

(Translation from the Italian original which remains the definitive version)



**F.I.L.A. GROUP CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2024**

**F.I.L.A. S.p.A. SEPARATE FINANCIAL STATEMENTS
AT DECEMBER 31, 2024**

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

Via XXV Aprile 5 Pero (MI)

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I - General information

Corporate Bodies

Board of Directors

Chairperson (*)	Giovanni Gorno Tempini
Honorary Chairperson	Alberto Candela
Chief Executive Officer (**)	Massimo Candela
Executive Director (**)	Luca Pelosin
Non-executive Director	Annalisa Matilde Barbera
Non-executive Director (*)	Gianna Luzzati
Non-executive Director (*)	Carlo Paris
Non-executive 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

Gianna Luzzati
 Carlo Paris
 Donatella Sciuto
 Annalisa Matilde Barbera

Remuneration Committee

Donatella Sciuto
 Gianna Luzzati
 Annalisa Matilde Barbera

Board of Statutory Auditors

Chairperson	Gianfranco Consorti
Standing Auditor	Sonia Ferrero
Standing Auditor	Pietro Michele Villa
Alternate Auditor	Stefano Amoroso
Alternate Auditor	Tina Marcella Amata

Independent Auditors

Deloitte & Touche S.p.A.

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

The F.I.L.A. Group (hereafter also the “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 December 31, 2024 operates through 22 production facilities and 33 subsidiaries across the globe and employs approximately 3,300 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. Dixon Ticonderoga Co. (U.S.A.) was subsequently merged into Pacon Corporation (U.S.A.), which later changed its name to Dixon Ticonderoga Co. (U.S.A.) (xii).

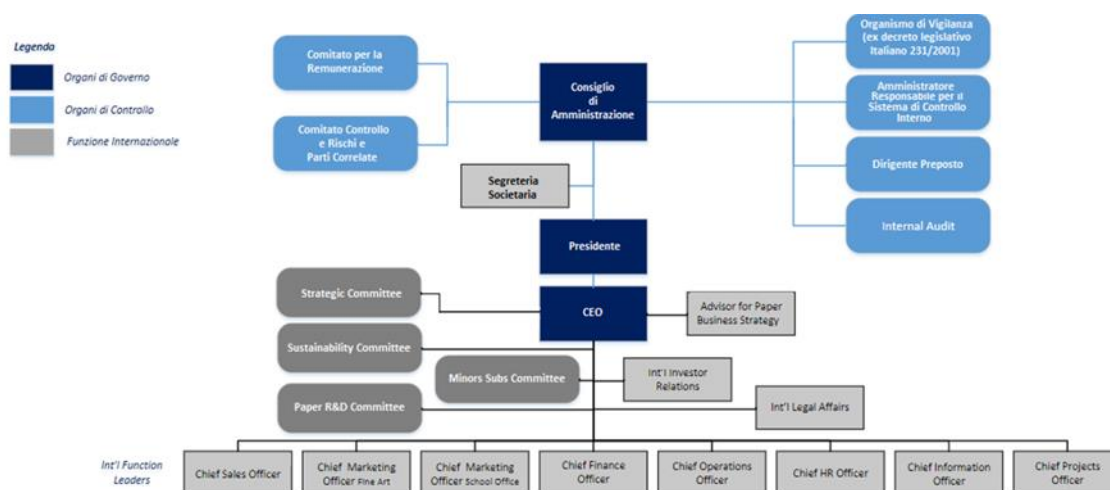
On March 2, 2020, F.I.L.A.- Arches S.A.S., a French company wholly-owned by F.I.L.A. S.p.A., completed the purchase from the Ahlstrom-Munksjö Group of the fine art business unit specialised in fine art operating through the ARCHES® brand (xiii).

On February 8, 2022, the UK subsidiary Daler Rowney Ltd. acquired 100% of the UK company Creative Art Products Limited, located in Manchester (UK), which specialises in the schools segment and produces and distributes a wide range of art materials for children, both under the *Scola* brand and private label brands (xiv).

On December 20, 2023, the listing of the subsidiary (now associated company) DOMS Industries Limited on the National Stock Exchange of India was completed. As part of the listing, however, F.I.L.A. S.p.A. remained the largest single shareholder of the company post-listing as it held 30.6% of the share capital. On December 19, 2024, following the completion of the share placement of the Indian associate company DOMS Industries Limited, F.I.L.A. S.p.A. reduced its shareholding to 26.01% of the share capital, while still remaining the largest single shareholder of the Indian company (xv).

Organisational structure

The F.I.L.A. S.p.A. organisational structure is reported below.





F.I.L.A. GROUP AND F.I.L.A. S.p.A. DIRECTORS' REPORT

AT DECEMBER 31, 2024

II - Directors' Report

Macroeconomic overview

After a rather challenging 2022 and 2023, a year that was heavily impacted by geopolitical tensions, inflation in raw materials, and a tightening of monetary policy with further increases in interest rates, the macroeconomic landscape of 2024 was again complex and volatile.

Global trade in 2025 is expected to expand at slightly over 3%, in line with global output forecasts. The outlook for global trade however maybe impacted by - in addition to heightening geopolitical tensions - the announced tightening of US trade policy. Oil prices have barely risen; natural gas prices remain volatile and subject to upward pressure from factors related to both demand and supply.

At the end of 2024, Eurozone economic growth weakened, impacted by struggling consumer and weak investments and exports. Manufacturing output remains disappointing, weakened also by the services segment. Inflation remains contained at approximately 2%, with the core component substantially stable: services inflation remains relatively high, partly reflecting lagging adjustments to past inflation. The Eurosystem experts in December revised downwards the zone's growth forecasts to over 1% for the 2025-2027 three-year period. Inflation is expected to stabilise at around the ECB's 2% target. The Board of the ECB in December cut the reference rate by a further 25 basis points to 4.25-4.50%. Markets expects a fresh cut of around 75 basis points in 2025. Despite the gradual easing of monetary policy, lending conditions in the Eurozone remained subdued within a framework of uncertainty and weak demand.

F.I.L.A. Group's markets were impacted by a challenging macroeconomic environment in view of the elections held in India, Mexico and the United States. The final part of the year in particular was impacted by macroeconomic uncertainties in the F.I.L.A. Group's main geographies. In particular, the logistics software to boost operating efficiency in the United States has been fully rolled out, whose "learning curve" resulted in slower order fulfilment until H1 2024, with an impact on revenue, while the final part of the year was influenced by macroeconomic uncertainties related to the possible increase in tariffs for goods from major exporting countries such as China. The market in Europe saw a return to growth thanks in part to restocking by customers following the drop in 2023, while the final part of the year was impacted by a struggling consumer. Following strong developments over the first nine months of the year, the Central-South America market weakened in view of the macroeconomic uncertainties.

Against this backdrop, F.I.L.A. Group management focused, in continuity with the previous year, on containing overheads, simplifying processes and reorganising production plant so as to maintain the

strong Group margin. New marketing and sales initiatives shall be rolled out to better support revenue growth, particularly in terms of extending the school segment range also to the lower-end categories, leveraging the strength of the DOMS product range, which shall continue to play a strategic role in the F.I.L.A. Group's industrial projects.

Furthermore, efficiency gains in investments and in working capital are to be the levers used to continue pursuing our goal of reducing net debt.

The inflation and GDP figures for the main countries in which the F.I.L.A. Group companies operate are reported below:

		December 31, 2024		December 31, 2023	
	Country	Inflation	GDP	Inflation	GDP
Euro zone	Italy	1.17%	0.96%	6.53%	0.20%
	Spain	2.35%	1.76%	4.78%	1.25%
	Portugal	2.60%	3.22%	6.58%	1.03%
	Greece	2.44%	1.27%	4.29%	1.59%
	France	1.27%	0.25%	5.75%	0.63%
	Turkey	46.64%	1.55%	44.59%	2.96%
	Germany	2.30%	0.48%	8.00%	(0.30%)
	Poland	4.80%	1.78%	10.77%	0.91%
North America	Sweden	1.31%	1.49%	6.99%	(0.63%)
	U.S.A.	2.74%	2.51%	3.89%	0.54%
	Canada	2.04%	2.33%	4.06%	1.03%
	Mexico	4.77%	3.22%	5.71%	1.63%
Latin America	Chile	4.59%	3.46%	6.93%	(0.52%)
	Argentina	154.36%	(3.30%)	83.00%	0.46%
BRICs	China	0.19%	4.90%	2.19%	4.62%
	India	2.93%	7.26%	5.03%	5.68%
	Brazil	4.39%	3.31%	4.21%	1.20%
	Russia	11.55%	3.83%	6.72%	(5.56%)
Others	South Africa	4.24%	1.68%	5.92%	1.12%
	Australia	2.81%	1.40%	4.53%	1.91%

Source: OECD, January 2025

Financial Highlights

The F.I.L.A. Group's 2024 Financial Highlights are reported below:

	December 31, 2024	% revenue	December 31, 2023	% revenue	Change 2024 - 2023	of which: DOMS Industries Limited (3)
<i>Euro thousands</i>						
Revenue	612,583	100.0%	779,183	100.0%	(166,599) -21.4%	(134,320) -17.2%
Gross operating profit ⁽¹⁾	109,045	17.8%	122,353	15.7%	(13,307) -10.9%	(25,817) -21.1%
Operating profit	63,867	10.4%	78,458	10.1%	(14,590) -18.6%	(19,940) -25.4%
Net financial income (expense)	42,941	7.0%	130,863	16.8%	(87,922) -67.2%	366 0.3%
Total taxes	(25,962)	-4.2%	(30,684)	-3.9%	4,722 15.4%	4,764 15.5%
F.I.L.A. Group Profit attributable to the owners of the Parent	81,767	13.3%	170,648	21.9%	(88,881) -52.1%	(7,553) -4.4%

