	<b>March 2018</b>	<b>December 2017</b>	<b>Change 2018 - 2017</b>
A Cash	149	67	82
B Other cash equivalents	51,214	38,491	12,723
C Securities held-for-trading	-	-	-
<b>D Liquidity ( A + B + C )</b>	<b>51,363</b>	<b>38,558</b>	<b>12,805</b>
<b>E Current financial receivables</b>	<b>473</b>	<b>419</b>	<b>54</b>
F Current bank loans and borrowings	(87,843)	(72,724)	(15,120)
G Current portion of non-current debt	(23,508)	(18,710)	(4,798)
H Other current loans and borrowings	(7,667)	(8,239)	572
<b>I Current financial debt ( F + G + H )</b>	<b>(119,018)</b>	<b>(99,673)</b>	<b>(19,345)</b>
<b>J Net current financial debt ( I + E+ D )</b>	<b>(67,182)</b>	<b>(60,696)</b>	<b>(6,486)</b>
K Non-current bank loans and borrowings	(202,198)	(178,420)	(23,778)
L Bonds issued	-	-	-
M Other non-current loans and borrowings	(504)	(504)	-
<b>N Non-current financial debt ( K + L + M )</b>	<b>(202,702)</b>	<b>(178,924)</b>	<b>(23,778)</b>
<b>O Net financial debt ( J+N )</b>	<b>(269,884)</b>	<b>(239,620)</b>	<b>(30,264)</b>
<b>P Loans issued to third parties</b>	<b>6</b>	<b>6</b>	<b>-</b>
<b>Q Net financial debt ( O + P ) - F.I.L.A. Group</b>	<b>(269,878)</b>	<b>(239,614)</b>	<b>(30,264)</b>

Note:

1) The net financial debt calculated at point "O" complies with Consob Communication DEM/6064293 of July 28, 2006, which excludes non-current financial assets. The net financial debt of the F.I.L.A. Group differs from the above communication by Euro 6 thousand in relation to the non-current loans granted to third parties by Omyacolor S.A

2) At March 31, 2018 there were no transactions with related parties which impacted the net financial debt.

Compared to December 31, 2017 (debt of Euro 239,614 thousand), the net debt increased Euro 30,264 thousand, as outlined below in the Statement of Cash Flow.

<i>Euro thousands</i>	<b>March 2018</b>	<b>March 2017</b>
EBIT	10,678	11,456
Adjustments for non-cash items	6,652	5,724
Integrations for income taxes	(2,232)	(1,872)
<b>Cash Flow from Operating Activities Before Changes in NWC</b>	<b>15,098</b>	<b>15,308</b>
<b>Change in NWC</b>	<b>(38,501)</b>	<b>(40,007)</b>
Change in Inventories	(23,879)	(14,442)
Change in Trade and Other Receivables	(14,672)	(23,077)
Change in Trade and Other Payables	905	(1,193)
Change in Other Current Assets/Liabilities	(855)	(1,293)
<b>Net cash Flow from Operating Activities</b>	<b>(23,403)</b>	<b>(24,699)</b>
Investments in tangible and intangible assets	(3,541)	(3,696)
Interest Income	24	0
Equity Investments	-	990
<b>Cash Flow used in Investing Activities</b>	<b>(3,517)</b>	<b>(2,706)</b>
Change in Equity	0	(127)
Interest Expenses	(2,410)	(2,343)
<b>Cash Flow used in Financing Activities</b>	<b>(2,410)</b>	<b>(2,470)</b>
Other changes	(45)	(164)
<b>Total Net Cash Flow</b>	<b>(29,375)</b>	<b>(30,039)</b>
Effect from exchange rate changes	(889)	(2,376)
<b>Change in Net Financial Debt</b>	<b>(30,264)</b>	<b>(32,415)</b>

The net cash flow absorbed in 2018 from “Operating Activities” of Euro 23,403 thousand (absorption of operating cash in Q1 2017 of Euro 24,699 thousand) concerns:

- generation of Euro 15,098 thousand (Euro 15,308 thousand in Q1 2017) from “EBIT”, based on the difference of the “Value” and the “Costs of Cash Generation” and the remaining ordinary income components, excluding financial management;
- absorption of Euro 38,501 thousand (Euro 40,007 thousand in Q1 2017) from “Working Capital Management”, particularly concerning the increase in “Inventories” and “Trade and Other Receivables”, principally due to business seasonality and the reduction in revenues.

“Investing Activities” absorbed liquidity of Euro 3,517 thousand (Euro 2,706 thousand in Q1 2017), of which:

- liquidity of Euro 3,541 thousand (Euro 3,696 thousand in Q1 2017) for tangible and intangible asset investment, mainly by DOMS Industries Pvt Ltd (India), Canson SAS (France) and Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) to extend and develop local production sites;
- in the first quarter of 2018, no cash flow movements related to the undertaking or disposal of equity investments. In the first quarter of 2017 however investment activities generated cash



of Euro 990 thousand, due to the disposal of the minority stake (30%) held in FILA Nordic AB (Sweden) by the German subsidiary Lyra KG.

