



Il futuro ha i nostri colori. Da 100 anni.

**F.I.L.A. GROUP
INTERIM FINANCIAL REPORT
AT MARCH 31, 2021**

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

Via XXV Aprile 5 Pero (MI)

F.I.L.A. Fabbrica Italiana Lapis ed Affini. 1920 • 2020



Contents

I - Interim Directors' Report	3
Corporate Bodies	3
Overview of the F.I.L.A. Group	4
Key events in the period	6
Key Financial Highlights.....	7
F.I.L.A. Group's Financial Highlights	11
Adjusted financial performance net of IFRS 16 effects	11
Business seasonality	13
Statement of Financial Position.....	14
Financial overview	16
Segment reporting	19
Business Segments – Statement of financial position	20
Business Segments – Income Statement	21
Business Segments – Other Information	22
Subsequent events	23
Outlook.....	23
Treasury shares.....	23
Basis of preparation and accounting standards.....	23
II - Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2021	24
Consolidated Financial Statements.....	24
Consolidated Statement of Financial Position.....	24
Statement of Comprehensive Income	25
Statement of changes in Equity	26
Consolidated Statement of Cash Flows	27
Attachments	29
Attachment 1 - List of companies included in the consolidation scope and other equity investments	29
Transactions relating to Atypical and/or Unusual Operations.....	30
Statement of the Manager in Charge - Interim Financial Report	31



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DIRECTORS' REPORT
AT MARCH 31, 2021

I - Interim Directors' Report

Corporate Bodies

Board of Directors

Chairman (*)	Giovanni Gorno Tempini
Honorary Chairman	Alberto Candela
Chief Executive Officer (**)	Massimo Candela
Executive Director (**)	Luca Pelosin
Director	Annalisa Barbera
Director (*)	Giorgina Gallo
Director (*)	Carlo Paris
Director (*)	Donatella Sciuto

(*) *Independent director in accordance with Article 148 of the Consolidated Finance Act and Article 3 of the Code of Conduct.*

(**) *Executive Director.*

Control, Risks and Related Parties Committee

Donatella Sciuto
Annalisa Barbera
Carlo Paris

Remuneration Committee

Carlo Paris
Annalisa Barbera
Giorgina Gallo

Board of Statutory Auditors

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

Independent Auditors

KPMG S.p.A.

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

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

The F.I.L.A. Group at March 31, 2021 operates through 22 production facilities and 35 subsidiaries across the globe and employs approx. 8,000 people, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, DAS, LYRA, Canson, Maimeri, Daler-Rowney Lukas, Ticonderoga, Pacon, Strathmore, Princeton and Arches.

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

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

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 specialised in fine art operating through the ARCHES® brand, until then managed by the Ahlstrom-Munksjö Group, finalising 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 (xiii).

Key events in the period

- On January 9, 2021, the Indian associated company Fixy Adhesives Private Limited was incorporated;
- On January 12, 2021, the Indian associated company Inxon Pens & Stationary Private Limited was incorporated;
- On March 16, 2021, the liquidation of the non-operative subsidiary in the United Kingdom, CastleHill Crafts Ltd, concluded.
- The parent company, in the period between March 23 and March 25, 2021, purchased treasury shares as per the Shareholders' Meeting authorisation of April 22, 2020 and the subsequent Board of Directors' motion of March 16, 2021. On March 31, 2021, the Group held 51,500 treasury shares (0.10% of the Share capital), for a total value of Euro 488 thousand (equal to the "Negative reserve for treasury shares in portfolio" deducted from consolidated shareholders' equity);
- As regards the lockdown following the Coronavirus pandemic, at the date of this report, the Group's plant are operational, in accordance with the regulations for each country, though not at full capacity in order to protect worker safety, in particular in India and Mexico.

Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2021 are reported below:

<i>Euro thousands</i>	March 31, 2021	% revenue	March 31, 2020	% revenue	Change 2021 - 2020		IFRS 16 effects	Normalizations for Non-Recurring expenses
Revenue	141,551	100,0%	145,769	100%	(4,218)	-2,9%		(155)
Gross operating profit ⁽¹⁾	21,946	15,5%	14,873	10,2%	7,073	47,6%	3,652	(1,787)
Operating profit	11,882	8,4%	3,673	2,5%	8,209	223,5%	845	(1,787)
Net financial expense	(4,645)	-3,3%	(8,561)	-5,9%	3,916	45,7%	(1,400)	19
Total taxes	(1,636)	-1,2%	(1,050)	-0,7%	(586)	-55,8%	203	320
F.I.L.A. Group Profit attributable to the owners of the Parent	5,405	3,8%	(6,053)	-4,2%	11,458	189,3%	(310)	(1,425)
<i>Earnings per share (€ cents)</i>								
	<i>basic</i>	0,11	(0,12)					
	<i>diluted</i>	0,10	(0,12)					

<i>NORMALISED Net of IFRS16 - Euro thousands</i>	March 31, 2021	% revenue	March 31, 2020	% revenue	Change 2021 - 2020	
Revenue	141,706	100,0%	145,820	100,0%	(4,114)	-2,8%
Gross operating profit ⁽¹⁾	20,081	14,2%	16,799	11,5%	3,282	19,6%
Operating profit	12,824	9,0%	8,303	5,7%	4,521	54,5%
Net financial expense	(3,264)	-2,3%	(6,888)	-4,7%	3,624	52,6%
Total taxes	(2,159)	-1,5%	(1,492)	-1,0%	(667)	-44,7%
F.I.L.A. Group Net Profits attributable to the owners of the Parent	7,140	5,0%	(240)	-0,2%	7,380	3074,9%
<i>Earnings per share (€ cents)</i>						
	<i>basic</i>	0,14	(0,01)			
	<i>diluted</i>	0,14	(0,01)			

<i>Euro thousands</i>	March 31, 2021	March 31, 2020	Change 2021 - 2020
Cash flows from operating activities	(7,639)	(29,460)	21,821
Investments	(2,388)	(3,661)	1,273
% revenue	1,7%	2,5%	

<i>Euro thousands</i>	March 31, 2021	December 31, 2020	Change 2021 - 2020	of which: IFRS 16 effects
Net capital employed	876,488	824,731	51,757	5,123
Net Financial debt ⁽⁴⁾	(525,019)	(493,456)	(31,563)	(5,892)
Equity	(351,469)	(331,275)	(20,194)	769

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

⁽²⁾ Indicator of the net financial position, calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets and loans provided to third parties classified as non-current assets. The net financial 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, 2021 amount to Euro 2,546 thousand, of which Euro 68 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.