Earnings per share (€ cents)

basic	1.61	3.36
diluted	1.57	3.29

	December 31, 2024	% revenue	December 31, 2023	% revenue	Change 2024 - 2023	of which: DOMS Industries Limited (3)	IFRS16 Effects	Adjustments for non-recurring expenses
<i>ADJUSTED Net of Non-Recurring expenses and IFRS 16 effects - Euro thousands</i>								
Revenue	612,583	100.0%	779,183	100.0%	(166,599) -21.4%	(134,320) -17.2%		
Gross operating profit ⁽¹⁾	118,221	19.3%	136,066	17.5%	(17,845) -13.1%	(25,817) -19.0%	16,197	(9,175)
Gross operating profit excluded IFRS16 effects	103,065	16.8%	121,104	15.5%	(18,039) -14.9%	(25,162) -20.8%	15,155	(9,175)
Operating profit	83,354	13.6%	93,630	12.0%	(10,276) -11.0%	(19,940) -21.3%	5,876	(19,487)
Net financial income (expense)	(22,836)	-3.7%	(36,731)	-4.7%	13,895 37.8%	366 1.0%	(3,575)	65,777
Total taxes	(20,409)	-3.3%	(17,966)	-2.3%	(2,442) -13.6%	4,764 26.5%	(961)	(5,553)
F.I.L.A. Group Profit attributable to the owners of the Parent	40,934	6.7%	30,940	4.0%	9,993 32.3%	(7,553) -24.4%	1,354	40,834

Earnings per share (€ cents)

basic	0.81	0.61
diluted	0.79	0.60

	December 31, 2024	December 31, 2023	Change 2024 - 2023
<i>Euro thousands</i>			
Cash flows from operating activities	108,615	133,184	(24,570)
Free cashflow to equity	67,700	60,292	7,408
Net investments (4)	(13,144)	(30,265)	17,121
% revenue	2.1%	3.9%	

	December 31, 2024	December 31, 2023	Change 2024 - 2023	IFRS 16 effects
<i>Euro thousands</i>				
Net capital employed	813,883	877,364	(63,482)	(14,695)
Net Financial debt ⁽²⁾	(181,079)	(303,412)	122,332	15,593
Net Financial debt excluded IFRS16 effects and MTM	(119,521)	(226,643)	107,122	
Equity	(632,803)	(573,953)	(58,851)	(899)

(1) The Gross Operating Profit corresponds to the "Operating Profit" before "Amortisation and Depreciation", "Net Impairment Gains (Losses) on Trade Receivables and Other Assets" and "Other Net Impairment Gains (Losses)" and derives directly from the statement of comprehensive income;

(2) Net financial structure indicator calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and current financial assets. Net financial debt as defined by CONSOB Notice DEM/6064293 of July 28, 2006 and CONSOB Attention Call No. 5/21 of April 29, 2021, excludes non-current financial assets.

(3) The figures refer to the associate DOMS Industries Limited at consolidated level. Following the public listing of the company on the National Stock Exchange of India on December 20, 2023, the company was deconsolidated as at December 31, 2023.

(4) "Net investments" corresponds to the sum of the following Statement of Cash Flow captions: "Net increase/decrease in intangible assets" and "Total Investments/Divestments in Property, Plant and Machinery", net of the acquisition of the Strathmore brand by the US subsidiary Dixon Teconderoga Company for Euro 2,010 thousand

2024 Adjustments:

— The adjustments to the 2024 “Gross Operating Profit” concern the net balance between non-recurring operating income and charges, which presents a net charge of approximately Euro 9.2 million and which includes charges for organisational structure and company process efficiency projects for Euro 5.9 million, extraordinary project costs and consultancy for Euro 2.8 million, the portion pertaining to the period for the “2022-2026 Performance Shares” medium/long-term incentive plan for Euro 1.0 million, and non-recurring income of Euro 0.6 million;

— The adjustment of the “Operating Profit” was Euro 19.5 million, resulting from the aforementioned effects on the “Gross Operating Profit” and the adjustment to fair value of the intangible assets for Euro 8.4 million, of tangible assets for Euro 1.1 million and of biological assets for Euro 1.3 million;

— The adjustment of the “Net Financial Expense” of Euro 65.8 million mainly concerns the gain on the sale of 4.57% of the Indian associate DOMS Industries Limited for Euro 67.0 million, in addition to the financial expense for this transaction of Euro 1.2 million;

— The adjustment to the “F.I.L.A. Group Profit” in 2024 was Euro 40.8 million, principally due to the above-stated effects on the “Operating Profit” and on “Net Financial Expense”, net of the relative tax effect of Euro 5.6 million mainly relating to the tax on the gain for the 4.57% sale of the Indian associate DOMS Industries Limited.

2023 Adjustments:

— The adjustments to the 2023 “Gross Operating Profit” concern non-recurring operating charges of approximately Euro 13.7 million concerning costs and consultancy for extraordinary projects for corporate transactions for Euro 8.5 million (mainly the listing of the Indian company DOMS Industrial Limited), charges for the organisational structure and company process efficiency project for Euro 4.6 million and the portion for the period concerning the medium/long-term “2022-2026 Performance Shares” incentive plan for Euro 0.6 million;

— The adjustment to “Operating Profit” was Euro 15.2 million, relating to the above-stated effects on EBITDA for the adjustment to fair value of tangible assets for Euro 0.9 million and the estimated impairments on doubtful accounts, mainly concerning the Russian subsidiary Fila Stationary O.O.O.;

— The adjustment to “Net Financial Expense” is Euro 167.6 million and refers to the profit from the loss of control of the Indian subsidiary;

— The adjustment to the Group Profit in 2023 was Euro 139.7 million, principally due to the above-stated effects on the Operating Profit and on Net Financial Expense, net of the relative tax

effect of Euro 12.7 million mainly relating to the listing of the Indian company DOMS Industries Limited.

In order to permit a more accurate assessment of the F.I.L.A. Group's financial performance and financial position, some alternative performance measures are presented alongside the conventional financial measures to the IFRS. Such alternative performance measures are not to be considered replacements for the IFRS-compliant measures. These measures are also tools used by the Directors to identify operating trends and for decision-making upon investments, the allocation of resources and other operative decisions. Alternative performance measures are not covered by IFRS and are therefore not comparable with similar performance and disclosure measures used in the financial statements of other entities.

These Alternative Performance Measures exclusively concern historical accounting data of the Group and are calculated in accordance with the Guidelines on Alternative Performance Measurement issued by ESMA on October 5, 2015 (2015/1415), as per CONSOB communication No. 92543 of December 3, 2015, the "ESMA Guidelines on Alternative Performance Measures (APMs)" issued on April 17, 2020 by the ESMA, and on October 28, 2022 in section 3 of the "European common enforcement priorities for 2022 annual financial reports".

The alternative performance measures used are illustrated below:

Gross operating profit or EBITDA: this is calculated the Profit for the Period, adjusted by the following captions: (i) Total Income taxes, (ii) Amortisation, Depreciation and Impairment losses and (iii) the Financial Management Result. 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 and of F.I.L.A. S.p.A.

The table below presents a reconciliation of the Profit for the period with the Gross Operating Profit or EBITDA:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Profit attributable to non-controlling interests	(921)	7,988
Profit attributable to the owners of the parent	81,767	170,648
Profit for the year	80,846	178,637
Income taxes	25,962	30,684
<i>Current taxes</i>	24,080	31,993
<i>Deferred taxes</i>	1,881	(1,309)
Amortisation, depreciation and impairment losses	45,178	43,895
<i>Depreciation</i>	34,876	41,919
<i>Net impairment losses on trade receivables and other receivables</i>	(1,008)	617
<i>Net impairment losses on other assets</i>	11,309	1,358
Financial items	(42,941)	(130,863)
<i>Financial income</i>	(77,919)	(7,522)
<i>Financial expense</i>	38,041	45,195
<i>Gains on loss of control of subsidiary</i>	-	(167,594)
<i>Share of losses of equity-accounted investees</i>	(3,063)	(941)
Gross operating profit or EBITDA	109,045	122,353

Gross Operating Profit or EBITDA excluding net non-recurring charges and IFRS 16: this is calculated as the Gross Operating Profit or EBITDA excluding the following effects: (i) Net non-recurring charges on the Gross Operating Profit or EBITDA, (ii) the IFRS 16 effects (Cost offset) and (iii) Non-recurring IFRS 16 charges.

Gross Operating Profit or EBITDA excluding net non-recurring charges: this is calculated as the Gross Operating Profit or EBITDA excluding net non-recurring charges on the Gross Operating Profit or EBITDA.