Cash flow from “Financing Activities” absorbed liquidity of Euro 2,410 thousand (Euro 2,470 thousand in Q1 2017), mainly due to interest paid on loans and credit lines granted to Group companies, mainly F.I.L.A. S.p.A., Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico) and Dixon Ticonderoga Company (U.S.A.).

Excluding the currency effect from the translation of the net financial positions in currencies other than the Euro, absorbing cash of Euro 889 thousand, the increase in the net debt was therefore Euro 30,264 thousand (Euro 32,415 thousand at March 31, 2017).

“Net Liquidity” movements are reported below.

<i>Euro thousands</i>	March 2018	December 2017
<b>Opening Cash and Cash Equivalents</b>	<b>20,425</b>	<b>53,973</b>
Cash and cash equivalents	38,558	59,519
Bank overdrafts	(18,133)	(5,546)
<b>Closing Cash and Cash Equivalents</b>	<b>35,374</b>	<b>20,425</b>
Cash and cash equivalents	51,363	38,558
Bank overdrafts	(15,989)	(18,133)

## Disclosure by operating segment

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In terms of segment reporting, the F.I.L.A. Group has adopted IFRS 8, obligatory from January 1, 2009.

IFRS 8 requires an entity to base segment reporting on internal reporting, which is constantly reviewed by the highest level of management in order to allocate resources to the various segments and to analyse performance.

Geographic region is the primary basis of analysis and of decision-making by F.I.L.A. Group Management, therefore fully in line with the internal reporting prepared for these purposes.

The products of the F.I.L.A. Group are similar in terms of quality and production, target market, margins, sales network and clients, even with reference to the different brands which the Group markets. No diversification is therefore deemed to be present within the Segment, in consideration of the substantial uniformity of the risks and benefits relating to the products produced by the F.I.L.A. Group.

The segment disclosure accounting standards are in line with those utilised for the consolidated financial statements.

Segment disclosure was therefore based on the location of operations (“Entity Locations”), broken down as follows: “Europe”, “North America”, “Central and South America” and “Rest of the World”. The “Rest of the World” includes the subsidiaries in South Africa and Australia.

The “Business Segment Reporting” of the F.I.L.A. Group aggregates companies by region on the basis of the “*operating location*”.

For disclosure upon the association between the regions and F.I.L.A. group companies, reference should be made to the attachments to the report in the “List of companies included in the consolidation scope and other investments” paragraph.

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

## Business Segments – Statement of Financial Position

The key statement of financial position figures for the F.I.L.A. Group by region, at March 31, 2018 and December 31, 2017, are reported below:

March 2018	Europe	North America	Central & South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	124,636	16,776	3,543	60,957	109	(76)	205,945
Property, plant & equipment	53,092	2,424	6,781	25,656	234		88,187
<b>Total Intangible and Tangible Assets</b>	<b>177,728</b>	<b>19,199</b>	<b>10,324</b>	<b>86,613</b>	<b>344</b>	<b>(76)</b>	<b>294,132</b>
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	83,316	56,211	35,609	26,478	3,089	(4,307)	200,396
Trade and Other Receivables	91,867	39,746	61,890	14,197	1,152	(64,114)	144,738
Trade and Other Payables	(90,694)	(28,686)	(19,262)	(17,169)	(2,577)	61,484	(96,904)
Other Current Assets and Liabilities	(226)	996	80	(150)			700
<b>Net Working Capital</b>	<b>84,263</b>	<b>68,267</b>	<b>78,317</b>	<b>23,356</b>	<b>1,664</b>	<b>(6,937)</b>	<b>248,930</b>
<i>of which Intercompany</i>	<i>(5,193)</i>	<i>(968)</i>	<i>(468)</i>	<i>(151)</i>	<i>(157)</i>		
<b>Net Financial Debt</b>	<b>(198,830)</b>	<b>(21,466)</b>	<b>(41,262)</b>	<b>(4,048)</b>	<b>(4,878)</b>	<b>606</b>	<b>(269,878)</b>
<i>of which Intercompany</i>	<i>606</i>						
<b>December 2017</b>							
<i>Euro thousands</i>							
Intangible Assets	124,612	16,941	3,746	62,760	108	(76)	208,091
Property, plant & equipment	53,216	2,571	6,338	25,973	257		88,355
<b>Total Intangible and Tangible Assets</b>	<b>177,828</b>	<b>19,512</b>	<b>10,084</b>	<b>88,733</b>	<b>365</b>	<b>(76)</b>	<b>296,446</b>
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	76,251	48,103	31,761	26,074	3,166	(6,656)	178,699
Trade and Other Receivables	78,285	44,305	55,515	11,595	1,189	(58,121)	132,768
Trade and Other Payables	(89,969)	(24,226)	(21,166)	(16,324)	(2,858)	58,280	(96,263)
Other Current Assets and Liabilities	(277)	1,077	(411)	(148)			241
<b>Net Working Capital</b>	<b>64,290</b>	<b>69,259</b>	<b>65,699</b>	<b>21,197</b>	<b>1,497</b>	<b>(6,497)</b>	<b>215,445</b>
<i>of which Intercompany</i>	<i>(2,461)</i>	<i>(2,720)</i>	<i>(631)</i>	<i>(449)</i>	<i>(234)</i>		
<b>Net Financial Debt</b>	<b>(181,937)</b>	<b>(22,207)</b>	<b>(28,537)</b>	<b>(2,571)</b>	<b>(4,479)</b>	<b>117</b>	<b>(239,614)</b>
<i>of which Intercompany</i>	<i>117</i>						