2021 Adjustments:

- The adjustment of Revenues principally refers to returns generated following the COVID-19 pandemic;
- The adjustment on the Q1 2021 Gross operating profit relates to non-recurring operating costs of approx. Euro 1.8 million, due to the expense incurred to handle the COVID-19 pandemic, the outlay for the medium/long-term incentive plan and residually the Group reorganisation costs;
- The overall adjustment to the operating profit was Euro 1.8 million, resulting from the aforementioned effects on the gross operating profit;
- The adjustment of the Q1 2021 Group Result concerns the aforementioned adjustments, net of the tax effect.

2020 Adjustments:

- The adjustment of Revenues principally refers to returns generated following the COVID-19 pandemic;
- The adjustment on the Q1 2020 Gross operating profit relates to non-recurring operating costs of approx. Euro 5.4 million, mainly for the acquisition of the ARCHES® business unit, the outlay for the medium-long-term incentive plan, the costs incurred in tackling the COVID-19 pandemic, and Group reorganisation costs.
- The overall adjustment of the Operating profit was Euro 5.4 million, resulting from the aforementioned effects on the Gross operating profit;
- The adjustment of Net Financial Expense refers to costs incurred by the Parent Company F.I.L.A. S.p.A. for new financing arrangements undertaken for the acquisition of the aforementioned business unit;
- The adjustment of the Q1 2020 Group Result concerns the aforementioned adjustments, net of the tax effect.

The alternative performance measures used are illustrated below:

Gross operating profit or EBITDA: this is calculated as profit for the period, excluding the following components: (i) income taxes for the period, (ii) depreciation, amortization and impairment losses, (iii) financial income and expense and (iv) profit or loss from discontinued operations. The F.I.L.A. Group uses this measure as an internal management target and in external presentations (for analysts and investors), as it is useful in measuring the overall operating performance of the F.I.L.A. Group.

The table below presents a reconciliation of the profit for the period with the gross operating profit:

<i>Euro thousands</i>	March 31, 2021	March 31, 2020
Profit attributable to non-controlling interests	195	115
Profit/(loss) attributable to the owners of the parent	5,405	(6,053)
Profit for the year	5,600	(5,938)
Income taxes	1,636	1,050
<i>Current taxes</i>	2,190	1,398
<i>Deferred taxes</i>	(553)	(348)
Amortisation, depreciation and impairment losses	10,064	11,200
Financial items	4,645	8,561
<i>Financial income</i>	(2,846)	(1,490)
<i>Financial expenses</i>	7,527	10,094
<i>Share of losses of equity-accounted investees</i>	(36)	(43)
Gross operating profit	21,946	14,873

The Group defines adjusted gross operating profit as the gross operating profit before: (i) non-recurring expense and (ii) the application of IFRS 16.

The following is a reconciliation between gross operating profit or EBITDA and adjusted gross operating profit or EBITDA and net of IFRS 16 effects:

<i>Euro thousands</i>	March 31, 2021	March 31, 2020
Gross operating profit	21,946	14,873
Non-recurring expense	1,787	5,444
IFRS 16 effect	(3,652)	(3,518)
Adjusted gross operating profit	20,081	16,799

Operating profit or EBIT: this is calculated as profit for the period, excluding the following components: (i) income taxes for the period, (ii) financial income and expense and (iii) profit from discontinued operations:

<i>Euro thousands</i>	March 31, 2021	March 31, 2020
Operating Result	11,882	3,673
Non-recurring expense	1,787	5,444
IFRS 16 effect	(845)	(814)
Adjusted Operating Result net of the IFRS 16 effects	12,824	8,303

The Group defines adjusted operating profit or EBIT and net of the IFRS 16 effects as operating profit or EBIT gross of: (i) non-recurring expense and (ii) the application of IFRS 16.

F.I.L.A. Group profit for the period: profit for the period, adjusted for non-controlling interest items:

<i>Euro thousands</i>	March 31, 2021	March 31, 2020
Profit/(loss) attributable to the owners of the parent	5,405	(6,053)
Non-recurring expense	1,425	5,429
IFRS 16 effect	310	384
Adjusted Profit/(loss) attributable to the owners of the parent net of the IFRS 16 effects	7,140	(240)

The Group defines the Adjusted profit attributable to the owners of the parent and net of IFRS 16 effects as the Group profit for the period, gross of: (i) non-recurring expense, (ii) and net of IFRS 16 effects.

Net financial position (or net financial debt): this is a valid measure of the F.I.L.A. Group's financial structure. It is calculated as the aggregate of the current and non-current financial liabilities net of cash and cash equivalents and of current and non-current financial assets relating to derivative instruments. The net financial position as per CONSOB Communication DEM/6064293 of July 28, 2006 excludes non-current financial assets. Non-current financial assets amount to Euro 68 thousand at March 31, 2021 and to Euro 68 thousand at December 31, 2020. Accordingly, the F.I.L.A. Group financial indicator at March 31, 2021 and December 31, 2020 differs by those amounts from net financial position as defined in the above-mentioned Consob communication.

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

The F.I.L.A. Group Key Financial Highlights for Q1 2021 are reported below.

Adjusted financial performance net of IFRS 16 effects

The F.I.L.A. Group Q1 2021 results report an increased Gross operating profit of 19.6% on the previous year.

