

**F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.**



**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON POINT 1 OF THE AGENDA OF  
THE ORDINARY SHAREHOLDERS' MEETING OF F.I.L.A. - FABBRICA ITALIANA LAPIS ED  
AFFINI S.P.A., CALLED FOR APRIL 27, 2021 IN SINGLE CALL**

(prepared in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements, and Article 84-*ter* of the Regulation adopted with Consob Motion No. 11971 of May 14, 1999 and subsequent amendments and supplements)

Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 22, 2021 and available on the website [www.filagroup.it](http://www.filagroup.it)

**Point 1 on the Agenda of the Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A., called for April 27, 2021 in single call:**

1. **“Separate financial statements and consolidated financial statements; proposed distribution:**
  - 1.1 **Approval of the separate financial statements for the year ended December 31, 2020, along with the Board of Directors' Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report; presentation of the consolidated financial statements for the year ended December 31, 2020; resolutions thereon;**
  - 1.2 **Approval of the proposal to distribute profits for the year and/or available reserves; resolutions thereon”**

\* \* \*

Dear Shareholders,

this Report has been prepared in accordance with Article 125-*ter*, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements (the “**CFA**”) and Article 84-*ter* of the Regulation adopted with Consob motion No. 11971 of May 14, 1999 and subsequent amendments and supplements (the “**Issuers' Regulation**”).

This report was approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“**Fila**” or the “**Company**”) in the meeting of March 22, 2021 and is made available to the public, in accordance with applicable law and regulations, at the registered office, on the company website ([www.filagroup.it](http://www.filagroup.it)) and also by the other means established by the applicable regulation.

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With reference to the first point on the Agenda of the Shareholders' Meeting, in ordinary session, the Board of Directors proposes for your approval, in accordance with law, the Financial Statements for the year ended December 31, 2020 (consisting of the Statement of Financial Position, the Income Statement, the Statement of Cash Flows, the Statement of Changes of Equity and the Explanatory Notes), together with the Directors' Report.

These documents, together with the consolidated financial statements at December 31, 2020, the Board of Statutory Auditors' Report as per Article 2429 of the Civil Code and the Auditors' Report of KPMG S.p.A. on the separate and consolidated financial statements at December 31, 2020, will be made available to the public at the registered office of the company, on the website [www.filagroup.it](http://www.filagroup.it), on the website of Borsa Italiana S.p.A. and on the authorised storage mechanism “**EMARKET STORAGE**” at [www.emarketstorage.com](http://www.emarketstorage.com).

The separate financial statements at December 31, 2020 present:

- revenues totalling Euro 80.002 million (of which core business revenue of Euro 70.776 million and other revenues and income of Euro 9.226 million);
- operating costs of Euro 73.801 million; and
- an operating profit of Euro 6.201 million;

Net financial income totalled Euro 1.307 million. The pre-tax profit was Euro 7.508 million; the profit for the year was Euro 8.125 million.

The Fila Group consolidated financial statements at December 31, 2020 present:

- adjusted core business revenues of Euro 608.167 million (-11.5% on Euro 687.360 million in 2019);
- adjusted EBITDA, net of the IFRS 16 effects, of Euro 95.351 million (-10.3% on Euro 110.834 million in 2019);
- adjusted profit, net of the IFRS 16 effects, of Euro 23.075 million compared to Euro 43.133 million in 2019; and
- net financial position of Euro 493.5 million (including IFRS 16 effect of Euro 84.9 million and negative Mark to Market Interest Rate Hedging effect of Euro 18.8 million) compared to Euro 498.2 million in 2019 (including IFRS 16 effect of Euro 87.8 million and negative Mark to Market Interest Rate Hedging effect of Euro 13.6 million).

The Board of Directors, in view of the profit for the year, therefore proposes, subject to approval by the Shareholders' Meeting of the separate financial statements at December 31, 2020:

- to allocate 5% of the net profit for the year to the Legal Reserve for Euro 406,267.34;
- to allocate Euro 1,594,273.68 to "Retained earnings";
- to distribute the residual "Profit for the year" of Euro 6,124,805.76 as dividend and, therefore, to distribute a dividend of Euro 0.12 for each of the 51,040,048 shares currently outstanding, while it should be noted that in the case where the total number of shares of the Company currently in circulation should increase, the total amount of dividend will remain unchanged and the unit amount will be automatically adjusted to the new number of shares; the dividend will be issued with coupon, record and payment dates of May 24, 25 and 26, 2021 respectively.

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Given that presented and where in agreement with the above proposals, we invite you to adopt the following motions:

*"The Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.,*

- *having noted the illustrative Report of the Board of Directors;*
- *having reviewed the financial statements of the Company for the year ended December 31, 2020 and the consolidated financial statements for the year ended December 31, 2020;*
- *having noted the Board of Statutory Auditors' Report prepared in accordance with Article 2429 of the Civil Code and 153 of Legislative Decree No. 58 of February 24, 1998;*
- *having noted the Auditors' Report of KPMG S.p.A., prepared as per Articles 14 and 16 of Legislative Decree No. 39 of January 27, 2010*
- *having reviewed the Directors' Report on Operations;*
- *taking account of Article 2430 of the Civil Code regarding the legal reserve;*

resolves

- *to approve the separate financial statements of the Company for the year ended December 31, 2020, as proposed and illustrated by the Board of Directors, together with the Directors' Report, which present a profit of Euro 8,125,346.78 and also takes note of the consolidated financial statements of the Company for the year ended December 31, 2020;*
  
- *to (i) allocate 5% of the net profit to the Legal Reserve for Euro 406,267.34, (ii) allocate to "Retained earnings" the part of the net profit that remains, or rather Euro 1,594,273.68 and (iii) to distribute the residual part of the "Profit for the year" of Euro 6,124,805.76 as dividend and, therefore, to distribute a dividend of Euro 0.12 for each of the 51,040,048 shares currently outstanding, while it should be noted that in the case where the total number of shares of the Company currently in circulation should increase, the total amount of dividend will remain unchanged and the unit amount will be automatically adjusted to the new number of shares; the dividend will be issued with coupon, record and payment dates of May 24, 25 and 26, 2021 respectively.*

Pero, March 22, 2021

The Chairman of the Board of Directors

*(Giovanni Gorno Tempini)*