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PRESS RELEASE

F.I.L.A. S.P.A. BOARD OF DIRECTORS APPROVES 2019 SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

GROWTH CONTINUES IN INDIA AND IN SOUTH AMERICA

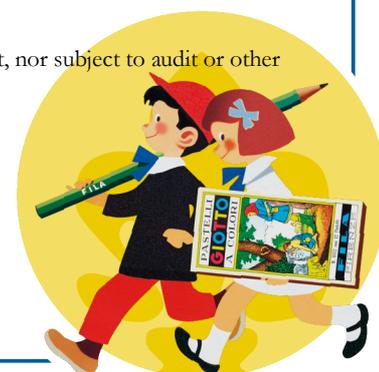
ADJUSTED NET PROFIT UP 56.4%

SIGNIFICANT IMPROVEMENT IN OPERATING CASH FLOW TO EURO 100.9 MILLION +EURO 50.3 MILLION ON DECEMBER 31, 2018 - SOLID BASE TO MANAGE UNCERTAIN IMPACT FROM COVID-19 ON 2020

- *Adjusted revenue in 2019 was Euro 687.4 million, +16.7% on the previous year (Euro 588.7 million in 2018), +1.3% on 2018 pro-forma¹ (including 12 months 2018 of Pacon Group). Major growth in Asia (+21.3%), particularly in India and in Central-South America (+2.8%), North America (-5.9%), and Europe (-2.1%);*
- *Adjusted EBITDA in 2019 was Euro 110.8 million, +15.6% on the previous year (Euro 95.8 million) +0.4% on 2018 pro-forma figure¹ (including 12 months 2018 of Pacon Group);*
- *Group Adjusted Net Profit of Euro 43.1 million, +56.4% compared to Euro 27.6 million in the previous year;*
- *Net Bank Debt decreases Euro 52.6 million (Euro 403.5 million at December 31, 2019 compared to Euro 456.1 million at December 31, 2018). Operating Cash Flow generated of Euro 100.9 million, increasing Euro 50.3 million on 2018. “Free Cash Flow to Equity” of Euro 57.9 million, increasing Euro 56.4 million compared to 2018;*
- *Net Financial Position at December 31, 2019 of Euro 498.2 million (including IFRS16 effect of Euro 87.8 million and the negative impact of the Mark to Market Interest Hedging of Euro 8.5 million), compared to Euro 452.8 million at December 31, 2018;*

¹ Data provided by Pacon management and not approved by F.I.L.A. Board of Directors or management, nor subject to audit or other checks by the latter.

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- *On March 2, 2020, F.I.L.A.- Arches S.A.S., a French company wholly-owned by F.I.L.A., completed the purchase of the fine art business unit of the company specialised in fine art operating through the ARCHES® brand, until now managed by the Ahlstrom-Munksjö Group. The total price, on a debt-free cash-free basis, paid by F.I.L.A. - Arches S.A.S. for the business unit was Euro 43.6 million.*
- *Covid-19 update:*
 - *the F.I.L.A. Group is monitoring the developing situation in order to minimise its social, workplace health and safety, economic, financial and on capital impacts, by drawing up and rolling out flexible and timely action plans;*
 - *as of today, the Group's plant are operational, in accordance with the regulations for each country. Closures are currently scheduled for 15 days in Santo Domingo, in Florence and in the UK and 7 days in Mumbai, while the Chinese plant is operating at 100% potential;*
 - *the impact on the business is not expected to be significant in the first quarter of this year;*
 - *with regard to potential financial stress scenarios, management is constantly monitoring both the Group's current and future liquidity. At the preparation date of this press release, there were no significant impacts on collection or payment activities directly or indirectly related to the worldwide spread of the Coronavirus.*
- *Based on the 2019 results, the Board believes that the conditions are met for the distribution of a dividend in line with previous years. However, noting the significant alteration in the global economic environment over recent weeks following the spread of the COVID-19 pandemic, while taking into account the extraordinary and uncertain nature of the situation, as illustrated above, with a view to prudence and to safeguarding the Group's capital and financial base, the Board has decided to propose to the Shareholders' Meeting called for April 22, 2020 to carry forward in full the 2019 profit (net of the portion allocated to reserves), reserving the right to make further assessments - also in light of the developing general economic picture - and to call a new Shareholders' Meeting to distribute the 2019 profit in the second half of this year.*

* * *

Pero, March 25, 2020 – The Board of Directors of F.I.L.A. – **Fabbrica Italiana Lapis ed Affini S.p.A.** (“F.I.L.A.” or the “company”), listed on the Milan Stock Exchange, STAR Segment, ISIN code IT0004967292, today approved the 2019 consolidated results and the Separate financial statements at December 31, 2019 - drawn up as per IFRS - and the Directors’ Report.