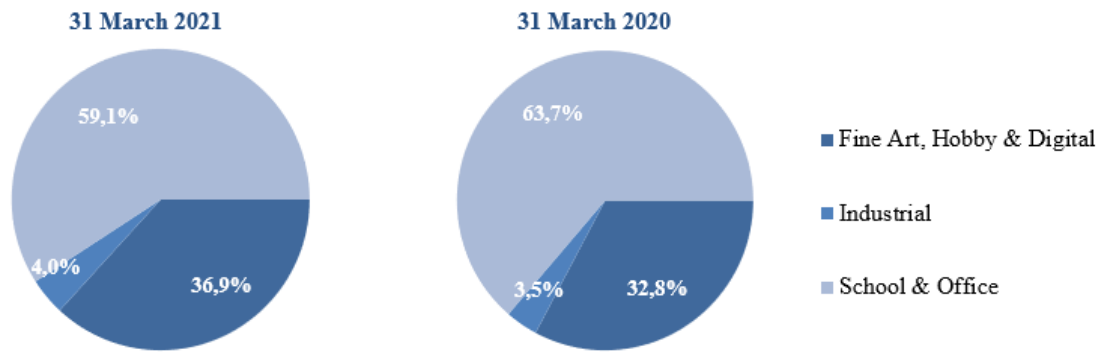
	March 31, 2021	% revenue	March 31, 2020	% revenue	Change 2021 - 2020	
<i>NORMALISED Net of IFRS16 - Euro thousands</i>						
Revenue from sales and services	141,706	100%	145,820	100%	(4,114)	-2,8%
Other revenue and income	2,286		3,132		(846)	-27,0%
Total revenue	143,991		148,952		(4,961)	-3,3%
Total operating expense	(123,910)	-87,4%	(132,153)	-90,6%	8,243	6,2%
Gross operating profit	20,081	14,2%	16,799	11,5%	3,282	19,6%
Amortisation, depreciation and impairment losses	(7,257)	-5,1%	(8,496)	-5,8%	1,239	14,6%
Operating profit	12,824	9,1%	8,303	5,7%	4,521	54,5%
Net financial expense	(3,264)	-2,3%	(6,888)	-4,7%	3,624	52,6%
Pre-tax profit	9,561	6,8%	1,415	1,0%	8,146	575,7%
Total taxes	(2,159)	-1,5%	(1,492)	-1,0%	(667)	-44,7%
Profit for the year	7,402	5,2%	(77)	-0,1%	7,479	9712,5%
Non-controlling interest	262	0,2%	163	0,1%	99	60,5%
F.I.L.A. Group Profit attributable to the owners of the Parent	7,140	5,0%	(240)	-0,2%	7,380	3075,0%

The principal changes compared to Q1 2020 are illustrated below.

Revenues of Euro 141,706 thousand decreased by Euro 4,114 thousand on Q1 2020 (-2.8%). Net of exchange losses of Euro 8,704 thousand (mainly concerning the US Dollar and to a lesser extent the Indian Rupee, the Mexican Peso and the Brazilian Real), organic growth was Euro 4,590 thousand (+3.1%).

At geographical area level, organic growth was reported in Europe of Euro 8,601 thousand (+18.3% on the comparative period) and the Rest of the World for Euro 150 thousand (+20.4% on the preceding period), while the other geographical areas reporting a contraction in revenues were North America for Euro 2,691 thousand (-3.9% on the preceding period), Asia for Euro 1,042 thousand (-5.4% on the preceding period) and Central-South America for Euro 428 thousand (-4.2% on the preceding period).

In order to better illustrate F.I.L.A. Group revenue, the table below highlights revenue by strategic segment compared with the previous year (the school and office strategic business segment, the arts and crafts strategic business segment and, to a residual extent, industrial products):



Other revenue and income of Euro 2,286 thousand decreased by Euro 846 thousand compared to the preceding period, mainly due to lower exchange gains on commercial transactions.

Operating expense in Q1 2021 of Euro 123,910 thousand decreased Euro 8,243 thousand on the same period of 2020. This decrease follows the drop in revenue, the positive exchange rate effect mirroring that of revenue, the containment of certain fixed overheads such as travel and entertainment expenses, advertising, marketing promotion and trade fairs and the reduction in personnel expense in India and Mexico.

The gross operating profit of Euro 20,081 thousand increased by Euro 3,282 thousand on 2020 (+19.6%).

Amortisation, depreciation and impairments decreased Euro 1,239 thousand, mainly due to the containment of investments made in 2020 during the COVID-19 pandemic.

Net Financial Expense improved by Euro 3,624 thousand, mainly due to greater exchange gains on financial transactions.

Adjusted income taxes totalled Euro 2,159 thousand.

Net of the profit attributable to non-controlling interests, the F.I.L.A. Group adjusted result in Q1 2021 was a profit of Euro 7,140 thousand, compared to a loss of Euro 240 thousand in the previous year.

Business seasonality

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

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

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

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

The key highlights for Q1 2021 and 2020 are reported below.

	2020				2021
	First 3 mth. 2020	First 6 mth. 2020	First 9 mth. 2020	FY 2020	First 3 mth. 2021
<i>Euro thousands</i>					
Revenue from sales and services	145,769	307,518	471,129	607,382	141,551
Full year portion	24,00%	50,63%	77,57%	100,00%	100,00%
Gross operating profit	14,873	45,166	78,527	95,051	21,946
% revenue from sales and services	10,20%	14,69%	16,67%	15,63%	15,50%
Full year portion	15,65%	47,52%	82,62%	100,00%	
Adjusted gross operating profit	16,799	46,162	78,062	95,351	20,081
% revenue from sales and services	11,52%	15,01%	16,57%	15,70%	14,17%
Full year portion	17,62%	48,41%	81,87%	100,00%	
Net Financial Debt	(584,592)	(611,266)	(568,987)	(493,456)	(525,019)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at March 31, 2021 are as follows.

<i>Euro thousands</i>	March 31, 2021	December 31, 2020	Change 2021 - 2020
Intangible assets	446,390	435,990	10,400
Property, plant & equipment	177,167	171,489	5,678
Financial assets	3,699	3,679	20
Net Non-current assets	627,256	611,158	16,098
Other Non-Current Assets/ Liabilities	20,655	20,242	413
Inventories	267,171	256,288	10,883
Trade receivables and other assets	142,737	115,929	26,808
Trade payables and other liabilities	(100,188)	(100,542)	354
Other current assets and liabilities	4,290	4,908	(618)
Net working capital	314,010	276,583	37,427
Provisions	(85,433)	(83,252)	(2,181)
Net invested capital	876,488	824,731	51,757
Equity	(351,469)	(331,275)	(20,194)
Net financial debt	(525,019)	(493,456)	(31,563)
Net funding sources	(876,488)	(824,731)	(51,757)

The F.I.L.A. Group's Net invested capital of Euro 876,488 thousand at March 31, 2021 was composed of Net Fixed Assets of Euro 627,256 thousand (up by Euro 16,098 thousand on December 31, 2020), Net Working Capital of Euro 314,009 thousand (up by Euro 37,426 thousand on December 31, 2020) and Other non-current assets/liabilities of Euro 20,655 thousand (up by Euro 413 thousand on December 31, 2020), net of Provisions of Euro 85,433 thousand (Euro 83,252 thousand at December 31, 2020).