Reference should be made to the reconciliation of the two above-stated Alternative Performance Measures:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Gross operating profit or EBITDA	109,045	122,353
Charges for organisational structure and company process efficiency projects	5,935	4,639
Costs and consultancy for extraordinary projects	2,814	8,500
Medium/long-term incentive plan "Performance shares 2022-2026"	1,050	574
Non-recurring income (insurance reimbursements)	(623)	-
Adjustements for non-recurring expenses	9,175	13,713
Adjusted gross operating profit or EBITDA	118,221	136,066
IFRS 16 effect (Cost Offset)	(16,197)	(15,853)
Non-recurring expense IFRS16	1,042	891
Adjusted gross operating profit or EBITDA excluded non-recurring expenses IFRS16	103,065	121,104

Operating Profit or EBIT: this is calculated as the “Operating Profit” directly derived from the consolidated income statement and corresponding to the “Gross Operating Profit or EBITDA”, adjusted by the following captions: (i) Amortisation and Depreciation, (ii) Net impairment Gains (Losses) on Trade Receivables and Other Assets and (iii) Other Net Impairment Gains (Losses).

The following is a reconciliation between Gross Operating Profit or EBITDA and Operating Profit or EBIT:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Gross operating profit or EBITDA	109,045	122,353
Amortisation and depreciation	(34,876)	(41,919)
Net impairment losses on trade receivables and other assets	1,008	(617)
Net other impairment losses	(11,309)	(1,358)
Operating profit or EBIT	63,867	78,458

Operating Profit or EBIT excluding net non-recurring charges: this is calculated as the Operating Profit or EBIT excluding the effects from net non-recurring charges on the Operating Profit or EBIT.

The following is a reconciliation between Operating Profit or EBIT and Operating Profit or EBIT excluding net non-recurring charges:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Operating profit or EBIT	63,867	78,458
Non-recurring expense on gross operating profit or EBITDA	9,175	13,713
Impairment losses on Intangible assets	8,352	-
Impairment losses on Tangible assets	1,126	874
Impairment losses on Biological assets	1,251	-
Net impairment losses on Russia trade receivables	(418)	585
Non-recurring expense on Operating profit or EBIT	19,487	15,172
Adjusted Operating profit or EBIT	83,354	93,630

Profit attributable to owners of the parent: profit for the reporting period, adjusted for non-controlling interest items.

The Group defines the “Profit attributable to the owners of the parent excluding net non-recurring charges” as the Profit attributable to the shareholders of the parent excluding Net non-recurring charges on the Profit for the period attributable to the owners of the parent.

The reconciliation between the Profit attributable to the owners of the parent and the Profit attributable to the owners of the parent excluding net non-recurring charges is presented below:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Profit for the period attributable to the owners of the parent	81,767	170,648
Non-recurring expense on Operating profit or EBIT	19,487	15,172
Financial effect on net non-recurring expense	(65,777)	(167,594)
Fiscal effect on net non-recurring expense	5,553	12,718
Effect on owners of the parent of net non-recurring expense	(97)	(4)
Non-recurring expense on Profit	(40,834)	(139,708)
Adjusted Profit for the period attributable to the owners of the parent	40,934	30,940

Net Financial Debt: a valid indicator of the F.I.L.A. Group’s financial structure and calculated as the aggregate of the current and non-current financial debt, net of cash and cash equivalents and of current financial assets, in accordance with Consob Communication DEM/6064293 of July 28, 2006 and Consob’s call to attention No. 5/21 of April 29, 2021, excluding non-current financial assets.

The non-current financial assets of the F.I.L.A. Group at December 31, 2024 and at December 31, 2023 respectively totalled Euro 1,032 thousand and Euro 746 thousand.

For greater details, reference should be made to the “Financial overview” section.

Net Financial Debt excluding the IFRS 16 and MTM effects: corresponds to the Net Financial Debt excluding the effects of IFRS 16 and Mark to Market Hedging.

Basic and diluted earnings per share excluding net non-recurring charges

The Basic Earnings/(Loss) per share excluding net non-recurring charges is calculated by dividing the Profit attributable to the owners of the parent, excluding net non-recurring charges, by the average weighted number of outstanding ordinary shares during the period, excluding any treasury shares in portfolio.

The Diluted Earnings/(Loss) per share excluding net non-recurring charges is calculated by dividing the Profit attributable to the owners of the parent, excluding net non-recurring charges by the average weighted number of outstanding ordinary shares during the period and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

	December 31, 2024	December 31, 2023
<i>Euro thousands</i>		
Profit for the period attributable to the owners of the parent	81,767	170,648
Adjusted Profit for the period attributable to the owners of the parent	40,934	30,940
Weighted average number of ordinary shares (basic)	50,727,531	50,798,877
Basic Earnings/(Loss) basic per Share	1.61	3.36
Basic Earnings/(Loss) basic per Share excluded net non-recurring expense	0.81	0.61
	December 31, 2024	December 31, 2023
Weighted average number of ordinary shares (base)	50,727,531	50,798,877
Azioni potenziali	1,210,250	1,040,750
Weighted average number of ordinary shares (diluted)	51,937,781	51,839,627
Basic Earnings/(Loss) diluted per Share	1.57	3.29
Basic Earnings/(Loss) diluted per Share excluded net non-recurring expense	0.79	0.60

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

The F.I.L.A. Group's 2024 financial highlights are reported below.

Operating results excluding net non-recurring charges

The operating results excluding net non-recurring charges of the F.I.L.A. Group for 2024 present a decrease in the Gross Operating Profit excluding net non-recurring charges of 13.1% on 2023.

ADJUSTED - Euro thousands	December 31, 2024	% revenue	December 31, 2023	% revenue	Change 2024 - 2023	Of which DOMS Industries Limited consolidated level
Revenue	612,583	100.0%	779,183	100.0%	(166,599) -21.4%	(134,320) -17.2%
Income	9,350		8,732		619 7.1%	(748) -8.6%
Revenue and other income	621,934		787,914		(165,980) -21.1%	(135,068) -17.1%
Total operating costs	(503,713)	-82.2%	(651,848)	-83.7%	148,135 22.7%	109,251 6.8%
Gross Operating profit or EBITDA	118,221	19.3%	136,066	17.5%	(17,845) -13.1%	(25,817) -19.0%
Depreciation and net other impairment losses	(34,866)	-5.7%	(42,435)	-5.4%	7,569 17.8%	5,877 13.9%
Operating profit or EBIT	83,354	13.6%	93,630	12.0%	(10,276) -11.0%	(19,940) -21.3%
Net financial expense	(22,836)	-3.7%	(36,731)	-4.7%	13,895 37.8%	366 1.0%
Pre-tax profit	60,518	9.9%	56,899	7.3%	3,619 6.4%	(19,574) -34.4%
Total taxes	(20,409)	-3.3%	(17,966)	-2.3%	(2,442) -13.6%	4,764 26.5%
Profit for the year	40,109	6.5%	38,933	5.0%	1,177 3.0%	(14,809) -38.0%
Profit for the year attributable to non-controlling interests	(824)	-0.1%	7,992	1.0%	(8,817) -110.3%	7,257 90.8%
F.I.L.A. Group Profit attributable to the owners of the Parent	40,934	6.7%	30,940	4.0%	9,993 32.3%	(7,553) -24.4%

The main changes compared to 2023 are illustrated below.

“Revenue” of Euro 612,583 thousand decreased on 2023 by Euro 166,599 thousand (-21.4%). Net of exchange losses of Euro 14,243 thousand (mainly concerning the Argentinian Peso, Mexican peso and the Turkish Lira) and of the revenue reported by the former Indian subsidiary DOMS Industries Limited for 2023 of Euro 134,320 thousand, the organic reduction was Euro 18,036 thousand (-2.8%).

At geographical area level, an organic contraction was reported in North America of Euro 22,211 thousand (-6.9% on the preceding period, impacted by the introduction by the one-off effect of the SAP EWM module in March 2024) and in Asia for Euro 1,358 thousand (-9.4% on the preceding period), offset by organic growth in Central-South America for Euro 3,288 thousand (+3.6% on the preceding period), in Europe for Euro 1,914 thousand (+0.9% on the preceding period), and in the Rest of the World for Euro 332 thousand (+9.4%).

“Other income” of Euro 9,350 thousand increased by Euro 619 thousand, mainly due to higher exchange

gains on commercial transactions.

“Operating Expense” in 2024 of Euro 503,713 thousand contracted Euro 148,135 thousand compared to 2023. This decrease mainly concerns the operating costs incurred in 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 109,251 thousand (net of Euro 12,552 thousand concerning Inter-company item eliminations), and the lower variable purchase and commercial costs in line with revenues movements.

The “Gross Operating Profit” amounts to Euro 118,221 thousand, decreasing Euro 17,845 thousand compared to 2023 (-13.1%), mainly due to the deconsolidation of the former Indian subsidiary DOMS Industries Limited for Euro 25,817 thousand. The organic margin improved from 17.1% in 2023 (excluding the former Indian subsidiary DOMS Industries Limited) to 19.3% in 2024.

“Amortisation, depreciation and impairment losses” decreased Euro 7,569 thousand, mainly due to the amortisation and depreciation incurred in 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 5,877 thousand.

The “Net financial income/(expense)” improved Euro 13,895 thousand, essentially due to lower net financial expense, mainly relating to the US subsidiary Dixon Ticonderoga Company, the Mexican subsidiary Grupo FILA-Dixon, S.A. de C.V. and the parent FILA S.p.A., in addition to the positive adjustment of the Carrying amount of FILA S.p.A.’s investment in the Indian associate DOMS Industries Limited of Euro 5,064 thousand, in accordance with the share of equity in the associate of 26.01%, in addition to the dividend received from the company of Euro 500 thousand.