## Business Segments – Income Statement

The income statement for the F.I.L.A. Group by region for Q1 2018 and Q1 2017 is reported below:

March 2018	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. .Group
<i>Euro thousands</i>							
Core Business Revenue	66,072	26,345	20,908	26,905	1,001	(36,435)	104,796
<i>of which Intercompany</i>	<i>(15,876)</i>	<i>(2,818)</i>	<i>(6,962)</i>	<i>(10,759)</i>	<i>(20)</i>		
EBITDA	6,960	2,197	1,250	3,062	(232)	2,274	15,511
Net financial charges	(1,691)	(547)	(1,235)	(73)	(36)		(3,582)
<i>of which Intercompany</i>	<i>(162)</i>	<i>39</i>	<i>80</i>	<i>-</i>	<i>43</i>		
Net Profit/(loss)	1,691	1,148	(491)	1,241	(299)	1,263	4,553
Non-controlling interest profit	(47)	-	-	358	(7)		304
F.I.L.A. Group Net Profit	1,738	1,148	(491)	883	(292)	1,263	4,249

March 2017	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. .Group
<i>Euro thousands</i>							
Core Business Revenue	76,959	32,953	24,290	26,711	1,413	(44,713)	117,613
<i>of which Intercompany</i>	<i>(20,805)</i>	<i>(4,370)</i>	<i>(9,676)</i>	<i>(9,835)</i>	<i>(26)</i>		
EBITDA	7,948	3,773	1,947	2,802	(282)	(116)	16,072
Net financial charges	(29)	761	(540)	(88)	46	(1,835)	(1,685)
<i>of which Intercompany</i>	<i>(858)</i>	<i>(1,058)</i>	<i>54</i>	<i>-</i>	<i>27</i>		
Net Profit/(loss)	3,885	2,724	775	991	(268)	(1,900)	6,207
Non-controlling interest profit/(loss)	122	-	-	362	(8)		476
F.I.L.A. Group Net Profit/(loss)	3,763	2,724	775	629	(260)	(1,900)	5,731

## Business Segments – Other Information

The “other information”, concerning tangible and intangible fixed asset investments of Group companies by region for March 31, 2018 and March 31, 2017 is reported below:

<b>March 2018</b>	<b>Europe</b>	<b>North America</b>	<b>Central - South America</b>	<b>Asia</b>	<b>Rest of the World</b>	<b>F.I.L.A. Group</b>
<i>Euro thousands</i>						
Intangible Assets	345			2	3	350
Property, Plant and Equipment	1,098	20	599	1,459	14	3,191
<b>Net Investments</b>	<b>1,443</b>	<b>20</b>	<b>600</b>	<b>1,461</b>	<b>17</b>	<b>3,541</b>

*\* Allocation by "Entity Location"*

<b>March 2017</b>	<b>Europe</b>	<b>North America</b>	<b>Central - South America</b>	<b>Asia</b>	<b>Rest of the World</b>	<b>F.I.L.A. Group</b>
<i>Euro thousands</i>						
Intangible Assets	33		17		5	57
Property, Plant and Equipment	2,227	12	609	777	13	3,639
<b>Net Investments</b>	<b>2,261</b>	<b>12</b>	<b>626</b>	<b>777</b>	<b>18</b>	<b>3,696</b>

*\* Allocation by "Entity Location"*

## Subsequent events to the first quarter

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- ▶ On May 7, an agreement was signed for the acquisition by the subsidiary Dixon Ticonderoga Company (U.S.A.) of 100% of Pacon Holding Company (“Pacon”) at an enterprise value of US\$ 325 million, in addition to US\$ 15 million of tax benefits and therefore for total cash consideration of US\$ 340 million (subject to the usual adjustments on closing concerning debt, cash and net working capital). For this purpose, on May 1, 2018 the vehicle company FILA Acquisition Company was incorporated, with registered office in Delaware (U.S.A.), held entirely by Dixon Ticonderoga Company (U.S.A.).