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F.I.L.A. – a Company which operates in the creativity tools market - producing design, colouring, writing and modelling objects - reports in 2019 Adjusted Revenue of Euro 687.4 million, up 16.7% on the previous year. 2019 Adjusted EBITDA of Euro 110.8 million was up 15.6% over the previous year. Group Adjusted Net Profit after extraordinary items and minorities was Euro 43.1 million, up 56.4% over the previous year.

* * *

"The 2019 results are of significance as they confirm the Group's ability to generate cash once the supply chain reorganization is completed. Profitability, slightly below expectations, is not considered an issue as the world market has witnessed major one-off de-stocking developments over recent months. Our positive view on 2020 was confirmed in the first 10 weeks, while then obviously suspended to understand the impacts of COVID-19. In order to understand any possible reviews to the 2020 forecast, it is important to remember that the school business sell-out is mainly concentrated in September and that the current months of slowdown each weigh, according to our analysis, 4% in terms of the sell-out for the year; in the fine art segment, which represents a key part of our business, seasonality is concentrated in the final quarter and the current months normally represent a lower percentage of consumption, although with a flatter curve compared to the school business. The expected sales losses, in terms of sell-out, for the months of April and May, for the Group therefore will be in the order of 7-8% of the forecast total. Finally, it is very important to note that the type of business in which Fila operates has already demonstrated in previous recessions that it is absolutely inelastic, and this gives us hope for a recovery in turnover once normal activities resume. During this period, the consumption of our products has not stopped, only the distribution chain has been interrupted, hopefully for a period of no more than 8 weeks", says Massimo Candela CEO of F.I.L.A.

* * *

Operating performance - F.I.L.A. GROUP

Adjusted Revenue of Euro 687.4 million was up Euro 98.6 million on the previous year (+16.7%), of which Euro 87.8 million relating to the Pacon Group (acquired in June 2018 and defined as an M&A effect), net of the effect of the sale of the "Superior" brand business (in October 2019) and for Euro 21.9 million regarding the positive currency effects (principally US Dollars and Mexican Pesos, and Indian Rupee).

Net of these effects, the increase in Asian revenue of Euro 15.2 million (+21.1%, principally concerning the Indian company DOMS Industries Pvt Ltd and to a lesser extent the Chinese companies) and in Central and South America of Euro 1.9 million (+2.8%, mainly concerning the Mexican and Argentinian subsidiary) is partially offset by the revenue contraction in North

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America for Euro 22.8 million (-9.7% on the same period of the previous year), in Europe for Euro 4.5 million (-2.1% on the same period of the previous year, particularly in Italy and France), and in the Rest of the World for Euro 0.8 million (-20.5% on the same period of the previous year, principally in Australia).

2019 Revenue, compared to the previous year, pro-forma¹ with Pacon Group 2018 revenue, increased 1.3% (-1.1% net of the currency and M&A effect from the sale of the Superior business in October 2019).

The adjustment in 2019 Revenues mainly refers to disputes with customers that emerged during the reorganization of North America and Europe, relating to the implementation of the new SAP system and the launch of the new central European warehouse, which impacted the revenues for around € 4.7 million.

Adjusted Operating Costs in 2019 of Euro 583.1 million increased Euro 81.6 million on 2018, mainly due to the M&A effect. Raw material prices in addition rose in 2018 - particularly for pulp, packaging and cedar wood - alongside higher transport costs (in particular in the U.S.A.) and overheads (in India and Mexico to support business growth).

Adjusted EBITDA of Euro 110.8 million increased by Euro 15.0 million over 2018 (+15.6%), principally due to the M&A effect and the good Asian and Central-South American performances.

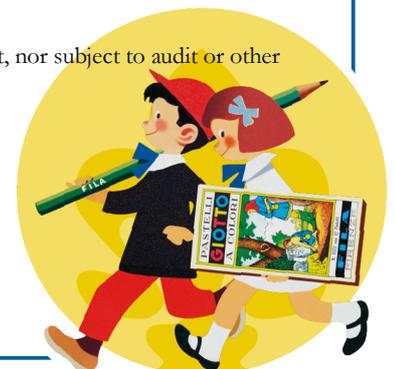
The adjustment in 2019 EBITDA concerns non-recurring operating charges of approx. Euro 17.9 million, principally for the reorganisation of the F.I.L.A. Group, particularly in North America and Europe, and lower service costs of Euro 13.0 million on the initial application of IFRS 16.