In addition, at December 31, 2024 the Purchase Price Allocation had concluded of the Indian associate DOMS Industries Limited, resulting in a decrease in the investment of Euro 2,002 thousand as a result of the amortisation of the allocated gains.

Group “Taxes” amounted to Euro 20,409 thousand, increasing on the comparative period as a result of the reversal impact of deferred taxes.

Net of the profit attributable to “non-controlling interests”, the F.I.L.A. Group result net of non-recurring charges in 2024 was a profit of Euro 40,934 thousand (Euro 30,940 thousand in the previous

year). The movement on the comparative period includes Euro 7,553 thousand concerning the former Indian subsidiary DOMS Industries Limited.

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 Company 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 figures for 2024 and 2023 are reported below:

	2024				2023			
	December	September	June	March	December	September	June	March
<i>Euro thousands</i>								
Revenue	612,583	493,422	333,283	131,898	779,183	614,153	415,606	178,688
<i>Full year portion</i>	<i>100.0%</i>	<i>80.5%</i>	<i>54.4%</i>	<i>21.5%</i>	<i>100.0%</i>	<i>78.8%</i>	<i>53.3%</i>	<i>22.9%</i>
Gross operating profit or EBITDA	109,045	98,525	68,356	20,432	122,353	113,998	76,862	26,290
<i>% revenue from sales and services</i>	<i>17.8%</i>	<i>20.0%</i>	<i>20.5%</i>	<i>15.5%</i>	<i>15.7%</i>	<i>18.6%</i>	<i>18.5%</i>	<i>14.7%</i>
<i>Full year portion</i>	<i>100.0%</i>	<i>90.4%</i>	<i>62.7%</i>	<i>18.7%</i>	<i>100.0%</i>	<i>93.2%</i>	<i>62.8%</i>	<i>21.5%</i>
Gross operating profit or EBITDA Adjusted for net non-recurring expense	118,221	103,548	70,829	21,116	136,066	119,435	79,882	28,262
<i>% revenue from sales and services</i>	<i>19.3%</i>	<i>21.0%</i>	<i>21.3%</i>	<i>16.0%</i>	<i>17.5%</i>	<i>19.4%</i>	<i>19.2%</i>	<i>15.8%</i>
<i>Full year portion</i>	<i>100.0%</i>	<i>87.6%</i>	<i>59.9%</i>	<i>17.9%</i>	<i>100.0%</i>	<i>87.8%</i>	<i>58.7%</i>	<i>20.8%</i>
Gross operating profit or EBITDA Adjusted for net non-recurring expense and IFRS16	103,065	94,258	64,638	18,536	121,104	108,020	72,248	24,339
<i>% revenue from sales and services</i>	<i>16.8%</i>	<i>19.1%</i>	<i>19.4%</i>	<i>14.1%</i>	<i>15.5%</i>	<i>17.6%</i>	<i>17.4%</i>	<i>13.6%</i>
<i>Full year portion</i>	<i>100.0%</i>	<i>91.5%</i>	<i>62.7%</i>	<i>18.0%</i>	<i>100.0%</i>	<i>89.2%</i>	<i>59.7%</i>	<i>20.1%</i>
Net Financial Debt - F.I.L.A.Group	(181,079)	(321,607)	(369,046)	(363,016)	(303,412)	(445,787)	(488,978)	(490,413)
Net Financial Debt - F.I.L.A.Group excluded IFRS16 and MTM	(119,521)	(261,578)	(305,697)	(299,493)	(226,643)	(365,115)	(406,881)	(405,121)

Statement of Financial Position

The F.I.L.A. Group's financial highlights at December 31, 2024 are as follows:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change 2024 - 2023
Intangible assets	375,746	378,031	(2,285)
Property, plant & equipment	108,667	123,325	(14,657)
Biological assets	-	1,241	(1,241)
Financial assets	140,534	161,149	(20,615)
Net Non-Current Assets	624,947	663,746	(38,799)
Other Non-Current Assets/ Liabilities	20,466	23,304	(2,838)
Inventories	257,353	264,375	(7,022)
Trade receivables and other assets	94,978	99,821	(4,843)
Trade payables and other liabilities	(110,801)	(105,656)	(5,145)
Other current assets and liabilities	126	4,476	(4,349)
Net working capital	241,656	263,016	(21,360)
Provisions	(73,187)	(72,702)	(485)
Net invested capital	813,883	877,364	(63,482)
Equity	(632,803)	(573,953)	(58,851)
Net financial debt excluded IFRS16 Effect and MTM	(119,521)	(226,643)	107,122
IFRS16 Effect	(60,297)	(75,891)	15,593
Market to Market Hedging	(1,260)	(877)	(383)
Net financial debt - F.I.L.A. Group	(181,079)	(303,412)	122,332
Net financial debt	(813,883)	(877,364)	63,482

The F.I.L.A. Group's "Net Invested Capital" of Euro 813,883 thousand at December 31, 2024 was composed of "Non-current Assets" of Euro 624,947 thousand (Euro 663,746 thousand at December 31, 2023), "Net Working Capital" of Euro 241,656 thousand (decreasing Euro 21,360 thousand on December 31, 2023) and "Other Non-current Assets/Liabilities" of Euro 20,466 thousand (decreasing Euro 2,838 thousand on December 31, 2023), net of "Provisions" of Euro 73,187 thousand (Euro 72,702 thousand at December 31, 2023).

"Intangible Assets" decreased on December 31, 2023 by Euro 2,285 thousand, mainly due to amortisation of Euro 13,167 thousand, impairments of Euro 8,433 thousand, mainly concerning the US subsidiary Dixon Ticonderoga Company for Euro 4,271 thousand, the English subsidiary Daler Rowney Ltd for Euro 2,405 thousand and the impairment loss on goodwill concerning the Italian subsidiary Industria Maimeri S.p.A. for Euro 1,695 thousand. This decrease is offset by exchange gains in the

year of Euro 15,106 thousand and by net investments of Euro 4,231 thousand, principally by the US subsidiary Dixon Ticonderoga Company for Euro 2,279 thousand (of which Euro 2,166 thousand following the acquisition of the Strathmore brand) and by the parent F.I.L.A. S.p.A. (Euro 1,924 thousand) to introduce the SAP system at a number of Group companies.

“Property, Plant and Machinery” decreased on December 31, 2023 by Euro 14,657 thousand, mainly as a result of the reduction of “Property, Plant and Machinery Right-of-Use” of Euro 13,734 thousand and of “Property, Plant and Machinery” of Euro 924 thousand.

The decrease in the “Property, plant and machinery Right-of-use” is mainly due to depreciation of Euro 10,321 thousand and the renegotiation of the lease contracts recognised of Euro 3,128 thousand, mainly by the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 5,247 thousand and by the subsidiary Grupo FILA-Dixon, S.A. de C.V. (Mexico) for Euro 3,393 thousand. The movement is offset by exchange gains of Euro 388 thousand.

The decrease in “Property, Plant and Machinery” was mainly due to depreciation in the period of Euro 11,389 thousand. This overall movement is offset by investments of Euro 11,004 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 2,628 thousand, by Grupo FILA-Dixon, S.A. de C.V. (Mexico) for Euro 1,955 thousand and by Dixon Ticonderoga Company (U.S.A.) for Euro 1,912 thousand and exchange gains of Euro 284 thousand.

“Biological Assets” decreased Euro 1,241 thousand on December 31, 2023, with Euro 1,251 thousand concerning impairments and Euro 10 thousand exchange gains.

This caption only includes the fair value of the plantation of the Chinese subsidiary Xinjiang F.I.L.A. - Dixon Plantation Company Ltd. which at December 31, 2024 had been fully written down.

“Financial Assets” decreased on December 31, 2023 by Euro 20,615 thousand, and mainly concerns the sale of 4.57% of the investment of the Indian associate DOMS Industries Limited for Euro 23,964 thousand, offset by the positive adjustment of the carrying amount of the FILA S.p.A. investment in the Indian associate DOMS Industries Limited of Euro 5,064 thousand, in line with the share of equity held in the associate of 26.01%. In addition, at December 31, 2024 the Purchase Price Allocation had concluded of the Indian associate DOMS Industries Limited, resulting in a decrease in the investment of Euro 2,002 thousand as a result of the amortisation of the allocated gains.

The decrease in “Net Working Capital” of Euro 21,360 thousand relates to the following:

- “Inventories” - decreasing by Euro 7,022 thousand. The net decrease in stock at the F.I.L.A. Group of Euro 9,679 thousand particularly concerns the subsidiary Dixon Ticonderoga Company (U.S.A)

for Euro 3,539 thousand and the parent F.I.L.A. S.p.A. for Euro 2,889 thousand. Exchange gains of Euro 3,691 thousand are also reported.

— “Trade and Other Receivables” - decreasing Euro 4,843 thousand, mainly due to exchange losses of Euro 3,324 thousand, in addition to direct losses on trade receivables, mainly by the company Fila Russia for Euro 2,914 thousand, offset by the increase in “Trade Receivables” of Euro 1,100 thousand, mainly concerning the parent F.I.L.A. S.p.A. for Euro 4,021 thousand.

— “Trade payables and other liabilities” - increasing Euro 5,145 thousand, due mainly to the increase in “Trade Payables” for approximately Euro 3,886 thousand, mainly by the French subsidiary Canson SAS for Euro 3,187 thousand.