The transaction is subject to a number of conditions, including approval by the Antitrust authority in accordance with the Hart-Scott-Rodino Antitrust Improvements Act in the United States and other conditions typical of this type of transaction. The Pacon acquisition is further testament to the Group’s overseas market development commitment and further expands F.I.L.A. on the world’s largest market. With Pacon - in addition - the Group will be in a position to complete its colour and paper segment offer with a broad and recognised portfolio of recreational - educational - creative products and tools targeting a highly diversified audience. Pacon, founded in 1951, is a leading schools and arts & craft operator on the US market, headquartered in Appleton in the state of Wisconsin. The range of products includes over 8,500 items produced at 8 facilities located in the United States (3 in Appleton and 3 in Neenah, in the state of Wisconsin), in Great Britain (1 facility in the West Midlands) and in Canada (1 facility in Barrie, in the state of Ontario). The transaction is funded through a medium/long-term bank loan agreed with Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit S.p.A. (both as Joint Global Coordinator and Bookrunner) for a total amount of Euro 520 million, including refinancing of current debt. The Board of Directors, in order to optimise the capital structure, also submitted for the approval of the Shareholders’ Meeting of F.I.L.A. a share capital increase for a maximum Euro 100 million (including any share premium), by way of a rights offering with pre-emption rights and earmarked for the early repayment of Group debt. The share capital increase shall be subject to completion of the Pacon acquisition. Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit Corporate & Investment Banking will act as Joint Global Coordinator and Joint Bookrunner for the planned share capital increase and have signed a pre-underwriting agreement by which they have committed, in accordance with typical market conditions, to underwrite the subscription of any newly issued shares remaining unopted for a maximum amount equal to the value of the share capital increase.

## **Treasury shares**

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The parent F.I.L.A. S.p.A. did not hold treasury shares at March 31, 2018.

## II - Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2018

### Consolidated Financial Statements

#### Statement of Financial Position

<i>Euro thousands</i>	March 31, 2018	December 31, 2017
<b>Assets</b>	<b>719,963</b>	<b>675,970</b>
<b>Non-Current Assets</b>	<b>313,936</b>	<b>316,837</b>
Intangible Assets	205,945	208,091
Property, Plant and Equipment	88,187	88,355
Non-Current Financial Assets	3,721	3,918
Investments Measured at Equity	784	782
Investments Measured at Cost	31	31
Deferred Tax Assets	15,268	15,660
<b>Current Assets</b>	<b>406,027</b>	<b>359,133</b>
Current Financial Assets	473	419
Current Tax Receivables	9,057	8,689
Inventory	200,396	178,699
Trade and Other Receivables	144,738	132,768
Cash and Cash Equivalents	51,363	38,558
<b>LIABILITIES AND EQUITY</b>	<b>719,963</b>	<b>675,970</b>
<b>Equity</b>	<b>241,310</b>	<b>239,577</b>
Share Capital	37,261	37,261
Reserves	23,321	23,872
Retained Earnings	152,621	138,049
Net Profit for the year	4,249	15,767
<b>Group Equity</b>	<b>217,452</b>	<b>214,949</b>
<b>Non-controlling interest equity</b>	<b>23,858</b>	<b>24,628</b>
<b>Non-Current Liabilities</b>	<b>250,570</b>	<b>229,092</b>
Non-Current Financial Liabilities	202,643	178,889
Financial Instruments	59	35
Employee Benefits	8,533	8,736
Provisions for Risks and Charges	936	2,095
Deferred Tax Liabilities	38,307	39,241
Other Payables	92	96
<b>Current Liabilities</b>	<b>228,083</b>	<b>207,301</b>
Current Financial Liabilities	119,018	99,673
Provisions for Risks and Charges	3,804	2,917
Current Tax Payables	8,357	8,448
Trade and Other Payables	96,904	96,263



## Statement of Comprehensive Income

<i>Euro thousands</i>	March 31, 2018	March 31, 2017
Revenue from Sales and Services	104,796	117,613
Other Revenue and Income	2,035	5,855
<b>Total Revenue</b>	<b>106,831</b>	<b>123,468</b>
Raw Materials, Ancillary, Consumables and Goods	(59,771)	(62,970)
Services and Rent, Leases and Similar Costs	(26,897)	(27,314)
Other Operating Costs	(2,162)	(6,256)
Change in Raw Materials, Semi-Finished, Work-in-progress & Finished Prod.	22,846	14,986
Personnel expense	(25,336)	(25,842)
Amortisation & Depreciation	(4,474)	(4,475)
Write-downs	(359)	(141)
<b>Total Operating Costs</b>	<b>(96,153)</b>	<b>(112,012)</b>
<b>EBIT</b>	<b>10,678</b>	<b>11,456</b>
Financial Income	677	1,694
Financial Expense	(4,297)	(3,379)
Income/Expense from Investments at Equity	38	-
<b>NET FINANCIAL CHARGES</b>	<b>(3,582)</b>	<b>(1,685)</b>
<b>Pre-Tax Profit/(loss)</b>	<b>7,096</b>	<b>9,771</b>
Income Taxes	(1,773)	(2,985)
Deferred Tax Income and Expenses	(770)	(579)
<b>Total Income Taxes</b>	<b>(2,543)</b>	<b>(3,564)</b>
<b>NET PROFIT/(LOSS) - CONTINUING OPERATIONS</b>	<b>4,553</b>	<b>6,207</b>
<b>NET PROFIT - DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>
<b>Net Profit/(Loss) for the Year</b>	<b>4,553</b>	<b>6,207</b>
<i>Attributable to:</i>		
<b>Profit attributable to non-controlling interests</b>	<b>304</b>	<b>476</b>
<b>Profit/(loss) attributable to shareholders of the parent</b>	<b>4,249</b>	<b>5,731</b>
<b>Other Comprehensive Income Items which may be reclassified subsequently in the profit or loss account</b>	<b>(1,992)</b>	<b>3,199</b>
Translation Difference recorded in Equity	(1,798)	2,618
Adjustment Fair value of Hedges	(194)	581
<b>Other Comprehensive Income Items which may not be reclassified subsequently in the profit or loss account</b>	<b>236</b>	<b>372</b>
Actuarial Gains/(Losses) for Employee Benefits recorded directly in Equity	286	483
Income Taxes on income and charges recorded directly to Equity	(50)	(111)
<b>Other Comprehensive Income Items (net of tax effect)</b>	<b>(1,756)</b>	<b>3,571</b>
<b>Total Comprehensive Income</b>	<b>2,797</b>	<b>9,778</b>
<i>Attributable to:</i>		
<b>Profit attributable to non-controlling interests</b>	<b>(770)</b>	<b>1,217</b>
<b>Profit/(loss) attributable to shareholders of the parent</b>	<b>3,567</b>	<b>8,561</b>
<b>Earnings per share:</b>		
	<i>basic</i>	<i>0.10</i>
	<i>diluted</i>	<i>0.14</i>