EBITDA, compared with the previous year, on a pro-forma basis¹ with 2018 of the Pacon Group, increased 0.4% (-1.7% net of the currency effect and the impact from the sale of the “Superior” business in October 2019).

Adjusted EBIT was Euro 78.4 million, up Euro 7.0 million on 2018 (+9.9%), and including amortisation, depreciation and write-downs of Euro 32.4 million, increasing Euro 7.9 million compared to the same period of the previous year, mainly due to the higher amortisation and depreciation from the M&A effect and due to investments.

¹ Data provided by Pacon management and not approved by F.I.L.A. Board of Directors or management, nor subject to audit or other checks by the latter.

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The adjustment on EBIT concerns higher amortisation and depreciation of Euro 10.5 million from the initial application of IFRS 16 and for Euro 2.9 million the write-down of the Goodwill from the sale of the “Superior” business.

Adjusted net financial expense decreased by Euro 0.9 million, substantially due to the reduced negative currency impact on financial transactions, partially offset by higher borrowing costs related to the loan taken out to acquire the Pacon Group.

The adjustment of Net financial expense mainly concerns higher financial interest of Euro 5.9 million following the initial application of IFRS 16.

Adjusted Group taxes totalled Euro 8.3 million, significantly decreasing on the previous year, mainly due to the release of deferred tax liabilities on the US subsidiary for a reduction in the federal tax rate following the mergers in 2019 between the various US companies.

The **Adjusted Net Profit** of the F.I.L.A. Group for 2019, net of “minorities”, was Euro 43.1 million (Euro 27.6 million in the same period of the previous year), up 56.4%.

The normalisation of the 2019 Group Net Profit concerns the above-stated adjustments, net of the tax effect.

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

The F.I.L.A. Group’s **Net Invested Capital** of Euro 855.5 million at December 31, 2019 was composed of Net Fixed Assets of Euro 620.3 million (up by Euro 69.6 million on December 31, 2018), Net Working Capital of Euro 294.9 million (up by Euro 15.7 million on December 31, 2018) and Other Non-current Assets/Liabilities of Euro 18.3 million (decreasing by Euro 2.1 million on December 31, 2018), net of Provisions of Euro 78.0 million (Euro 90.2 million at December 31, 2018).

Intangible assets decreased Euro 12.0 million compared to December 31, 2018, due mainly to amortisation in the period of Euro 10.7 million, the effects from the sale of the “Superior” business by the US subsidiary, recording a decrease in “Concessions, Licenses, Trademarks and Similar Rights” and “Other Intangible Assets” for Euro 6.7 million, in addition to “Goodwill” of Euro 2.9 million, partially offset by investments made of Euro 8.2 million, mainly by F.I.L.A. S.p.A. for the roll-out of the SAP system, and positive currency differences in the year.

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Property, plant and equipment increased on December 31, 2018 by Euro 81.5 million. The movement mainly concerns the application of IFRS 16, which resulted in higher Fixed assets of Euro 80.4 million. Net investments in the period amounted to Euro 16.9 million and were principally undertaken by DOMS Industries Pvt Ltd (India), Canson SAS (France), F.I.L.A.-Dixon, S.A. de C.V. (Mexico), Dixon Ticonderoga Company (U.S.A.) and F.I.L.A. S.p.A., to extend and develop local production and logistical sites. The movement is mainly offset by depreciation of Euro 15,4 million.

The reduction in **Net Working Capital** of Euro 15.7 million relates to the following:

- **Inventories** - decreasing Euro 4.0 million, mainly due to the net reduction in stock at the F.I.L.A. Group of approx. Euro 5.8 million, particularly in North America and Italy, in line with the stock rationalization pursued by Group management, in addition to the impact from the sale of “Superior” business for Euro 2.2 million during the year by the US subsidiary, a contraction which was significantly offset by positive currency effects of approx. Euro 3.9 million.
- **Trade Receivables and Other Receivables** - decreasing Euro 10.3 million due to improved collection, mainly in the Americas region, and lower revenues, mainly on the basis of management’s strategic decisions aimed at both making sales with better margins and with better collection times, in addition to the sale of the “Superior” business, offset by positive currency effects of approx. Euro 3.2 million.
- **Trade and Other Payables** - increasing Euro 3.1 million, mainly due to the parent, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and Daler Rowney Ltd (United Kingdom), principally as a result of lower purchases related to reduced stock levels, and due to negative currency effects of approx. Euro 1,6 million.