Intangible Assets increased on December 31, 2020 by Euro 10,400 thousand, mainly due to positive currency effects of Euro 13,372 thousand recognised to Concessions, Licenses, Trademarks and Similar Rights and to "Other Intangible Assets", in addition to Goodwill and investments of Euro 655 thousand, partially offset by amortisation in the period of Euro 3,525 thousand, particularly recorded by the parent company F.I.L.A. S.p.A. due to the advancement of the SAP project.

Property, plant and equipment increased compared to December 31, 2020 by Euro 5,678 thousand, mainly due to the increase in rights-of-use for Euro 4,920 thousand.

Net investments in the period amounted to Euro 1,723 thousand and were principally undertaken by DOMS Industries Pvt Ltd (India) for the extension and development of the local production and logistics sites.

Financial assets increased by Euro 20 thousand compared to December 31, 2020 and mainly concerned loans.

The increase in Net Working Capital of Euro 37,427 thousand relates to the following:

- Inventories - increasing Euro 10,883 thousand, due to the net increase in F.I.L.A. Group stock of Euro 3,634 thousand, mainly in view of the seasonality of the business ahead of the upcoming school's campaign, which particularly concerns the French subsidiary Canson SAS and the Mexican subsidiary Grupo – F.I.L.A.- Dixon, S.A.de C.V., in addition to positive currency effects of Euro 7,840 thousand;
- Trade receivables and other assets - increasing Euro 26,808 thousand, mainly due to the seasonality of the F.I.L.A. Group business, particularly concerning the US subsidiary Dixon Ticonderoga Company for Euro 8,813 thousand and the parent company F.I.L.A. S.p.A. for Euro 8,726 thousand, in addition to positive currency effects of Euro 2,069 thousand;
- Trade payables and other liabilities - reducing Euro 354 thousand, mainly as a result of the settlement of trade payables and of tax liabilities, in addition to negative currency effects.

The increase in Provisions on December 31, 2020 of Euro 2,181 thousand principally concerns the:

- Increase in Deferred tax liabilities of Euro 1,911 thousand, principally due negative currency effects (of Euro 2,301 thousand), partially offset by the release of the tax effect concerning Intangible Assets, recognised during the PPA relating to the M&A transaction;
- Decreases in Provisions for Risks and Charges of Euro 83 thousand, mainly due to the use of restructuring provisions and other provisions;
- Increase in Employee benefits of Euro 353 thousand.

The Equity attributable to owners of the companies of the F.I.L.A. Group, amounting to Euro 351,469 thousand, increased on December 31, 2020 by Euro 20,194 thousand. Further to the net profit of Euro 5,600 thousand (of which Euro 195 thousand concerning non-controlling interests), the residual movement mainly concerned the increase in the currency reserve of Euro 12,272 thousand and the positive movement in the IRS fair value hedge for Euro 2,806 thousand, partially offset by the negative reserve for treasury shares in portfolio for Euro 488 thousand.

The F.I.L.A. Group Net Financial Position at March 31, 2021 was a net debt of Euro 525,019 thousand, increasing Euro 31,563 thousand on December 31, 2020. For greater details, reference should be made to the Net financial debt and cash flows section.

Financial overview

The overview of the Q1 2021 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, 2021 reports a debt of Euro 525,019 thousand:

<i>Euro thousands</i>	March 31, 2021	December 31, 2020	Change 2021 - 2020
A Cash	115	114	1
B Other cash equivalents	93,555	126,991	(33,436)
C Securities held for trading	-	-	-
D Cash and cash equivalents (A + B + C)	93,670	127,105	(33,435)
E Current loan assets	2,650	622	2,028
F Current bank loans and borrowings	(73,712)	(83,757)	10,045
G Current portion of non-current debt	(29,250)	(29,658)	408
H Other current loans and borrowings	(12,210)	(12,636)	426
I Current financial debt (F + G + H)	(115,172)	(126,051)	10,879
J Net current financial debt (I + E+ D)	(18,852)	1,676	(20,528)
K Non-current bank loans and borrowings	(406,678)	(399,506)	(7,172)
L Bonds issued	-	-	-
M Other non-current loans and borrowings	(99,557)	(95,692)	(3,865)
N Non-current financial debt (K + L + M)	(506,235)	(495,198)	(11,036)
O Net financial debt (J+N)	(525,087)	(493,522)	(31,564)
P Loans issued to third parties	68	68	-
Q Net financial debt (O + P) - F.I.L.A. Group	(525,019)	(493,456)	(31,563)

Compared to December 31, 2020 (debt of Euro 493,456 thousand), the net financial debt at March 31, 2021 increased Euro 31,563 thousand, as outlined below in the Statement of Cash Flows.

<i>Euro thousands</i>	March 31, 2021	March 31, 2020
Operating profit net of IFRS 16 effect	11,037	2,859
Adjustments for non-cash items net of IFRS 16 effect	8,184	8,587
Income taxes	(1,523)	(1,322)
Cash Flows from Operating Activities Before Changes in NWC	17,697	10,124
Change in NWC	(31,278)	(41,686)
Change in Inventories	(3,634)	(18,752)
Change in Trade receivables and Other Assets	(24,478)	(22,608)
Change in Trade payables and Other Liabilities	(2,973)	943
Change in Other Current Assets/Liabilities	(194)	(1,269)
Net cash Flows from Operating Activities	(13,581)	(31,562)
Investments in Property, Plant and Equipment and Intangible assets	(2,388)	(3,661)
Interest income	32	81
Net cash Flows used in Investing Activities	(2,356)	(3,580)
Change in Equity	(488)	-
Interest Expense	(4,859)	(5,717)
Net cash Flows from (used in) Financing Activities	(5,346)	(5,717)
Other changes	2,371	1,850
Total Net Cash Flows	(18,912)	(39,009)
Effect of exchange gains or losses	(8,690)	1,760
Mark to mark hedging adj	1,930	(9,211)
NFD change due to IFRS16 FTA	(5,891)	3,618
NFD from M&A Transactions (Change in Consolidation Scope)	-	(43,600)
Change in Net Financial Debt	(31,563)	(86,442)

The net cash flow absorbed in Q1 2021 from “Operating Activities” of Euro 13,581 thousand (absorption of operating cash in Q1 2020 of Euro 31,562 thousand) concerns:

- Generation of Euro 17,697 thousand (Euro 10,124 thousand in Q1 2020) from “Operating profit”, based on the difference of the “Value” and the “Costs of Cash Generation” and the remaining ordinary income components, excluding financial management;
- Outflows of Euro 31,278 thousand (Euro 41,686 thousand in Q1 2020) attributable to “working capital movements”, primarily related to the increases in “Inventories” and “Trade receivables and other assets”.