## Statement of Changes in Equity

<i>Euro thousands</i>	Share capital	Legal Reserve	Share Premium Reserve	IAS 19 Reserve	Other Reserves	Translation Difference	Retained Earnings	Group Profit/(loss)	Group Equity	Non-Control. Int. Capital and Reserves	Non-Control. Int. Profit/Loss	Non-Control. Int. Equity	Total Equity
December 31, 2017	37,261	7,434	65,349	(1,671)	(20,404)	(26,836)	138,049	15,767	214,949	23,028	1,600	24,628	239,577
Net Profit								4,249	4,249		304	304	4,553
Other Changes in the year				236	(63)	(724)	(1,195)		(1,746)	(1,074)		(1,074)	(2,820)
Gains/(losses) recorded directly to equity	-	-	-	236	(63)	(724)	(1,195)	4,249	2,503	(1,074)	304	(770)	1,733
Allocation of the 2017 result							15,767	(15,767)	-	1,600	(1,600)	-	-
March 31, 2018	37,261	7,434	65,349	(1,435)	(20,467)	(27,560)	152,621	4,249	217,452	23,554	304	23,858	241,310

## Condensed Consolidated Statement of Cash Flow

<i>Euro thousands</i>	March 31, 2018	March 31, 2017
<b>EBIT</b>	<b>10,678</b>	<b>11,456</b>
<b>Adjustments for non-cash and other items:</b>	<b>6,506</b>	<b>6,294</b>
Amortisation & Depreciation	4,474	4,475
Write-down and Recovery in Value	1	5
Doubtful Debt and Inventory Provision	1,389	135
Cost for Staff Living Indemnities	662	642
Provisions for Risks and Charges	154	489
Exch. effect on Assets and Liabilities in Foreign Curr. of Commercial Transactions	54	570
Gain/Losses of non-current assets Disposals	(28)	(23)
<b>Integrations for:</b>	<b>(3,243)</b>	<b>(2,261)</b>
Income Taxes Paid	(2,232)	(1,872)
Unrealised Exchange Rate Differences on Assets and Liabilities in Foreign Currencies	(601)	587
Realised Exchange Rate Differences on Assets and Liabilities in Foreign Currencies	(411)	(977)
<b>Cash Flow from Operating Activities Before Changes in NWC</b>	<b>14,140</b>	<b>15,488</b>
<b>Changes in Net Working Capital:</b>	<b>(38,501)</b>	<b>(40,007)</b>
Change in Inventory	(23,879)	(14,442)
Change in Trade and Other Receivables	(14,672)	(23,077)
Change in Trade and Other Payables	905	(1,193)
Change in Other Assets/Liabilities	(411)	(93)
Change in Post-Employment and Employee Benefits	(444)	(1,200)
<b>Cash Flow from Operating Activities</b>	<b>(24,361)</b>	<b>(24,518)</b>
Total Investment/Divestment in Intangible Assets	(350)	(57)
Total Investment/Divestment in Property, Plant and Equipment	(3,191)	(3,639)
Total Investment/Divestment of Investments measured at Cost Method	-	990
Total Investment/Divestment in Other Financial Assets	(33)	171
Interest Received	24	-
<b>Cash Flow used in Investing Activities</b>	<b>(3,550)</b>	<b>(2,535)</b>
Total Change in Equity	-	(127)
Interest paid	(2,410)	(2,343)
Total Increase/Decrease Loans and Other Financial Liabilities	44,562	(1,054)
<b>Cash Flow used in Financing Activities</b>	<b>42,152</b>	<b>(3,524)</b>
Translation difference	(1,798)	2,618
Other non-cash equity changes	2,506	(3,468)
<b>NET CASH FLOW IN THE YEAR</b>	<b>14,947</b>	<b>(31,426)</b>
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the year	20,425	53,973
<b>Cash and Cash Equivalents net of Bank Overdrafts at end of the year</b>	<b>35,374</b>	<b>22,546</b>