The decrease in Provisions compared to December 31, 2018 was Euro 12.1 million and mainly followed the reduction in the Provision for Risks and Charges of Euro 4.1 million, mainly due to the allocation of Euro 3.0 million to Right-of-Use Property, Plant and Equipment on initial application of IFRS 16, in addition to utilisations and the decrease in Deferred tax liabilities of Euro 8.9 million, principally due to the tax effect concerning Intangible Assets, recognised during the PPA of the Pacon Group acquired in 2018, sold with the “Superior” business, the adjustment to the tax rate in the United States, in addition to utilisations in the period and the Increase in Employee Benefits of Euro 0.9 million, mainly due to the actuarial changes in the year of the French company Canson SAS and Daler Rowney Ltd in the UK.

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F.I.L.A. Group **Equity** of Euro 357.4 million increased Euro 18.5 million over December 31, 2018. Net of the profit for the period of Euro 26.1 million (of which Euro 2.1 million concerning non-controlling interests), the residual movement mainly concerned the increase in the currency reserve of Euro 6.3 million and the Actuarial/Gains Losses reserve of Euro 1.1 million, offset by the negative movement in the fair value hedge of derivative hedges (IRS) for Euro 8.4 million and the distribution of dividends to non-controlling interests for Euro 4.3 million.

The **Net Financial Position** at December 31, 2019 reports a debt of Euro 498.1 million. Compared to December 31, 2018 (debt of Euro 452.8 million), the net debt increased Euro 45.4 million - mainly due to the following factors:

- The net cash flow generated in the period from Operating Activities of Euro 100.9 million (at December 31, 2018 of Euro 50.6 million) concerns:
 - generation of Euro 85.6 million (Euro 62.2 million at December 31, 2018) from EBIT;
 - generation of Euro 15.3 million (outflows of Euro 11.6 million in 2018) attributable to working capital movements, primarily related to the increases in Inventories and Trade Payables and Other Liabilities, partially offset by the decrease in Trade Receivables and Other Receivables.
- Investing Activities absorbed liquidity of Euro 21.8 million (Euro 237.5 million in 2018), mainly due to the use of cash for Euro 19.0 million (Euro 23.4 million in 2018) for tangible and intangible asset investment, particularly regarding DOMS Industries Pvt Ltd (India), Canson SAS (France), F.I.L.A. – Dixon, S.A. de C.V. (Mexico), Dixon Ticonderoga Company (U.S.A.) and F.I.L.A. S.p.A., in addition to the acquisition of the entire minority holding of the subsidiary FILA Hellas (Greece) for Euro 2.8 million (Euro 215.2 million in 2018, due to the acquisition of the Pacon Group on June 7, 2018).
- Cash flow from Financing Activities absorbed liquidity of Euro 28.1 million (generation of Euro 71.7 million at December 31, 2019, mainly for the subscription to the share capital increase of F.I.L.A. S.p.A. of approx. Euro 100 million), due to interest paid on loans and credit lines granted to Group companies, 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) and the distribution of dividends to F.I.L.A. Group shareholders.
- Considering the currency effect from the translation of the net financial positions in currencies other than the Euro (negative Euro 6.0 million), the adjustment to Mark-to-Market hedges of Euro 8.5 million and the increase in the net debt due to the application of IFRS 16, equal to a

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negative Euro 87.8 million and the change generated by extraordinary operations of Euro 6.0 million, mainly due to the sale of the "Superior" business and the recognition of the minority interest in the Greek subsidiary Fila Hellas, the change in the Group's Net Financial Position is therefore a negative Euro 45.4 million (debt of Euro 213.2 million at December 31, 2018).

Significant events in 2019 and subsequent events

- On **January 11, 2019**, a partial repayment of Euro 100 million was made on one of the various medium/long-term credit lines granted for the acquisition of the Pacon Group (line of Euro 125 million with bullet repayment at 5 years).
- In **January 2019**, a number of corporate reorganisation operations were undertaken in the US. Specifically:
 - Merger by incorporation of Dixon Ticonderoga Company (U.S.A.) and Eurholdham (U.S.A.) - January 1, 2019;
 - Merger by incorporation between Pacon Corporation (U.S.A.) and Canson Inc. (U.S.A.) - January 1, 2019.
- In **April 2019**, F.I.L.A. S.p.A. signed an exclusive global distribution agreement with ARCHES®, the renowned French brand of premium paper for artists.
- In **June 2019**, F.I.L.A. S.p.A.'s share capital altered as follows:
 - For Euro 63.2 thousand following the exercise of 63,177 "Pacon Manager Warrants" to be applied to the paid and divisible share capital increase, with the exclusion of the option right pursuant to Article 2441, paragraph 8, of the Civil Code, to service the "Pacon Manager Warrants", approved by the Extraordinary Shareholders' Meeting of F.I.L.A. S.p.A. of October 11, 2018;
 - For Euro 7.5 thousand following the issue of 7,468 new shares in service of the early closure of the "2017-2019 Performance Share Plan" for certain managers employed by the F.I.L.A. S.p.A..
- In **July 2019** the share capital of F.I.L.A. S.p.A. increased Euro 6.2 thousand following the issue of 7,411 new shares in service of the early closure of the "2017-2019 Performance Share Plan" for other managers employed by the F.I.L.A. Group.