“Investing activities” absorbed liquidity of Euro 2,356 thousand (Euro 3,580 thousand in Q1 2020), mainly due to the use of cash for Euro 2,388 thousand (Euro 3,661 thousand in Q1 2020) for tangible and intangible asset investment, particularly regarding DOMS Industries Pvt Ltd (India) and F.I.L.A. S.p.A. (Italy).

Cash flow from “Financing Activities” absorbed liquidity of Euro 5,346 thousand (Euro 5,717 thousand at March 31, 2020), due to the purchase of treasury shares by the Parent F.I.L.A. S.p.A. and to interest paid on loans and credit lines granted to Group companies.

Excluding the currency effect from the translation of the net financial positions in currencies other than the Euro (negative Euro 8,690 thousand), the adjustment to Mark-to-Market hedges of a positive Euro 1,930 thousand and the increase in the net debt due to the application of IFRS 16 of Euro 5,891 thousand, Group net debt rose Euro 31,563 thousand (Euro 86,442 thousand at March 31, 2020).

Changes in net cash and cash equivalents are detailed below.

<i>Euro thousands</i>	March 31, 2021	December 31, 2020
Opening Cash and Cash Equivalents	116,306	85,579
Cash and cash equivalents	127,105	100,191
Current account overdrafts	(10,799)	(14,612)
Closing Cash and Cash Equivalents	82,258	116,306
Cash and cash equivalents	93,670	127,105
Current account overdrafts	(11,412)	(10,799)

Segment reporting

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

IFRS 8 requires an entity to base segment reporting on internal reporting, which is regularly reviewed by the entity's chief operating decision maker to allocate resources to the various segments and assess performance.

Geographical segments are the primary basis of analysis and of decision-making by the F.I.L.A. Group's management, therefore fully in line with the internal reporting prepared for these purposes.

In particular, the Group's business is divided into five business segments, each of which is composed of various geographical segments, i.e. (i) Europe, (ii) North America (USA and Canada), (iii) Central and South America, (iv) Asia and (v) the Rest of the World, which includes South Africa and Australia. Each of the five business segments designs, markets, purchases, manufactures and sells products under known consumer brands in demand amongst end users and used in schools, homes and workplaces. Product designs are adapted to end users' preferences in each geographical segment.

The group's products are similar in terms of quality and production, target market, margins, sales network and customers, even with reference to the different brands which the group markets. Accordingly, there is no diversification by segments in consideration of the substantial uniformity of the risks and benefits relating to the products produced by the F.I.L.A. Group.

The accounting policies applied to segment reporting are in line with those used for the preparation of the consolidated financial statements.

Business Segment Reporting of the F.I.L.A. Group aggregates companies by geographical segment on the basis of the "entity location".

For disclosure on the association between the geographical segments and F.I.L.A. group companies, reference should be made to the attachments to this report in the "List of companies included in the consolidation scope and other equity investments" section.

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

Business Segments – Statement of financial position

The key statement of financial position figures for the F.I.L.A. Group by geographical area, at March 31, 2021 and December 31, 2020, are reported below:

March 31, 2021	Europe	North America	Central & South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	142,825	219,807	967	21,277	-	61,514	446,390
Property, plant & equipment	67,904	48,752	21,214	38,869	428	-	177,167
Total Tangible and Intangible Assets	210,729	268,559	22,181	60,146	428	61,514	623,557
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	90,476	111,101	39,149	29,170	1,890	(4,615)	267,171
Trade receivables and Other assets	97,954	43,589	38,373	15,329	998	(53,506)	142,737
Trade payables and Other liabilities	(82,921)	(30,322)	(18,233)	(18,172)	(3,462)	52,922	(100,188)
Other Current Assets and Liabilities	1,053	2,631	459	149	(2)	-	4,290
Net Working Capital	106,562	126,999	59,748	26,476	(576)	(5,199)	314,010
<i>of which Intercompany</i>	<i>(2,574)</i>	<i>(1,841)</i>	<i>(301)</i>	<i>(323)</i>	<i>(160)</i>		
Net Financial Debt	(221,833)	(247,490)	(42,805)	(10,991)	(2,325)	425	(525,019)
<i>of which Intercompany</i>	<i>425</i>						
December 31, 2020	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	140,829	211,481	1,032	20,751	-	61,897	435,990
Property, plant & equipment	65,009	48,403	21,558	36,030	489	-	171,489
Total Tangible and Intangible Assets	205,838	259,884	22,590	56,781	489	61,897	607,479
<i>of which Intercompany</i>	<i>(76)</i>						
Inventories	84,282	110,946	36,790	27,194	1,965	(4,889)	256,288
Trade Receivables and other assets	79,310	30,280	36,411	13,845	1,331	(45,248)	115,929
Trade payables and other liabilities	(73,702)	(36,657)	(14,494)	(16,751)	(3,685)	44,747	(100,542)
Other Current Assets and Liabilities	2,151	2,299	382	76	-	-	4,908
Net Working Capital	92,041	106,868	59,089	24,364	(389)	(5,390)	276,583
<i>of which Intercompany</i>	<i>(11,661)</i>	<i>1,915</i>	<i>2,676</i>	<i>(1,425)</i>	<i>3,104</i>		
Net Financial Debt	(208,813)	(231,068)	(41,077)	(8,777)	(2,481)	(1,240)	(493,456)
<i>of which Intercompany</i>	<i>(1,240)</i>						

Business Segments – Income Statement

The income statement for the F.I.L.A. Group by geographical area for Q1 2021 and Q1 2020 is reported below:

March 31, 2021	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Core Business Revenue	76,716	62,675	12,759	23,096	897	(34,592)	141,551
<i>of which Intercompany</i>	<i>(21,519)</i>	<i>(2,239)</i>	<i>(4,622)</i>	<i>(6,212)</i>			
Gross operating profit (loss)	10,819	8,845	(10)	2,078	(20)	234	21,946
Operating profit (loss)	6,200	5,938	(826)	324	(78)	324	11,882
Net financial income (expense)	(1,898)	(1,167)	(1,357)	(308)	54	31	(4,645)
<i>of which Intercompany</i>	<i>31</i>						
Profit (loss) for the year	3,862	3,640	(2,134)	43	(27)	216	5,600
Non-controlling interests	243	68	-	(116)	-	-	195
Profit attributable to the owners of the Parent	3,620	3,571	(2,134)	159	(27)	216	5,405
March 31, 2020							
<i>Euro thousands</i>							
Core Business Revenue	67,229	71,515	18,560	27,132	738	(39,405)	145,769
<i>of which Intercompany</i>	<i>(20,325)</i>	<i>(2,903)</i>	<i>(9,141)</i>	<i>(7,036)</i>			
Gross operating profit (loss)	2,739	8,096	1,004	3,414	(494)	114	14,873
Operating profit (loss)	(1,945)	4,638	79	1,299	(516)	118	3,673
Net financial income (expense)	(7,287)	(1,839)	(2,447)	(249)	(221)	3,482	(8,561)
<i>of which Intercompany</i>	<i>3,465</i>	<i>2</i>	<i>(7)</i>	<i>4</i>	<i>19</i>		
Profit (loss) for the year	(9,566)	2,297	(2,301)	797	(737)	3,572	(5,938)
Non-controlling interests	(56)	66	-	106	(1)	-	115
Profit attributable to the owners of the Parent	(9,509)	2,231	(2,301)	691	(736)	3,572	(6,053)

Business Segments – Other Information

The “Other Information”, concerning tangible and intangible fixed asset investments of Group companies by region for March 31, 2021 and March 31, 2020 is reported below:

March 31, 2021	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	665	-	-	1	-	665
Property, plant and equipment	421	70	123	1,102	7	1,723
Right-of-use assets	3,753	(298)	25	1,520	(25)	4,976
Net investments	4,839	(228)	148	2,623	(18)	7,364

March 31, 2020	Europe	North America	Central - South America	Asia	Rest of the World	F.I.L.A. Group
<i>Euro thousands</i>						
Intangible assets	579	-	-	11	-	590
Property, plant and equipment	309	1,055	330	1,368	10	3,071
Right-of-use assets	1,261	368	246	28	-	1,902
Net investments	2,149	1,423	576	1,407	10	5,563

Subsequent events

There were no significant events following period-end.

Outlook

The 2021 outlook for the remainder of the first half-year shall continue to be influenced by the instability owing to the Coronavirus outbreak, which however is gradually being overcome and despite the persisting significant difficulties in India and Mexico.

A complete reopening of schools is in fact expected only from the middle of Q2 2021, with a consequent recovery of “Schools” product sales, in particular in those geographical areas in which the lockdown hit hardest (India and Mexico). “Fine Art” product revenue growth was again returned in the first quarter of the year. On the basis of these assumptions, a partial and gradual recovery of fixed costs and production and IT investments linked to the upgrade of the Group's IT systems is therefore expected.

Management continues to remain closely focused on earnings and working capital management efficiency.

The F.I.L.A. Group continues to monitor the developing situation in order to minimise its social and workplace health and safety impacts, in addition to the operating, equity and financial situation, by drawing up and rolling out flexible and timely action plans.

Treasury shares

The parent company, in the period between March 23 and March 25, 2021, purchased treasury shares as per the Shareholders' Meeting authorisation of April 22, 2020 and the subsequent Board of Directors' motion of March 16, 2021. On March 31, 2021, the Group held 51,500 treasury shares (0.10% of the Share capital), for a total value of Euro 488 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated shareholders' equity);

Basis of preparation and accounting standards

The consolidated interim financial statements of the F.I.L.A. Group at March 31, 2021, drawn up by the Board of Directors of F.I.L.A. S.p.A., were prepared in accordance with the accounting standards and methods adopted for the annual financial report, based on the historic cost principle and the going concern assumption.

II - Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2021

Consolidated Financial Statements

Consolidated Statement of Financial Position

<i>Euro thousands</i>	March 31, 2021	December 31, 2020
Assets	1,162,682	1,141,333
Non-current assets	648,137	631,507
Intangible assets	446,390	435,990
Property, plant and equipment	177,167	171,489
Non-current financial assets	2,546	2,614
Equity-accounted investments	1,190	1,102
Other equity investments	31	31
Deferred tax assets	20,813	20,281
Current assets	514,545	509,826
Current financial assets	2,650	622
Current tax assets	8,317	9,882
Inventories	267,171	256,288
Trade receivables and other assets	142,737	115,929
Cash and cash equivalents	93,670	127,105
Liabilities and equity	1,162,682	1,141,333
Equity	351,469	331,275
Share capital	46,968	46,968
Negative reserve for treasury shares in portfolio	(488)	-
Reserves	(33,062)	(48,241)
Retained earnings	308,288	300,673
Profit for the period	5,405	8,608
Equity attributable to the owners of the parent	327,111	308,008
Equity attributable to non-controlling interests	24,358	23,267
Non-current liabilities	590,981	577,562
Non-current financial liabilities	489,399	476,432
Financial instruments	16,836	18,767
Employee benefits	14,318	13,965
Provisions for risks and charges	935	935
Deferred tax liabilities	69,334	67,423
Other liabilities	158	38
Current liabilities	220,232	232,496
Current financial liabilities	115,172	126,052
Current provisions for risks and charges	845	928
Current tax liabilities	4,027	4,974
Trade payables and other liabilities	100,188	100,542