— “Other Current Assets and Liabilities” - decreasing Euro 4,349 thousand, mainly due to the decrease in current tax assets for Euro 8,210 thousand offset by the decrease in current tax liabilities for Euro 3,860 thousand.

The increase in “Provisions” on December 31, 2023 of Euro 485 thousand principally concerns the:

- Reduction in “Employee Benefits” for Euro 1,584 thousand, mainly as a result of actuarial gains recorded by the subsidiary Daler Rowney Ltd (United Kingdom) in application of IAS 19.
- Increase in “Deferred tax liabilities” of Euro 1,763 thousand, mainly due to exchange losses of Euro 2,519 thousand;
- Increase in “Provisions for Risks and Charges” of Euro 306 thousand, mainly due to the accruals made by the English subsidiary Daler Rowney Ltd;

The “Equity” of the F.I.L.A. Group, amounting to Euro 632,803 thousand, increased on December 31, 2023 by Euro 58,851 thousand. Net of the profit for the year of Euro 80,846 thousand (of which losses of Euro 921 thousand attributable to non-controlling interests), the residual movement mainly concerned the increase of the translation reserve for Euro 11,498 thousand, the net gain on the “Actuarial Gains/Losses” reserve of Euro 1,340 thousand, the accrual to the Share Based Premium reserve for Euro 1,019 thousand in relation to the 2022-2026 medium/long-term incentive plan, and to the impact of hyper-inflation on the hyper-inflated economies for Euro 923 thousand.

These movements were offset by the dividends settled for Euro 36,530 thousand, of which to the shareholders of F.I.L.A. S.p.A. for Euro 35,509 thousand, and for Euro 1,021 thousand to the minority shareholders of the subsidiaries, in addition to the decrease of the “fair value hedge” of the (IRS) derivatives for Euro 239 thousand.

“F.I.L.A. Group Net Financial Debt” at December 31, 2024 was Euro 181,079 thousand, improving Euro 122,332 thousand on December 31, 2023. For greater details, reference should be made to the “Financial overview” section.

Financial overview

The Group's Net Financial Debt at December 31, 2024 and Cash Flows for the period then ended are summarised in the following table to complete the discussion about its financial position and financial performance.

For the definition of the Net Financial Debt, reference should be made to Consob's call to attention No. 5/21 of April 29, 2021, which cites the new ESMA guidelines in this regard.

The **Net Financial Debt - F.I.L.A. Group** at December 31, 2024 was Euro 181,079 thousand.

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change 2024 - 2023
A Cash	107	206	(99)
B Cash equivalents	176,237	125,645	50,592
C Other current financial assets	1,137	1,162	(25)
D Liquidity (A + B + C)	177,480	127,012	50,468
E Current bank loans and borrowings	(4,100)	(40,848)	36,748
F Current portion of non-current bank loans and borrowings	(36,433)	(32,057)	(4,376)
G Current financial debt (E + F)	(40,533)	(72,905)	32,372
H Net current financial (position) debt (G - D)	136,948	54,108	82,840
I Non-current bank loans and borrowings	(318,027)	(357,519)	39,492
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(318,027)	(357,519)	39,492
M Net financial debt (H + L)	(181,079)	(303,412)	122,332

The Net Financial Debt – F.I.L.A. Group comprises the Net Financial Debt excluding the IFRS 16 and MTM effects for a debt of Euro 119,521 thousand (debt of Euro 226,643 thousand at December 31, 2023), the effect of IFRS16 for Euro 60,297 thousand and the Mark to Market Hedging for Euro 1,260 thousand.

There conciliation between the Net Financial Debt - F.I.L.A. Group and the Statement of Financial Position is reported below:

- captions "A - Cash" (Euro 107 thousand) and "B - Cash equivalents" (Euro 176,237 thousand) are included in "Note 10 - Cash and cash equivalents" (Euro 176,344 thousand);
- caption "C - Other current financial assets" refers to "Note 3 - Current Financial Assets", both amounting to Euro 1,137 thousand;
- caption "G - Current financial debt" relates to "Note 13 - Current Financial Liabilities" (both for Euro 40,533 thousand) and contains caption "F - Current portion of non-current financial bank loans and borrowings" (Euro 36,433 thousand) which refers to the current portion of IFRS 16 Financial Liabilities (Euro 8,413 thousand) and to the current portion of long-term loans (Euro 28,020 thousand), and caption "E - Current bank loans and borrowings" for Euro 4,100 thousand;
- caption "I - Non-current bank loans and borrowings" (Euro 318,027 thousand) refers to "Note 13 - Non-Current Financial Liabilities" (Euro 316,766 thousand), including the long-term IFRS 16 Financial Liabilities of Euro 51,885 thousand, and "Note 17 - Financial Instruments" (for a negative Euro 1,260 thousand).

Compared to December 31, 2023 (Euro 303,412 thousand), Net Financial Debt at December 31, 2024 improved Euro 122,332 thousand, as outlined below in the Statement of Operating Cash Flows:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Gross Operating profit or EBITDA	109,045	122,353
Non-monetary adjustments	3,082	5,772
Operating cash flow IFRS 16	(16,197)	(15,853)
Income taxes	(11,772)	(19,427)
Cash Flows from Operating Activities Before Changes in NWC	84,158	92,844
Change in NWC	11,489	27,197
Change in Inventories	9,679	16,280
Change in Trade Receivables and Other Assets	(1,298)	8,803
Change in Trade Payables and Other Liabilities	4,050	3,801
Change in Other Current Assets/Liabilities	(942)	(1,687)
Net Cash Flows from Operating Activities	95,648	120,041
Investments in Property, Plant and Equipment and Intangible assets	(13,144)	(30,265)
Financial income	1,320	2,408
Net Cash Flows from (used in) Investing Activities	(11,824)	(27,857)
Change in Equity (Dividend paid and own shares)	(36,530)	(9,167)
Financial Expense	(20,388)	(29,754)
Financial Expense IFRS 16	(3,575)	(5,575)
Net Cash Flows used in Financing Activities	(60,492)	(44,497)
Exchange differences and other variations	7,839	3,438
Total Net Cash Flows	31,170	51,125
<i>Free Cash Flow to Equity</i>	<i>67,700</i>	<i>60,292</i>
Effect of exchange gains (losses)	(4,878)	152
Change in amortized cost	2,127	1,088
Mark to mark hedging adjustment	(383)	(4,053)
NFD change due to IFRS16	15,593	12,632
NFD change due to brand acquisition	(2,010)	-
NFD change due sale of the shares in associated company	80,713	-
NFD change due to change in Consolidation Scope	-	70,803
Change in Net Financial Debt - F.I.L.A. Group	122,332	131,747

The Net Operating Cash flows generated in 2024 by “Operating activities” of Euro 95,648 thousand (compared to Euro 120,041 thousand in 2023) and due to:

- Inflows of Euro 84,158 thousand (Euro 92,844 thousand in 2023) from operating profit, calculated as the difference of operating costs and revenue plus other operating items, excluding financial items;
- Inflows of Euro 11,489 thousand (Euro 27,197 thousand in 2023) attributable to Working Capital movements, and mainly the decrease in “Inventories” and the increase in “Trade and Other Payables”, partially offset by the increase in “Trade and Other Receivables”.

“Investing activities” used net cash flows of Euro 11,824 thousand (Euro 27,857 thousand in 2023), mainly due to the use of cash for Euro 13,144 thousand (Euro 30,265 thousand in 2023) for net property, plant and equipment and intangible asset investment, particularly regarding Dixon Ticonderoga Company (U.S.A.), the parent F.I.L.A. S.p.A. and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico).

“Financing activities” used net cash flows of Euro 60,492 thousand (Euro 44,497 thousand used in 2023), concerning the dividends paid for a total of Euro 36,530 thousand (to the shareholders of F.I.L.A. S.p.A. for Euro 35,509 thousand and to the non-controlling interest shareholders of the subsidiaries for Euro 1,021 thousand), the interest paid on loans and credit lines granted to the Group companies of Euro 20,388 thousand, mainly the parent F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Grupo FILA – Dixon, S.A. de C.V. (Mexico), in addition to interest expense due to the application of IFRS 16 of Euro 3,575 thousand.

“Free Cash Flow to Equity” was a positive Euro 67,700 thousand (positive Euro 60,292 thousand at December 31, 2023), and is calculated as the difference between the Total Net Cash Flow for a positive Euro 31,170 thousand (positive Euro 51,125 thousand at December 31, 2023), and the changes to Equity of Euro 36,530 thousand (Euro 9,167 thousand at December 31, 2023).

Net of the exchange effect relating to the translation of the Net Debt in currencies other than the Euro (negative for Euro 4,878 thousand), the change in the “Amortised Cost” for a positive Euro 2,127 thousand, the adjustment of the Mark to Market Hedging for a negative Euro 383 thousand and the change in the Net Financial Debt due to the application of IFRS 16 for a positive Euro 15,593 thousand, in addition to the overall positive impact generated by the cash in concerning the 4.57% sale of the Indian associate DOMS Industries Limited for Euro 80,713 thousand, the acquisition of the Strathmore brand by the US company Dixon Ticonderoga Company for Euro 2,010 thousand, the F.I.L.A. Group Net Financial Debt therefore improved by Euro 122,332 thousand (improvement of 131,747 thousand at December 31, 2023).