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PONGO

DAS

LYRA

MAIMERI

DALER ROWNEY

LUKAS



ST CUTHBERTS MILL

CANSON

Strathmore

PRINCETON
ARTIST BRUSH

ARCHES





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- On **July 30, 2019**, Mr. Gianni Mion resigned for personal reasons as a member and as Chairman of the Board of Directors of F.I.L.A. S.p.A., with effect from the co-option by the Board of Directors of the new director called to replace him;
- On **August 6, 2019**, the Board of Directors of F.I.L.A. S.p.A. co-opted Mr. Giovanni Gorno Tempini as a non-executive director of F.I.L.A., in replacement of Mr. Gianni Mion; at the same meeting, Mr. Giovanni Gorno Tempini was also appointed Chairman of the Board of Directors of F.I.L.A. S.p.A..
- On **October 1, 2019**, a number of corporate reorganisation operations were undertaken in the US and France. Specifically:
 - Merger by incorporation of Canson SAS (France) and Omyacolor (France);
 - Merger by incorporation between Pacon Canadian Holding Corporation (U.S.A.) and Pacon Corporation. (U.S.A.);
 - Merger by incorporation of Pacon Corporation (U.S.A.) and Pacon Holding Company (U.S.A.);
 - Merger by incorporation of Pacon Holding Company (U.S.A.) and Dixon Ticonderoga (U.S.A.).
- On **October 7, 2019**, the US subsidiary Dixon Ticonderoga Company sold the “Superior” brand business for a value of USD 10 million, as no longer considered strategic, through an “Assets Purchase Agreement” of tangible and intangible assets, in addition to inventory;
- On **October 8, 2019**, the liquidation of the non-operative subsidiary in the United Kingdom FILALYRA GB Ltd concluded;
- On **March 2, 2020**, F.I.L.A.- Arches S.A.S., a French company wholly-owned by F.I.L.A., completed the purchase of the fine art business unit of the company specialised in fine art operating through the ARCHES® brand, until now managed by the Ahlstrom-Munksjö Group, finalizing the non-binding memorandum of understanding signed on October 30, 2019 between F.I.L.A. S.p.A. and Ahlstrom-Munksjö Oyj and its French subsidiary, Ahlstrom-Munksjö Arches.

For over 500 years, the ARCHES® brand has been one of the best-known global brands in the production and distribution of premium fine art paper. The company creates its products utilising a particular “cylinder mould” technique which ensures the delivery of a highly crafted product and an inimitable natural appearance. Each production cycle is subject to

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numerous technical controls, which have always guaranteed the undisputed quality of the paper and its excellent brand reputation.

The total price, on a debt-free cash-free basis, paid by F.I.L.A. - Arches S.A.S. for the business unit was Euro 43.6 million. The acquisition was funded through amending the current medium/long-term loan contract, through the granting of new lines for Euro 15 million and the partial use of the RCF line for Euro 25 million, through its conversion into a medium/long-term line.

- **As known, since January 2020**, on the Chinese market - and gradually from March 2020 across the rest of the world - the operating environment has been dominated by the spread of COVID-19 (“Coronavirus”) and the resulting restrictive containment measures implemented by the public authorities of the countries affected. The current health emergency, in addition to the enormous social impacts, is having direct and indirect repercussions on the general economy and on the propensity to consume and invest, resulting in a generally uncertain environment.

The F.I.L.A. Group is monitoring the developing situation in order to minimize its social, workplace health and safety, economic, financial and on capital impacts, by drawing up and rolling out flexible and timely action plans. In particular, from the beginning the F.I.L.A. Group has worked tirelessly to ensure maximum health and safety levels for its employees, customers and suppliers. The Group promptly introduced a series of protective measures for personnel and activated its Crisis Response Protocol, developing a specific crisis response plan and immediately rolled out a series of measures at all levels of the organisation - both at headquarters and overseas - at the operational sites and at the production plant.

As of today, the Group's plants are operational, in accordance with the regulations for each country, although not at fully capacity in order to protect worker safety. Each subsidiary has already verified and, where extraordinary instruments are already available, has activated all the shock absorbers that can be used to deal with the decline in business.