Consolidated Financial Statements

Statement of Comprehensive Income

<i>Euro thousands</i>	March 31, 2021	March 31, 2020
Revenue from sales and services	141,551	145,769
Other revenue and income	2,286	3,132
Total revenue	143,836	148,901
Raw materials, consumables, supplies and goods	(65,324)	(84,750)
Services and use of third party assets	(24,758)	(30,135)
Other costs	(1,765)	(3,753)
Change in raw materials, semi-finished products, work in progress and finished goods	3,300	19,879
Personnel expense	(33,342)	(35,269)
Amortisation and depreciation	(9,998)	(10,649)
Net impairment losses on trade receivables and other assets	(64)	(551)
Other net impairment losses	(2)	-
Total operating costs	(131,955)	(145,227)
Operating profit	11,882	3,673
Financial income	2,846	1,490
Financial expense	(7,527)	(10,094)
Share of profit of equity-accounted investments	36	43
Net financial expense	(4,645)	(8,561)
Pre-tax profit	7,237	(4,888)
Income taxes	(2,190)	(1,398)
Deferred taxes	553	348
Total taxes	(1,636)	(1,050)
Profit from continuing operations	5,600	(5,938)
Profit for the year	5,600	(5,938)
<i>Attributable to:</i>		
Non-controlling interests	195	115
Owners of the parent	5,405	(6,053)
Other comprehensive income (expense) which may be reclassified subsequently to profit or loss	15,078	(17,279)
Exchange gains or losses	12,272	(8,313)
Hedging reserves	2,806	(8,966)
Other comprehensive income which may not be reclassified subsequently to profit or loss	66	1,919
Actuarial gain	79	2,442
Taxes	(13)	(523)
Other comprehensive income (expense), net of tax effect	15,144	(15,360)
Comprehensive income (expense)	20,744	(21,297)
<i>Attributable to:</i>		
Non-controlling interests	1,089	(832)
Owners of the parent	19,655	(20,465)
Earnings per share:		
<i>basic</i>	0,11	(0,12)
<i>diluted</i>	0,10	(0,12)

Statement of changes in Equity

Statement of Changes in Equity														
	Share capital	Negative reserve for treasury shares in portfolio	Legal reserve	Share premium reserve	Actuarial reserve	Other reserves	Translation reserve	Retained earnings	Profit attributable to the owners of the parent	Equity attributable to the owners of the parent	Capital and reserves att. to non-controlling interests	Profit attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
<i>Euro thousands</i>														
December 31, 2019	46,876		7,765	153,608	(4,214)	(34,423)	(16,057)	153,616	24,000	331,717	24,075	2,105	26,180	357,351
Profit for the year									8,607	8,607		(485)	(485)	8,122
Other comprehensive income (expense)				-	(1,089)	(6,009)	(23,799)			(30,897)	(2,547)		(2,547)	(33,444)
Other changes	91			865	-	(1,830)	-			(874)	389		389	(485)
Profit for the year recognised directly in equity	91		-	865	(1,089)	(7,839)	(23,799)	-	8,607	(23,164)	(2,158)	(485)	(2,643)	(25,807)
Allocation of the 2019 profit			566			(566)		24,000	(24,000)	-	2,105	(2,105)	-	-
Dividends											(269)		(269)	(269)
December 31, 2020	46,967		8,331	154,473	(5,303)	(42,828)	(39,856)	177,616	8,607	308,007	23,753	(485)	23,268	331,275
Profit for the year									5,405	5,405		195	195	5,600
Other comprehensive income (expense)					66	2,806	11,378			14,250	893		893	15,144
Other changes		(488)				(63)				(551)	-		-	(551)
Profit for the year recognised directly in equity	-	(488)	-	-	66	(63)	-	-	5,405	19,104	893	195	1,088	20,192
Allocation of the 2020 profit								8,607	(8,607)	-	-	-	-	-
Dividends											-	-	-	-
March 31, 2021	46,967	(488)	8,331	154,473	(5,237)	(42,891)	(28,478)	186,223	5,405	327,111	24,646	(290)	24,358	351,469

Consolidated Statement of Cash Flows

<i>Euro thousands</i>	March 31, 2021	March 31, 2020
Operating profit	5,600	(5,938)
Non-monetary and other adjustments:	17,355	21,671
Amortisation and depreciation	7,191	7,946
Depreciation of right-of-use assets	2,807	2,704
Net impairment losses on intangible assets and property, plant and equipment	2	-
Impairment gains/losses on trade receivables and write-downs of inventories	398	(301)
Accruals for post-employment and other employees benefits	593	953
Exchange losses on foreign currency trade receivables and payables	83	770
Net gains on the sale of intangible assets and property, plant and equipment	-	(11)
Net financial expense	4,681	8,604
Net gains on equity investments	(36)	(43)
Taxes	1,636	1,050
Addition for:	684	(3,508)
Income taxes paid	(1,523)	(1,322)
Net unrealised exchange gains/losses on foreign currency assets and liabilities	2,233	(2,167)
Net realised exchange gains/losses on foreign currency assets and liabilities	(26)	(20)
Cash flows from operating activities before changes in net working capital	23,639	12,226
Changes in net working capital:	(31,278)	(41,686)
Change in inventories	(3,634)	(18,752)
Change in trade receivables and other assets	(24,478)	(22,608)
Change in trade payables and other liabilities	(2,973)	943
Change in other asset/liabilities	33	(994)
Change in post-employment and other employee benefits	(228)	(275)
Net cash flows used in operating activities	(7,639)	(29,460)
Net increase/decrease in intangible assets	(665)	(590)
Net increase/decrease in property, plant and equipment	(1,723)	(3,071)
Net increase/decrease in property, plant and equipment IFRS 16	(4,976)	(1,732)
Net increase/decrease in equity investments measured at cost	-	(22,564)
Net increase/decrease in other financial assets	(1,756)	96
Interest collected	32	81
Net cash flows used in investing activities	(9,088)	(27,780)
Change in equity	(488)	(0)
Financial expense	(4,859)	(5,717)
Lease expense of rights-of-use assets	(1,400)	(1,473)
Net increase/decrease in loans and borrowings and other financial liabilities	(13,006)	89,822
Net increase/decrease in lease liabilities of rights-of-use assets	2,703	(137)
Net cash flows from (used in) financing activities	(17,050)	82,494
Exchange gains and Other non-monetary changes	(271)	1,640
Net cash flows for the year	(34,048)	26,894
Opening cash and cash equivalents net of current account overdrafts	116,306	85,580
Opening cash and cash equivalents net of current account overdrafts (change in consolidation scope)	-	(21,036)
Closing cash and cash equivalents net of current account overdrafts	82,258	91,438

- 1) Cash and cash equivalents at March 31, 2021 totalled Euro 93,670 thousand; current account overdrafts amounted to Euro 11,412 thousand net of relative interest.
- 2) Cash and cash equivalents at December 31, 2020 totalled Euro 127,105 thousand; current account overdrafts amounted to Euro 10,799 thousand net of relative interest.
- 3) The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects of non-monetary items were eliminated (including the translation of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the caption "Other non-monetary changes".