- 1) *Cash and cash equivalents at March 31, 2018 totalled Euro 51,363 thousand; current account overdrafts amounted to Euro 15,989 thousand net of relative interest.*
- 2) *Cash and cash equivalents at March 31, 2017 totalled Euro 41,000 thousand; current account overdrafts amounted to Euro 18,454 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 from non-cash operations were eliminated (including the conversion of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the account "Other non-cash changes".*

<i>Euro thousands</i>	March 2018	December 2017
<b>Opening Cash and Cash Equivalents</b>	<b>20,425</b>	<b>53,973</b>
Cash and cash equivalents	38,558	59,519
Bank overdrafts	(18,133)	(5,546)
<b>Closing Cash and Cash Equivalents</b>	<b>35,374</b>	<b>20,425</b>
Cash and cash equivalents	51,363	38,558
Bank overdrafts	(15,989)	(18,133)

## Attachments

### List of companies included in the consolidation and other investments

Company	State of residence of the company	Segment IFRS s <sup>1</sup>	Year of acquisition of the company	% held directly (F.L.L.A. S.p.A.)	% held indirectly	% held by F.L.L.A. Group	Investing Company	Consolidation Method	Non-controlling interests
Omyacolor S.A.	France	EU	2000	94.94%	5.06%	100.00%	FILA S.p.A. Johann Froeseheis Lyra Bleistift-Fabrik GmbH & Co. KG Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-line	0.00%
F.L.L.A. Hispania S.L.	Spain	EU	1997	96.77%	0.00%	96.77%	FILA S.p.A.	Line-by-line	3.23%
FILALYRA GB Ltd.	UK	EU	2005	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-line	0.00%
Johann Froeseheis 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 Froeseheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-line	0.00%
F.L.L.A. Nordic AB2	Sweden	EU	2008	0.00%	50.00%	50.00%	Johann Froeseheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-line	50.00%
FILA Stationery and Office Equipment Industry Ltd. Co.	Turkey	EU	2011	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Fila Stationery O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-line	10.00%
Industria Maimeri S.p.A.	Italy	EU	2014	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-line	49.00%
Fila Hellas SA2	Greece	EU	2013	50.00%	0.00%	50.00%	FILA S.p.A.	Line-by-line	50.00%
Fila Polska Sp. Z.o.o	Poland	EU	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-line	49.00%
Dixon Ticonderoga Company	U.S.A.	NA	2005	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Dixon Ticonderoga Inc.	Canada	NA	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-line	0.00%
Grupo F.L.L.A.-Dixon, S.A. de C.V.	Mexico	CSA	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Inc. Dixon Ticonderoga Company	Line-by-line	0.00%
F.L.L.A. Chile Ltda	Chile	CSA	2000	0.79%	99.21%	100.00%	Dixon Ticonderoga Company FILA S.p.A.	Line-by-line	0.00%
FILA Argentina S.A.	Argentina	CSA	2000	0.00%	100.00%	100.00%	F.L.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-line	0.00%
Beijing F.L.L.A.-Dixon Stationery Company Ltd.	China	AS	2005	0.00%	100.00%	100.00%	Dixon Ticonderoga Company	Line-by-line	0.00%
Xinjiang F.L.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0.00%	100.00%	100.00%	Beijing F.L.L.A.-Dixon Stationery Company Ltd.	Line-by-line	0.00%
PT. Lyra Akrelux	Indonesia	AS	2008	0.00%	52.00%	52.00%	Johann Froeseheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-line	48.00%
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	AS	2013	0.00%	100.00%	100.00%	Beijing F.L.L.A.-Dixon Stationery Company Ltd.	Line-by-line	0.00%
FILA SA PTY LTD	South Africa	RM	2014	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-line	10.00%
Canson Art & Craft Yixing Co., Ltd.	China	AS	2015	0.00%	100.00%	100.00%	Beijing F.L.L.A.-Dixon Stationery Company Ltd.	Line-by-line	0.00%
DOMS Industries Pvt Ltd	India	AS	2015	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-line	49.00%
Renoir Topco Ltd	UK	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Renoir Midco Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Renoir Topco Ltd	Line-by-line	0.00%
Renoir Bidco Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Renoir Midco Ltd	Line-by-line	0.00%
Daler Rowney Group Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-line	0.00%
FILA Benelux SA	Belgium	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd Daler Rowney Ltd Daler Board Company Ltd	Line-by-line	0.00%
Daler Rowney Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Renoir Bidco Ltd	Line-by-line	0.00%
Longbeach Arts Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Group Ltd	Line-by-line	0.00%
Daler Board Company Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Group Ltd	Line-by-line	0.00%
Daler Holdings Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Longbeach Arts Ltd	Line-by-line	0.00%
Daler Designs Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Daler Board Company 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%
Lukas-Nerchau GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney GmbH	Line-by-line	0.00%
Nerchauer Malfarben GmbH	Germany	EU	2016	0.00%	100.00%	100.00%	Daler Rowney GmbH	Line-by-line	0.00%
Lastmill Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-line	0.00%
Rowney & Company Pencils Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-line	0.00%
Rowney (Artists Brushes) Ltd	UK	EU	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-line	0.00%
Daler Rowney USA Ltd	U.S.A.	NA	2016	0.00%	100.00%	100.00%	Daler Rowney Group Ltd	Line-by-line	0.00%
Brideshore srl	Dominical Rep.	CSA	2016	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-line	0.00%
St. Cuthberts Holding Limited	UK	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
St. Cuthberts Mill Limited	UK	EU	2016	0.00%	100.00%	100.00%	St. Cuthberts Holding Limited	Line-by-line	0.00%
Fila Iberia S. L.	Spain	EU	2016	0.00%	99.99%	99.99%	F.L.L.A. Hispania S.L.	Line-by-line	0.01%
Earholdam USA Inc.	U.S.A.	NA	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Canson Inc.	U.S.A.	NA	2016	0.00%	100.00%	100.00%	Earholdam USA Inc.	Line-by-line	0.00%
Canson SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Canson Brasil I.P.E. LTDA	Brasil	CSA	2016	0.19%	99.81%	100.00%	Canson SAS FILA S.p.A.	Line-by-line	0.00%
Lodi 12 SAS	France	EU	2016	100.00%	0.00%	100.00%	FILA S.p.A.	Line-by-line	0.00%
Canson Australia PTY LTD	Australia	RM	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-line	0.00%
Canson Qingdao Ltd.	China	AS	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-line	0.00%
Canson Italy S.r.l.	Italy	EU	2016	0.00%	100.00%	100.00%	Lodi 12 SAS	Line-by-line	0.00%
FILA Art Products AG	Switzerland	EU	2017	52.00%	0.00%	52.00%	FILA S.p.A.	Line-by-line	48.00%
FILA Art and Craft Ltd	Israel	AS	2018	51.00%	0.00%	51.00%	FILA S.p.A.	Line-by-line	49.00%
Pioneer Stationery Pvt Ltd.	India	AS	2015	0.00%	51.00%	51.00%	DOMS Industries Pvt Ltd	Equity Method	49.00%
Univrite Pens and Plastics Pvt Ltd	India	AS	2016	0.00%	60.00%	60.00%	DOMS Industries Pvt Ltd	Equity Method	40.00%