The impact on the business is not estimated to be significant in the first quarter of the current year as the decrease in sales on the Chinese market in February and part of March has a marginal impact on the Group's business, while the decrease in sales in the rest of the world has had a gradual impact only from the second half of March, especially in Europe, with the exception of customers selling online and Large-Scale Retail and Organized Distribution.

It is highlighted that Group revenue in April, May and June does not correspond, especially for "school products", to the sell-out by our customers to end consumers, but in particular to the supply of the distribution chain ahead of sales for the reopening of schools. Based on current forecasts for the end of the emergency, the impacts on business could be partially

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offset by a recovery in the months leading up to the reopening of schools. With regard to potential financial stress scenarios, management is constantly monitoring both the Group's current and future liquidity. At the date of preparation of this press release, there were no significant impacts on collection or payment activities directly or indirectly related to the worldwide spread of the Coronavirus. It is clear that, in the absence of strong credit support throughout the distribution chain, the Group will necessarily have to implement a strict customer selection policy to limit financial difficulties. This policy, if implemented, could have an impact on the Group's business in the short-term; however, this impact is expected to be partially reabsorbed at a later date as consumer choices regarding the Group's products would lead to a redistribution of demand, also in light of the fact that the Group has demonstrated that it operates in an anti-cyclical business. At that date, the available liquidity is in line with financial planning and appears adequate to cover current and future operating needs. As at the reporting date, the Group is carrying out a further sensitivity analysis of the potential economic and financial impacts of the current crisis and is drafting a series of actions to limit these impacts. On the basis of the information available, the potential effects deriving from the spread of COVID-19, in line with the application of the international accounting standards (IAS 10), have been considered a "Non Adjusting" event. With reference to the valuations made for the purposes of the financial statements (recoverability of intangible assets with an indefinite useful life, recoverability of deferred tax assets, fair value of financial instruments, liabilities for employee defined benefits), 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 accounts subject to estimates. With particular reference to the uncertainty related to the developing Coronavirus epidemic, it may not be excluded however that, should the virus spread significantly 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 accounts subject to estimate and in terms of the scenarios considered for the sensitivity analysis at December 31, 2019.

Outlook

For 2020, further sustained growth on the Indian market is forecast, together with a revenue recovery both in North America and in Europe, while in Central-South America, revenues are expected to be stable following a revenue rationalization policy focused on reducing collection times with customers.

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Management will continue to focus on consolidating the business, particularly after the recent corporate and logistics reorganisations, while generating cash through the overall operating improvement of the Group's working capital.

Scheduled investments for 2020 concern new production plant and machinery and industrial equipment at the main Group production entities, particularly in India and North America.

The outlook for 2020 could be affected in the early months of 2020 by the instability resulting from the spread of the Coronavirus, which was disclosed in the "Subsequent events" section.

* * *

FY2018 pro-forma figures including consolidation of Pacon Group from January 1, 2018¹

- Adjusted pro-forma **Core Business Revenue** of Euro 678.6 million, of which Pacon Group Euro 89.9 million concerning the period before the acquisition (June 7, 2018);
- Adjusted pro-forma **EBITDA** of Euro 110.3 million, of which Pacon Group Euro 14.5 million concerning the period before the acquisition (June 7, 2018).

* * *

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

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Proposal for the allocation of the result

Based on the 2019 results, as illustrated above, the Board believes that the conditions are met for the distribution of a dividend in line with previous years. However, noting the significant alteration in the global economic environment over recent weeks following the spread of the COVID-19 pandemic, while taking into account the extraordinary and uncertain nature of the situation, as illustrated above, with a view to prudence and to safeguarding the Group's capital base, the Board has decided to propose to the Shareholders' Meeting called for April 22, 2020 to carry forward in full the 2019 profit (net of the portion allocated to reserves), reserving the right to make further

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assessments - also in light of the developing general economic picture - and to call a new Shareholders' Meeting to distribute the 2019 profit in the second half of this year.

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Consolidated non-financial report

The Board of Directors in addition today approved the consolidated non-financial disclosure (the “NFD”) prepared in accordance with Legislative Decree No. 254 of December 30, 2016. The NFD outlines Fila Group operations, its performances, results and the impact in terms of environmental, social, personnel, human rights and anti-active and passive corruption aspects.

* * *

Report on the remuneration policy and compensation paid

The Board of Directors also reviewed and approved, subject to the favourable opinion of the Remuneration Committee, the report on the remuneration policy for the year 2020 and on the remuneration paid during the year 2019 (the “Remuneration Report”), prepared as per Article 123-ter of Legislative Decree No. 58 of February 24, 1998 (the “CFA”).