Changes in net cash and cash equivalents are detailed below:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Opening Cash and Cash Equivalents	124,807	107,546
Cash and cash equivalents	125,851	111,209
Current account overdrafts	(1,044)	(3,663)
Closing Cash and Cash Equivalents	172,854	124,807
Cash and cash equivalents	176,344	125,851
Current account overdrafts	(3,490)	(1,044)

Investments

Total investments made by the Group during the year amounted to Euro 15,234 thousand. These investments, undertaken both to develop production efficiency and efficacy and to support increased sales volumes, comprised “Intangible Assets” for Euro 4,231 thousand and “Property, Plant and Equipment” for Euro 11,004 thousand.

Cash flow from investments net of capital gains realized on the sale of assets, amounting to Euro 81 thousand, totalled Euro 15,153 thousand.

The main intangible investments concern the US subsidiary Dixon Ticonderoga Company for Euro 2,279 thousand (of which Euro 2,166 thousand following the acquisition of the Strathmore brand) and the parent F.I.L.A. S.p.A. for the introduction of the ERP at a number of Group companies for Euro 1,924 thousand.

Net investments in “Buildings” totalled Euro 1,835 thousand and mainly concerned the parent F.I.L.A. S.p.A. (Euro 1,510 thousand), the Mexican subsidiary Grupo F.I.L.A.-Dixon S.A. de C.V. (Euro 197 thousand) and relate to the expansion plan for the storage and production sites, while capitalisations of fixed assets in progress totalled Euro 905 thousand and mainly concern the US subsidiary Dixon Ticonderoga Company.

Net investments in “Plant and Machinery” incurred by the F.I.L.A. Group were Euro 1,153 thousand, mainly undertaken by the parent F.I.L.A. S.p.A. for Euro 500 thousand and by Canson SAS (France) for Euro 253 thousand. In addition, capitalisations on fixed assets under development amounted to Euro 2,773 thousand.

Net investments in “Industrial and Commercial Equipment” amounted to Euro 663 thousand and mainly concerned the parent F.I.L.A. S.p.A. for Euro 341 thousand and Canson SAS (France) for Euro 111 thousand.

Net investments in “Other assets” amounted to Euro 638 thousand, mainly undertaken by F.I.L.A. S.p.A. for Euro 244 thousand.

“Assets under construction” include internal constructions undertaken by the individual companies of the Group which are not yet up and running. The net carrying amount at December 31, 2024 amounts to Euro 7,110 thousand, increasing on the previous year by Euro 2,700 thousand, due to investments in the year of Euro 6,718 thousand, mainly by Canson SAS (France) for Euro 2,763 thousand, Dixon

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Ticonderoga Company (U.S.A.) for Euro 1,926 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 1,638 thousand, and offset by the decrease from the transfer of assets for Euro 4,119 thousand, mainly by the American subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 2,724 thousand, to the French subsidiary Canson SAS for Euro 510 thousand and to the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. for Euro 448 thousand.

Other Information

Management and control

The Company is not considered to be under the management and control of the ultimate parent Pencil S.p.A. in accordance with Article 2497-bis of the Italian Civil Code.

Treasury shares

At December 31, 2024, the Group held 330,766 treasury shares, for a total value of Euro 2,966 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

It should be noted that the treasury shares currently held are largely allocated to serve the 2022-2026 Performance Shares Plan, which, in the event of reaching the related targets, calls for the assignment of a minimum number of shares (equal to approximately 165,000-170,000 shares for each of the three three-year cycles).

Related party transactions

For the procedures adopted in relation to transactions with related parties, also in accordance with Article 2391-*bis* of the Civil Code, reference should be made to the new policy adopted by the parent on May 14, 2021, as per the Regulation approved by the Stock Exchange Regulator ("Consob") with motion No. 17221 of March 12, 2010 and subsequent amendments, published on the parent's website www.filagroup.it in the "Governance" section.

Reference should be made to the Related Party Transactions section of the Notes to the Consolidated Financial Statements of the F.I.L.A. Group

Key Events in the year

- On January 22, 2024, the Shareholders' Meeting of F.I.L.A. S.p.A. resolved: (i) the distribution of an extraordinary dividend of Euro 0.58 for each (ordinary and special) F.I.L.A. S.p.A. share in circulation on the coupon date (net of treasury shares in portfolio on that date); (ii) the appointment of Deloitte & Touche S.p.A. to undertake the legally-required audit for the period 2024-2032, pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014. With regard to the distribution of the extraordinary dividend, considering the 51,058,297 F.I.L.A. S.p.A. shares outstanding at the date of the Shareholders' Meeting, net of the 330,766 treasury shares held by the Company, the maximum total amount of the dividend was Euro 29,421,967.98.
- In March 2024, the SAP EWM logistics software was installed at the US company Dixon Ticonderoga Company.
- On April 17, 2024, Steven D. Boyea was appointed as C.E.O. of Dixon Ticonderoga Company (U.S.A.) and of Dixon Ticonderoga ART ULC (Canada).
- On April 23, 2024, the Shareholders' Meeting of F.I.L.A. S.p.A. appointed the Board of Directors and the Board of Statutory Auditors for the coming 2024-2026 three-year period, with a mandate to run until the approval date of the consolidated and statutory financial statements for the year ended December 31, 2026.
- On June 14, 2024, the South African subsidiary FILA SA acquired the residual 0.57% minority shareholding of the third party company Lombard Vineyards Proprietary Limited for a total amount of Euro 8 thousand.
- On July 1, 2024, the US company Dixon Ticonderoga Company (U.S.A.) acquired from Fedrigoni Special Papers North America Inc. the "Strathmore" brand for USD 2,250 thousand, with the brand previously utilised under license by the F.I.L.A. Group US company.
- On October 22, 2024, the Peruvian company Grupo Fila Perú S.A.C. was incorporated as a 51% subsidiary of the Chilean subsidiary Fila Chile Ltda.

On December 18, 2024, the parent F.I.L.A. S.p.A. announced the commencement of the placement of up to 2,773,407 ordinary shares of the Indian company DOMS Industries Limited listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") markets, amounting in total to up to approximately 4.57% of the Indian company's share capital.

On December 19, 2024, the parent F.I.L.A. S.p.A. announced that it had successfully completed the placement of ordinary shares through accelerated bookbuilding ("Placement") of ordinary shares of the Indian company DOMS Industries Limited.

The announcement concerns the placement of 2,773,407 shares of the Indian Company, equivalent to approximately 4.57% of the share capital, at a price of INR 2,879.29 per share, corresponding to approximately Euro 32.79 per share (compared to a carrying amount per share recorded in the consolidated financial statements of F.I.L.A. S.p.A. as of December 31, 2023 of approximately Euro 8.64 per share, corresponding to INR 790 per share).

Gross proceeds from the placement amounted to approximately INR 798.54 crore (corresponding to approximately Euro 90.94 million). The settlement of the Placement took place on December 20, 2024.

Following the completion of the Placement, F.I.L.A. S.p.A. reduced its shareholding to 26.01% of the share capital of DOMS Industries Limited, while still remaining the largest single shareholder of the Indian Company, maintaining its status as a "significant shareholder" under the current governance structure.

Impacts of events related to the conflict in Ukraine and Israel

The operating and financial impacts of the conflict between Russia and Ukraine on the F.I.L.A. Group are not considered significant, also in view of the fact that the revenue of the Russian subsidiary FILA Stationary O.O.O. accounts for approximately 0.05% of Group revenue. The F.I.L.A. Group does not have suppliers or production plant in the area. In relation to the Russian subsidiary, we highlight that the net assets of the company have reduced to zero.

As of January 10, 2024, the company has been in receivership following its application for voluntary bankruptcy. The hearing for consideration of the case has been set for June 17, 2025. There are no F.I.L.A. Group companies in Ukraine at December 31, 2024.

A military conflict involving Israel has been ongoing since October 7, 2023.

The operating and financial impacts of the conflict on the Israeli commercial subsidiary Fila Art and Craft Ltd are not considered significant, also in view of the fact that the revenue of the

subsidiary accounts for approximately 0.6% of the Group's total.

The F.I.L.A. Group does not have suppliers or production plant in the area.

The Israeli subsidiary has a commercial exposure to third parties at December 31, 2024 of Euro 951 thousand. Group management continues to monitor the recoverability of the net exposure to third parties of the subsidiary, considering that no recoverability risks currently exist.

Subsequent events

There were no subsequent events other than those reported in the section "Key Events in the year".

Outlook

It is confirmed that the entire FY 2025 shall be impacted by a complex macroeconomic environment due to the continued geopolitical tensions, with particular regard to the conflicts in Ukraine and the Gaza strip, and the possible trade wars by the US Government.

The Group's expected operating growth over the coming months shall be driven by the United States, the development of operations in Central-South America and the continued recovery in Europe. In the United States, trade tensions triggered by the potential increase in tariffs are creating uncertainty in the markets. It is still too early to estimate the potential impact of tariff increases for the F.I.L.A. Group, as the situation is still in flux. The F.I.L.A. Group in this regard however, thanks to the global spread of its production facilities, is well equipped to minimize the negative impacts from tariff increases.