1 - EU - Europe; NA - North America; CSA - Central-South America; AS - Asia; RW - Rest of World  
2 - Although not holding more than 50% of the share capital considered a subsidiary under IFRS 10

## Change of accounting standards

### Impact of IFRS 15 and IFRS 9 on the consolidated financial statements

The effects from application of IFRS 15 and IFRS 9 on the consolidated financial statements at March 31, 2018 are presented below.

### Statement of Comprehensive Income

	March 31, 2018 as reported	IFRS Adjustment	March 31, 2018 (no IFRS Adjustment)
<i>Euro thousands</i>			
<b>Assets</b>	<b>719,963</b>	<b>1,307</b>	<b>721,270</b>
<b>Non-Current Assets</b>	<b>313,936</b>	<b>(993)</b>	<b>312,943</b>
Intangible Assets	205,945		205,945
Property, Plant and Equipment	88,187		88,187
Non-Current Financial Assets	3,721		3,721
Investments Measured at Equity	784		784
Investments Measured at Cost	31		31
Deferred Tax Assets	15,268	(993)	14,275
<b>Current Assets</b>	<b>406,027</b>	<b>2,300</b>	<b>408,327</b>
Current Financial Assets	473		473
Current Tax Receivables	9,057		9,057
Inventory	200,396		200,396
Trade and Other Receivables	144,738	2,300	147,038
Cash and Cash Equivalents	51,363		51,363
<b>LIABILITIES AND EQUITY</b>	<b>719,963</b>	<b>1,307</b>	<b>721,270</b>
<b>Equity</b>	<b>241,310</b>	<b>1,307</b>	<b>242,617</b>
Share Capital	37,261		37,261
Reserves	23,321		23,321
Retained Earnings	152,621	1,195	153,816
Net Profit for the year	4,249	112	4,361
<b>Group Equity</b>	<b>217,452</b>		<b>218,759</b>
<b>Non-controlling interest equity</b>	<b>23,858</b>		<b>23,858</b>
<b>Non-Current Liabilities</b>	<b>250,570</b>	<b>-</b>	<b>250,570</b>
Non-Current Financial Liabilities	202,643		202,643
Financial Instruments	59		59
Employee Benefits	8,533		8,533
Provisions for Risks and Charges	936		936
Deferred Tax Liabilities	38,307		38,307
Other Payables	92		92
<b>Current Liabilities</b>	<b>228,083</b>	<b>-</b>	<b>228,083</b>
Current Financial Liabilities	119,018		119,018
Provisions for Risks and Charges	3,804		3,804
Current Tax Payables	8,357		8,357
Trade and Other Payables	96,904		96,904