Section I of the Remuneration Report (*i.e.* containing the remuneration policy of the company for 2020) shall be submitted for the consultative vote of the Shareholders’ Meeting, called for April 22, 2020, as per Article 123-ter, paragraphs 3-bis and 3-ter of the CFA.

Section II of the Remuneration Report (*i.e.* the report on remuneration paid in 2019) will, however, be submitted to the non-binding vote of the Shareholders' Meeting, called for April 22, 2020, pursuant to Article 123-ter, paragraph 6, of the CFA.

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Corporate Governance and Ownership Structure Report

The Board of Directors finally approved the Corporate Governance and Ownership Report drawn up pursuant to Article 123-bis of the CFA.

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





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Filing of documentation

The statutory financial statements at December 31, 2019 and the consolidated financial statements at December 31, 2019, in addition to the documentation approved by the Board of Directors and concerning the Shareholders' Meeting called for April 22, 2020 in single call (as per the notice of March 22, 2020), shall be made available to the public according to the legal and regulatory deadlines at the registered office in Pero (Mi), via XXV Aprile No.5, on the company website www.filagroup.it and on the authorised storage mechanism "EMARKET STORAGE" (www.emarketstorage.com).

The Executive Officer for Financial Reporting Stefano De Rosa declares, in accordance with paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

* * *

***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. In November 2015, F.I.L.A. listed on the STAR segment of the Milan Stock Exchange. The company, with revenue of Euro 687.9 million in 2019, 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 22 production facilities (of which 2 in Italy) and 35 subsidiaries across the globe and employs over 9,500.

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





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For further information:

F.I.L.A. Investor Relations

Stefano De Rosa - Investor Relations Officer

Francesca Cocco - Investor Relations

ir@fila.it

(+39) 02 38105206

For financial communication:

Community Strategic Communications Advisers

Tel. (+39) 02 89404231

fila@communitygroup.it

F.I.L.A Press Office

Cantiere di Comunicazione

Eleonora Galli: (+39) 02 87383180 -186 – mob: (+39) 331 9511099

e.galli@cantieredicomunicazione.com

Antonella Laudadio: (+39) 02 87383180 -189

a.laudadio@cantieredicomunicazione.com

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GIOTTO

tratto



PONGO

DAS

LYRA

MAIMERI

DALER ROWNEY

LUKAS



ST CUTHBERTS MILL

CANSON

Strathmore

PRINCETON
ARTIST BRUSH

ARCHES



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

| <i>Euro millions</i> | December 2019 | % core business revenue | December 2018 | % core business revenue | Change 2019 - 2018 | |
|--|----------------|-------------------------|----------------|-------------------------|--------------------|---------------|
| Revenue | 682,686 | 100% | 588,747 | 100% | 93,939 | 16,0% |
| Other Revenue | 6,746 | | 8,607 | | (1,861) | -21,6% |
| Total Revenue | 689,432 | | 597,354 | | 92,078 | 15,4% |
| Total operating costs | (583,508) | -85,5% | (523,844) | -89,0% | (59,664) | -11,4% |
| EBITDA | 105,923 | 15,5% | 73,510 | 12,5% | 32,413 | 44,1% |
| Amortisation, depreciation and write-downs | (45,876) | -6,7% | (24,486) | -4,2% | (21,390) | -87,4% |
| EBIT | 60,048 | 8,8% | 49,024 | 8,3% | 11,024 | 22,5% |
| Net financial charges | (30,279) | -4,4% | (26,419) | -4,5% | (3,860) | -14,6% |
| Pre-Tax Profit | 29,769 | 4,4% | 22,605 | 3,8% | 7,164 | 31,7% |
| Total income taxes | (3,663) | -0,5% | (12,144) | -2,1% | 8,481 | 69,8% |
| Net profit - Continuing Operations | 26,105 | 3,8% | 10,461 | 1,8% | 15,644 | 149,5% |
| Net Profit for the period | 26,105 | 3,8% | 10,461 | 1,8% | 15,644 | 149,5% |
| Non-controlling interest profit | 2,105 | 0,3% | 1,714 | 0,3% | 0,391 | 22,8% |
| F.I.L.A. Group Net Profit | 24,000 | 3,5% | 8,747 | 1,5% | 15,253 | 174,4% |