<i>Euro thousands</i>	March 31, 2021	December 31, 2020
Opening Cash and Cash Equivalents	116,306	85,579
Cash and cash equivalents	127,105	100,191
Current account overdrafts	(10,799)	(14,612)
Closing Cash and Cash Equivalents	82,258	116,306
Cash and cash equivalents	93,670	127,105
Current account overdrafts	(11,412)	(10,799)

Attachments

Attachment 1 - List of companies included in the consolidation scope and other equity investments

Company	Country	Segment IFRS 8 ¹	Year of acquisition	% Held directly (F.L.L.A. S.p.A.)	% Held indirectly	% Held F.L.L.A. Group	Held By	Recognition	Non controlling interests
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany	EU	2008	99,53%	0,47%	100,00%	FILA S.p.A. Lyra Bleistift-Fabrik Verwaltungs GmbH	Line-by-Line	0,00%
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany	EU	2008	0,00%	100,00%	100,00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	0,00%
F.L.L.A. Nordic AB ²	Sweden	EU	2008	0,00%	50,00%	50,00%	Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	50,00%
FILA Stationary 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 Stationary 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 Single Member S.A.	Greece	EU	2013	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-Line	0,00%
Fila Polska Sp. Z.o.o	Poland	EU	2015	51,00%	0,00%	51,00%	FILA S.p.A.	Line-by-Line	49,00%
Dixon Ticonderoga Company	U.S.A.	NA	2005	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-Line	0,00%
Dixon Canadian Holding Inc.	Canada	NA	2005	0,00%	100,00%	100,00%	Dixon 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 Canadian Holding 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 Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	48,00%
FILA Dixon Stationery (Kunshan) Co., Ltd.	China	AS	2013	0,00%	100,00%	100,00%	Beijing F.L.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0,00%
FILA SA PTY LTD	South Africa	RM	2014	99,43%	0,00%	99,43%	FILA S.p.A.	Line-by-Line	0,57%
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	U.K.	EU	2016	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-Line	0,00%
Renoir Midco Ltd	U.K.	EU	2016	0,00%	100,00%	100,00%	Renoir Topco Ltd	Line-by-Line	0,00%
Renoir Bidco Ltd	U.K.	EU	2016	0,00%	100,00%	100,00%	Renoir Midco Ltd	Line-by-Line	0,00%
FILA Benelux SA	Belgium	EU	2016	0,00%	100,00%	100,00%	Renoir Bidco Ltd Daler Rowney Ltd Daler Board Company Ltd	Line-by-Line	0,00%
Daler Rowney Ltd	U.K.	EU	2016	0,00%	100,00%	100,00%	Renoir Bidco Ltd	Line-by-Line	0,00%
Daler Rowney GmbH	Germany	EU	2016	0,00%	100,00%	100,00%	Daler Rowney Ltd	Line-by-Line	0,00%
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%
Brideshore srl	Domenican Republic	CSA	2016	0,00%	100,00%	100,00%	Daler Rowney Ltd	Line-by-Line	0,00%
St. Cuthberts Holding Limited	U.K.	EU	2016	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-Line	0,00%
St. Cuthberts Mill Limited	U.K.	EU	2016	0,00%	100,00%	100,00%	St. Cuthberts Holding Limited	Line-by-Line	0,00%
Fila Iberia S. L.	Spain	EU	2016	96,77%	0,00%	96,77%	F.L.L.A. Hispania S.L.	Line-by-Line	3,23%
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	Brazil	CSA	2016	0,04%	99,96%	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%
Dixon Ticonderoga ART ULC	Canada	NA	2018	0,00%	100,00%	100,00%	Dixon Canadian Holding Inc. Dixon Ticonderoga Company	Line-by-Line	0,00%
Creativity International	U.K.	EU	2018	0,00%	100,00%	100,00%	Castle Hill Crafts	Line-by-Line	0,00%
Princeton Hong Kong	Hong Kong	AS	2018	0,00%	100,00%	100,00%	Dixon Ticonderoga Company	Line-by-Line	0,00%
Fila Arches SAS	France	EU	2019	100,00%	0,00%	100,00%	FILA S.p.A.	Line-by-Line	0,00%
Fila Specialty Paper LLC	U.S.A.	NA	2019	0,00%	50,00%	50,00%	Dixon Ticonderoga Company	Line-by-Line	50,00%
Pioneer Stationery Pvt Ltd.	India	AS	2015	0,00%	51,00%	51,00%	DOMS Industries Pvt Ltd	Equity method	49,00%
Uniwite Pens and Plastics Pvt Ltd	India	AS	2016	0,00%	60,00%	60,00%	DOMS Industries Pvt Ltd	Equity method	40,00%
Fixy Adhesives Private Limited	India	AS	2021	0,00%	78,46%	78,46%	DOMS Industries Pvt Ltd	Equity method	49,00%
Inxon Pens & Stationary Private	India	AS	2021	0,00%	51,00%	51,00%	DOMS Industries Pvt Ltd	Equity method	40,00%

1 - EU - Europe; NA - North America; CSA - Central South America; AS - Asia; RM - Rest of the world

2 - Although not holding more than 50% of the share capital, considered a subsidiary under IFRS10

Transactions relating to Atypical and/or Unusual Operations

In accordance with Consob Communication of July 28, 2006, during Q1 2021 the F.I.L.A. Group did not undertake any atypical and/or unusual operations as defined by this communication, whereby atypical and/or unusual transactions refer to transactions which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the period-end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the company's assets and the protection of non-controlling shareholders.

The Board of Directors
THE CHAIRMAN
GIOVANNI GORNO TEMPINI

Statement of the Manager in Charge - Interim Financial Report



Fabbrica Italiana Lapis ed Affini

F.I.L.A. S.p.A.
Via XXV Aprile, 5
20016 Pero (Milano)

May 14, 2021

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, 2021 corresponds to the underlying accounting records.

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

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

Sede Legale, Amministrativa e Commerciale

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