## Statement of Comprehensive Income

	March 31, 2018 as reported	IFRS Adjustment	March 31, 2018 (no IFRS Adjustment)
<i>Euro thousands</i>			
Revenue from Sales and Services	104,796	916	105,712
Other Revenue and Income	2,035	-	2,035
<b>Total Revenue</b>	<b>106,831</b>	<b>916</b>	<b>107,747</b>
Raw Materials, Ancillary, Consumables and Goods	(59,771)	-	(59,771)
Services and Rent, Leases and Similar Costs	(26,897)	(782)	(27,679)
Other Operating Costs	(2,162)	-	(2,162)
Change in Raw Materials, Semi-Finished, Work-in-progress & Finished Prod.	22,846	-	22,846
Personnel expense	(25,336)	-	(25,336)
Amortisation & Depreciation	(4,474)	-	(4,474)
Write-downs	(359)	200	(159)
<b>Total Operating Costs</b>	<b>(96,153)</b>	<b>(582)</b>	<b>(96,735)</b>
<b>EBIT</b>	<b>10,678</b>	<b>334</b>	<b>11,012</b>
Financial Income	677	-	677
Financial Expense	(4,297)	(134)	(4,431)
Income/Expense from Investments at Equity	38	-	38
<b>NET FINANCIAL CHARGES</b>	<b>(3,582)</b>	<b>(134)</b>	<b>(3,716)</b>
<b>Pre-Tax Profit/(loss)</b>	<b>7,096</b>	<b>200</b>	<b>7,296</b>
Income Taxes	(1,773)	-	(1,773)
Deferred Tax Income and Expenses	(770)	(88)	(858)
<b>Total Income Taxes</b>	<b>(2,543)</b>	<b>(88)</b>	<b>(2,631)</b>
<b>NET PROFIT/(LOSS) - CONTINUING OPERATIONS</b>	<b>4,553</b>	<b>112</b>	<b>4,665</b>
<b>NET PROFIT - DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit/(Loss) for the Year</b>	<b>4,553</b>	<b>112</b>	<b>4,665</b>
<i>Attributable to:</i>			
Profit attributable to non-controlling interests	304	-	304
Profit/(loss) attributable to shareholders of the parent	4,249	-	4,361
<b>Other Comprehensive Income Items which may be reclassified subsequently in the profit or loss account</b>	<b>(1,992)</b>	<b>-</b>	<b>(1,992)</b>
Translation Difference recorded in Equity	(1,798)	-	(1,798)
Adjustment Fair value of Hedges	(194)	-	(194)
<b>Other Comprehensive Income Items which may not be reclassified subsequently in the profit or loss account</b>	<b>236</b>	<b>-</b>	<b>236</b>
Actuarial Gains/(Losses) for Employee Benefits recorded directly in Equity	286	-	286
Income Taxes on income and charges recorded directly to Equity	(50)	-	(50)
<b>Other Comprehensive Income Items (net of tax effect)</b>	<b>(1,756)</b>	<b>-</b>	<b>(1,756)</b>
<b>Total Comprehensive Income</b>	<b>2,797</b>	<b>112</b>	<b>2,909</b>
<i>Attributable to:</i>			
Profit attributable to non-controlling interests	(770)	-	(770)
Profit/(loss) attributable to shareholders of the parent	3,567	-	3,679

In the first quarter of 2018, the application of IFRS 15 had the effect of reducing revenues on the basis of reclassifications for Euro 916 thousand, with an impact on the operating profit of Euro 134 thousand. There were no adjustments to the net result in the year.

The application of IFRS 9 had a negative impact on shareholders' equity at January 1, 2018 of Euro 1,195 thousand, concerning the 2017 impact net of the tax effect, while the impact on the Q1 2018 net

profit was Euro 112 thousand. Simultaneously, a reduction in “Trade and Other Receivables” of Euro 2,300 thousand was recorded, with an increase in deferred tax assets of Euro 993 thousand.



## **Transactions relating to Atypical and/or Unusual Operations**

In accordance with Consob Communication of July 28, 2006, during 2018, F.I.L.A. S.p.A. did not undertake any atypical and/or unusual operations as defined by this communication, whereby atypical and/or unusual operations refers to operations which for 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 financial statements, conflicts of interest, the safeguarding of the company's assets and the protection of minority shareholders.

The Board of Directors  
THE CHAIRMAN  
Mr. Gianni Mion

## Declaration of the Executive Officer for Financial Reporting



Fabbrica Italiana Lapis ed Affini

F.I.L.A. S.p.A.

Via XXV Aprile, 5

20016 Pero (Milano)

May 15, 2018

### ***Declaration of the Executive Officer – Interim Report (ref. Article 154-bis, paragraph 2)***

The undersigned Stefano De Rosa, Executive Officer responsible for the preparation of the financial statements of F.I.L.A. S.p.A.,

declares

in accordance with paragraph 2 of Article 154bis of Legislative Decree No. 58 of February 24, 1998 that the accounting information contained in the present Interim Report at March 31, 2018 corresponds to the underlying accounting records.

The Executive Officer responsible  
for the preparation of the financial statements  
Stefano De Rosa

LYRA

GIOTTO

PONGO

DAS

trotto

be-bè

GIOTTO

F.I.L.A. - Fabbrica Italiana Lapis ed Affini Società per Azioni.

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