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

| <i>NORMALIZED - Euro millions</i> | December 2019 | % core business revenue | December 2018 | % core business revenue | Change 2019 - 2018 | |
|--|----------------|-------------------------|----------------|-------------------------|--------------------|--------------|
| Revenue | 687,360 | 100% | 588,747 | 100% | 98,613 | 16,7% |
| Other Revenue | 6,544 | | 8,607 | | (2,063) | -24,0% |
| Total Revenue | 693,904 | | 597,354 | | 96,550 | 16,2% |
| Total operating costs | (583,070) | -84,8% | (501,510) | -85,2% | (81,559) | -16,3% |
| EBITDA | 110,834 | 16,1% | 95,844 | 16,3% | 14,991 | 15,6% |
| Amortisation, depreciation and write-downs | (32,417) | -4,7% | (24,467) | -4,2% | (7,950) | -32,5% |
| EBIT | 78,417 | 11,4% | 71,377 | 12,1% | 7,040 | 9,9% |
| Net financial charges | (24,728) | -3,6% | (25,652) | -4,4% | 0,924 | 3,6% |
| Pre-Tax Profit | 53,689 | 7,8% | 45,725 | 7,8% | 7,964 | 17,4% |
| Total income taxes | (8,305) | -1,2% | (16,289) | -2,8% | 7,984 | 49,0% |
| Net profit - Continuing Operations | 45,384 | 6,6% | 29,435 | 5,0% | 15,948 | 54,2% |
| Net Profit for the period | 45,384 | 6,6% | 29,435 | 5,0% | 15,948 | 54,2% |
| Non-controlling interest profit | 2,250 | 0,3% | 1,858 | 0,3% | 0,391 | 21,1% |
| F.I.L.A. Group Net Profit | 43,133 | 6,3% | 27,576 | 4,7% | 15,557 | 56,4% |

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

| <i>Euro millions</i> | December 2019 | December 2018 | Change 2019 - 2018 |
|--|------------------|------------------|-----------------------|
| Intangible Assets | 430,609 | 442,598 | (11,989) |
| Property, plant & equipment | 186,013 | 104,472 | 81,541 |
| Financial assets | 3,691 | 3,608 | 0,083 |
| Net Fixed Assets | 620,313 | 550,678 | 69,635 |
| Other non Current Asset/Liabilities | 18,347 | 20,501 | (2,154) |
| Inventories | 258,409 | 262,432 | (4,023) |
| Trade and Other Receivables | 141,339 | 151,617 | (10,278) |
| Trade and Other Payables | (108,670) | (105,537) | (3,133) |
| Other Current Assets and Liabilities | 3,800 | 2,071 | 1,729 |
| Net Working Capital | 294,879 | 310,583 | (15,704) |
| Provisions | (78,039) | (90,183) | 12,144 |
| Net Capital Employed | 855,501 | 791,579 | 63,922 |
| Equity | (357,351) | (338,809) | (18,542) |
| Net Financial Position | (498,150) | (452,770) | (45,380) |
| Net Funding Sources | (855,501) | (791,579) | (63,922) |

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

| <i>Euro millions</i> | December 2019 | December 2018 | Change 2019 - 2018 |
|--|------------------|------------------|-----------------------|
| EBIT | 60,048 | 49,024 | 11,024 |
| Adjustments for non-cash items | 38,222 | 30,031 | 8,191 |
| Integrations for income taxes | (12,659) | (16,866) | 4,207 |
| Cash Flow from Operating Activities Before Changes in NWC | 85,611 | 62,189 | 23,422 |
| Change NWC | 15,306 | (11,605) | 26,911 |
| Change in Inventories | 6,021 | (19,779) | 25,800 |
| Change in Trade and Other Receivables | 11,609 | 24,855 | (13,246) |
| Change in Trade and Other Payables | 1,349 | (12,662) | 14,011 |
| Change in Other Current Assets/Liabilities | (3,672) | (4,019) | 0,347 |
| Cash Flow from Operating Activities | 100,917 | 50,584 | 50,333 |
| Investments in tangible and intangible assets | (19,010) | (23,370) | 4,360 |
| Interest Income | 0 | 0,870 | (0,870) |
| Equity Investments | (2,784) | (214,966) | 212,182 |
| Cash Flow from Investing Activities | (21,794) | (237,466) | 215,672 |
| Change in Equity | (4,261) | 97,712 | (101,973) |
| Financial expenses | (23,821) | (26,023) | 2,202 |
| Cash Flow from Financing Activities | (28,082) | 71,689 | (99,771) |
| Other changes | (0,186) | (0,588) | 0,402 |
| Total Net Cash Flow | 50,856 | (115,781) | 166,637 |
| Effect from exchange rate changes | (6,030) | (4,531) | (1,499) |
| Mark to Market Hedging | (8,469) | (6,121) | (2,348) |
| FTA IFRS 16 | (87,770) | 0 | (87,770) |
| Effect of M&A Operation | 6,033 | (86,724) | 92,757 |
| Change in Net Financial Position | (45,380) | (213,157) | 167,777 |

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