The coming months will see the F.I.L.A. Group continue with its organisational streamlining to support cost-cutting and to be developed over the coming years, alongside operational and process optimisation activities. These reorganisations, already begun in 2024, shall allow the F.I.L.A. Group to face with a degree of tranquillity any consumer downturn emerging from the US Government's tariff decisions against countries such as Mexico and Canada which may have impacts on these markets.

In Europe, the reorganisations are delivering good results, allowing the F.I.L.A. Group to confirm its budget forecasts, although the cautions mentioned above should be considered. The worsening of the sector's financial metrics is confirmed, with many competitors finding it difficult to keep afloat over the medium to long-term.

The Indian market continues to be particularly strong, with DOMS' growth outperforming the competition which should lead to the reporting of a net profit and significant dividends in the year.

Going Concern

The Directors reasonably expect that F.I.L.A. S.p.A. will continue operations into the foreseeable future and have prepared the consolidated financial statements for the Group and the separate financial statements of F.I.L.A. S.p.A. on a going concern basis and in line with the long-term business plan, which forecasts improving results.

Risk Management

The principal F.I.L.A. Group financial instruments include financial assets such as current accounts and on demand deposits, loans and short and long-term bank loans and borrowings. The objective is to finance the recurring and non-recurring transactions of the F.I.L.A. Group.

In addition, the F.I.L.A. Group has in place trade receivables and payables arising from “core business”.

The management of funding needs and the relative risks is undertaken by the individual F.I.L.A. Group companies on the basis of the guidelines drawn up centrally by the Parent F.I.L.A. S.p.A. and approved by the Chief Executive Officer.

The principal objective of these guidelines is the ability to ensure a balanced equity structure in order to maintain a solid capital base.

The main funding instruments used by the F.I.L.A. Group are:

- Medium/long-term loans, in order to fund capital expenditure (principally the acquisition of controlling investments and plant and machinery) and working capital;
- Short-term loans and customer advances.

The average borrowing costs were in line with the Euribor/Libor at 3 and 6 months, with the addition of a spread which depends on the type of financial instrument used.

Loans issued in favour of subsidiaries may be accompanied by guarantees such as sureties and patronage letters issued by the Parent F.I.L.A. S.p.A..

Amid unstable markets and quickly changing business and regulatory environments, prudent and effective control of risks and opportunities is a key aspect in supporting knowledgeable decision-making which furthers the strategic and business objectives, guaranteeing an enterprises' sustainability and the creation of value over the long-term. With this in mind, in line with the Corporate Governance Code of Borsa Italiana, the company has adopted a structured process to identify, assess, manage and systematically monitor the main risks which may impact upon the achievement of the Group's strategic and business objectives, in addition to the definition of adequate flows of information to ensure transparency and the internal circulation of information.

Loans obtained by the Parent provide for financial “covenants”. In relation to the latter reference should be made to: “Note 13 - Financial Liabilities” of the Notes to the Consolidated Financial Statements.

The main operative risks, identified and managed by the F.I.L.A. Group are the following:

Physical risks related to climate change

The F.I.L.A. Group operates 22 production sites in a number of geographical areas (Italy, France, Germany, Great Britain, Argentina, Brazil, Canada, Mexico, Dominican Republic, USA, China) and with 33 subsidiaries located in the leading countries, with over 3,300 employees and making vertical integration one of its strengths on the market. A peculiarity of a Group is that the intensification of phenomena related to climate change and the related impacts on the main areas of the value chain (e.g. operations, suppliers, customers and markets) represents one of the main challenges that the F.I.L.A. Group will have to face in the short and medium-long term.

The intensification of physical risks related to climate change is a further element capable of affecting the proper performance of the Group's activities. The rapid worsening of the climatic situation in fact affects the frequency of "acute phenomena" (e.g. storms, floods, fires or heat waves, etc.) that can damage company assets and/or interrupt value chains.

Taking these aspects into account, the Group conducted a climate risk assessment in 2024. The results of the analyses show a low overall exposure of the Group's production activities to climate risk. The risk profile assessment will be periodically monitored.

Cyber Security Risks

Please refer to the "Information Security" section of the Consolidated Sustainability Statement.

The main financial risks, identified and managed by the F.I.L.A. Group are the following:

Market risks

Risk may be broken down into two categories:

Currency risk

The currency used for the F.I.L.A. Group consolidated financial statements is the Euro. However, the F.I.L.A. group undertakes and will continue to undertake transactions in currencies other than the Euro, particularly as the geographic distribution of the various Group industrial activities differs from the location of the group's markets, with an exposure therefore to exchange rate fluctuation risk. For this reason, the operating results of the F.I.L.A. Group may be impacted by currency movements, both as a result of the conversion into Euro on consolidation and changes in the exchange rates on trade payables and receivables in currencies other than the functional currency of the various F.I.L.A. Group companies.

In addition, in limited cases, where financially beneficial or where local market conditions require such, the company may undertake debt or use funds in currencies other than the functional currency. The change in the exchange rate may result in the realisation or the recording of exchange gains and losses.

The F.I.L.A. Group is exposed to risks deriving from exchange rate fluctuations, which may impact on the profit or loss for the year and on equity.

The main exchange rates to which all F.I.L.A. Group companies are exposed concern the individual local currencies and:

- the Euro as the consolidation currency;
- the US Dollar, as the base currency for international trade.

The Group has decided not to use derivative financial instruments to offset currency risk arising from commercial transactions within a prospective twelve month period (or also subsequently, where considered beneficial according to the business's characteristics).

The F.I.L.A. Group incurs part of its costs and realises part of its revenues in currencies other than the Euro and, in particular, in US Dollars, Mexican Pesos and British Sterling.

The F.I.L.A. Group generally uses natural hedging to protect against this risk through the offsetting of costs and revenue in the same currency, in addition to acquiring funding in the local currency.

The policy adopted by the Group is considered adequate to contain currency risk. However, it must be considered that in the future currently unpredictable movements in the Euro may impact the economic, financial and equity position of the Group companies, in addition to the comparability between reporting periods.

Also in relation to the commercial activities, the companies of the Group may hold trade receivables or payables in currencies other than the functional currency of the entity. This is appropriately monitored

by the F.I.L.A. Group, both in relation to the potential economic impact and in terms of financial and liquidity risk.

A number of F.I.L.A. Group subsidiaries are based in countries not within the Eurozone, in particular the United States, Canada, Australia, Mexico, the United Kingdom, Scandinavia, China, Argentina (hyper-inflation economy), Chile, Brazil, Indonesia, South Africa, Russia and India. As the Group's functional currency is the Euro, the statements of comprehensive income of these companies are converted into Euro at the average exchange rate for the year and, at unchanged revenue and margins in the local currency, changes in the exchange rate may result in effects on the value in Euro of revenue, expense and results recognised in the consolidation phase directly in equity under "Translation Differences" (See Note 12).

In 2024, the nature and the structure of the currency risk exposures and the Group's monitoring policies did not change substantially compared to the previous year.

Liquidity risk

The liquidity risk to which the F.I.L.A. Group is exposed may arise from an incapacity or difficulty to source, at beneficial conditions, the financing necessary to support operations in an appropriate timeframe.

The cash flows, financing requirements and the liquidity of the Group companies are constantly monitored centrally in order to ensure the efficient management of financial resources.

The above-stated risks are monitored according to internal procedures and periodic commercial and financial reporting, which allows management to assess and offset any impacts from these risks through appropriate and timely policies.

The Group continually monitors financial risks in order to offset any impacts and undertake appropriate corrective actions.

It has adopted at the same time the following policies and processes aimed at optimising the management of financial resources, reducing the liquidity risk:

- maintenance of an adequate level of liquidity;
- diversification of funding instruments and a continual and active presence on the capital markets;
- obtaining of adequate credit lines;
- monitoring of the liquidity position, in relation to business planning.

Financial transactions are carried out with leading highly rated Italian and international institutions.

Management believes that the funds and credit lines currently available, in addition to those that will be generated by operating and financial activities, will permit the Group to satisfy its requirements deriving from investing activities, working capital management and the repayment of debt in accordance with their maturities.

The capacity to generate liquidity through operations enables the Group to reduce liquidity risk to a minimum, which concerns the difficulty in sourcing funding to ensure the on time discharge of financial liabilities.

For the details of the due dates of financial liabilities, reference should be made to “Note 13.A - Financial Liabilities”.

Interest rate risk

The F.I.L.A. Group companies utilise external funding in the form of debt and use the liquidity available in financial assets. Changes in the market interest rates impact on the cost and return of the various forms of loans, with an effect on the net financial expense of the Group.

The Parent F.I.L.A. S.p.A. issues loans almost exclusively to Group companies, drawing on directly on own funds.

Bank debt exposes the F.I.L.A. Group to interest rate risk. In particular, variable rate loans result in cash flow risk.

The F.I.L.A. Group chose to hedge the interest rate on the strategic loans issued to F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Canson SAS (France) through derivative hedges (Interest Rate Swaps) recognised as per IAS 39 concerning hedge accounting.

Credit risk

The credit risk represents the exposure to potential losses following the non-fulfilment of obligations by counterparties.

The maximum theoretical exposure to the credit risk for the Group at December 31, 2024 is the carrying amount of the trade receivables recorded in the financial statements, and the nominal amount of the guarantees given on liabilities and commitments to third parties.

The F.I.L.A. Group strives to reduce the risk relating to the insolvency of its customers through rules which ensure that sales are made to customers who are reliable and solvent. These rules, based on available solvency information and considering historical data, linked to exposure limits by individual customer, in addition to insurance coverage for overseas clients (at Group level), ensure a good level of credit control and therefore minimise the related risk.

According to the F.I.L.A. Group policy, customers that request extensions of payment are subject to a credit rate check. In addition, the maturity of trade receivables is monitored on an ongoing basis throughout the year in order to anticipate and promptly intervene on credit positions which present greater risk levels.

The credit risk is therefore offset by the fact that the credit concentration is low, with receivables divided among a large number of counterparties and clients.

The individual positions are impaired, if individually significant, with an allowance which reflects the partial or total non-recovery of the receivable. The amount of the impairment loss takes into account the estimate of the recoverable cash flows and the relative date of collection, charges and future recovery costs, in addition to the fair value of guarantees. Against the receivables which are not individually impaired, an individual and general provision is made, taking into account historical experience and statistical data, applying an expected credit loss approach.

As previously illustrated, the principal F.I.L.A. Group financial instruments include financial assets such as current accounts and on demand deposits, loans and short and long-term bank loans and borrowings. The objective is to finance the operating and non-recurring activities of the F.I.L.A. Group. In addition, the F.I.L.A. Group has in place trade receivables and payables arising from its “core business”.

Disclosure in accordance with IFRS 7

The table below reports the carrying amounts for each category identified by IFRS 9, as required by IFRS 7. This carrying amount generally coincides with the amortised cost of financial assets and liabilities, with the exception of derivative instruments at fair value. See the notes on each caption for the fair value.

		December 31, 2024	Assets and liabilities measured at FVOCI	Assets and liabilities measured at amortised cost	Total
<i>Euro thousands</i>					
Non-current financial assets					
Non-current financial assets	Note 3	1,032	-	1,032	1,032
Current financial assets					
Current financial assets	Note 3	1,137	-	1,137	1,137
Trade receivables and other assets	Note 9	94,978	-	94,978	94,978
Cash and cash equivalents	Note 10	176,344	-	176,344	176,344
Non current financial liabilities					
Non-current financial liabilities	Note 13	(316,766)	-	(316,766)	(316,766)
Financial instruments	Note 17	(1,260)	(1,260)	-	(1,260)
Current financial liabilities					
Current financial liabilities	Note 13	(40,533)	-	(40,533)	(40,533)
Trade payables and other liabilities	Note 19	(110,801)	-	(110,801)	(110,801)

		December 31, 2023	Assets and liabilities measured at FVOCI	Assets and liabilities measured at amortised cost	Total
<i>Euro thousands</i>					
Non-current financial assets					
Non-current financial assets	Note 3	746	-	746	746
Current financial assets					
Current financial assets	Note 3	1,162	-	1,162	1,162
Trade receivables and other assets	Note 9	99,821	-	99,821	99,821
Cash and cash equivalents	Note 10	125,851	-	125,851	125,851
Non current financial liabilities					
Non-current financial liabilities	Note 13	(356,642)	-	(356,642)	(356,642)
Financial instruments	Note 17	(877)	(877)	-	(877)
Current financial liabilities					
Current financial liabilities	Note 13	(72,905)	-	(72,905)	(72,905)
Trade payables and other liabilities	Note 19	(105,656)	-	(105,656)	(105,656)

Financial liabilities at amortised cost refer mainly to the refinancing on July 28, 2022 by the Parent F.I.L.A. S.p.A. and the US subsidiary Dixon Ticonderoga Company of the loan contracted on June 4, 2018. This transaction was entered into by the two companies with a bank syndicate comprising: BNP Paribas and Intesa Sanpaolo as Global Coordinators, Bookrunners, Mandated Lead Arrangers, and Sustainability Coordinators; Banco BPM as Bookrunner and Mandated Lead Arranger; BPER, Credit Agricole, Mediobanca and Unicredit as Mandated Lead Arrangers; Cassa Depositi e Prestiti and JP

Morgan as Lead Arrangers; and Banca Nazionale del Lavoro as Agent Bank.

The amounts of each facility and the revolving credit facility at the date of disbursement of the loan are detailed below:

BANK LOANS AND BORROWINGS: DETAIL			
	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
<i>Euro thousands</i>			
Facility A1	65,625	-	65,625
Facility A2	-	56,375	56,375
Facility B1	106,846	-	106,846
Facility B2	-	31,751	31,751
Facility B3	-	33,400	33,400
RCF	-	-	-
Totale	172,471	121,526	293,997

**carrying amounts translated at the rate for the year*

Facility A1 (Euro 65,625 thousand) and Facility A2 (Euro 56,375 thousand) stipulate a residual repayment plan consisting of 5 half-yearly instalments, of which 2 instalments classified as current, as scheduled for June 30, 2025 and for December 31, 2025, Facility B1 (Euro 106,846 thousand) and Facility B2 (Euro 31,751 thousand) and Facility B3 (Euro 33,400 thousand) are Bullet loans, with fixed single repayment respectively on July 23, 2027 and July 25, 2027.

The Revolving Credit Facility stipulates the issue of short-term tranches of 1, 3 or 6 months, for a maximum amount of Euro 75,000 thousand and currently unused.

F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A) and Canson SAS (France) undertook derivative hedges against movements in the interest rates of the structured loans contracted. The Interest Rate Swaps, structured with fixed rate payments against variable payments, qualified as hedging derivative and were considered as per the hedge accounting provisions of IAS 39. The fair value at December 31, 2024 of these instruments amounts to Euro 1,260 thousand, with the negative fair value adjustment recognised as an equity reserve, net of the tax effect.

In accordance with IFRS 7, the effects on the consolidated financial statements in relation to each category of financial instruments of the Group in the years 2024 and 2023 are shown below, which mainly includes the gains and losses deriving from the purchase and sale of financial assets or liabilities, as well as the changes in the value of the financial instruments measured at fair value and the interest expense/income matured on the financial assets/liabilities measured at amortised cost.

Financial gains and losses are recognised in profit or loss:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Interest income from bank deposits	801	2,260
Total financial income	801	2,260
Interest expense on financial liabilities measured at amortised cost*	(16,752)	(20,496)
Net exchange gains/(losses) on financial transactions	(4,285)	(2,710)
Total financial expense	(21,038)	(23,206)
Total net financial expense	(20,237)	(20,946)

* Interest on the refinanced structured loan contracted during the year by F.I.L.A. S.p.A. and Dixon Ticonderoga (U.S.A.)

Non-current loans are broken down below; the F.I.L.A. Group financial statement classification is based on the settlement time criterion, as expressed by the contracts underlying each liability.

For greater detail on the breakdown of financial liabilities, reference should be made to “Note 13.A - Financial Liabilities” of the Notes to the Consolidated Financial Statements.

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Non-current financial liabilities	318,026	357,519
Bank loans and borrowings - Principal third parties	269,748	292,211
Bank loans and borrowings - Interest third parties	(4,957)	(2,831)
Banks	264,791	289,380
Other loans and borrowings - Principal third parties	102	427
Other loans and borrowings - Interest third parties	(12)	(48)
Other loans and borrowings	90	379
IFRS 16 - Principal third parties	51,885	66,883
IFRS 16	51,885	66,883
Loans and borrowings - due after one year	316,766	356,642
Financial Instruments - Principal	1,260	877
Financial Instruments	1,260	877

The account Other loans and borrowings includes the non-current portion of loans issued by other financial backers.

The total balance of the loans due beyond one year at December 31, 2024 was Euro 316,766 thousand, of which Euro 264,791 thousand concerning bank loans and borrowings, Euro 90 thousand other loans and borrowings and Euro 1,260 thousand concerning the Interest Rate Swaps undertaken by F.I.L.A. S.p.A., Dixon Ticonderoga (U.S.A.) and Canson SAS (France).

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Current financial liabilities	40,533	72,905
Bank loans and borrowings - Principal third parties	28,098	61,690
Bank loans and borrowings - Interest third parties	20	640
Banks	28,118	62,330
Other loans and borrowings - Principal third parties	348	450
Other loans and borrowings - Interest third parties	(12)	-
Other loans and borrowings	336	450
Current account Overdrafts - Principal third parties	3,490	1,044
Current account Overdrafts - Interest third parties	176	73
Current account overdrafts	3,666	1,117
IFRS 16 - Principal third parties	8,413	9,008
IFRS 16	8,413	9,008
Loans and borrowings - due within one year	40,533	72,905

The total balance of the loans due within one year at December 31, 2024 was Euro 40,533 thousand, of which Euro 28,118 thousand concerning bank loans and borrowings, Euro 336 thousand concerning other lenders and Euro 3,666 thousand concerning current account overdrafts.

Trade receivables and other assets at December 31, 2024 were as follows:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Trade receivables	83,622	88,527	(4,905)
Trade receivables with associates	213	292	(79)
Tax assets	3,558	2,436	1,122
Other assets	2,979	3,168	(189)
Prepayments and accrued income	4,606	5,398	(792)
Total	94,978	99,821	(4,843)

Trade payables and other liabilities at December 31, 2024 were as follows:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Trade payables	72,895	69,009	3,886
Trade payables with associates	1,887	1,439	448
Tax liabilities	8,483	9,059	(576)
Other liabilities	22,854	22,685	169
Accrued expenses & def.income	4,682	3,464	1,218
Total	110,801	105,656	5,145

In relation to "Trade Receivables and Other Assets" and "Trade Payables and Other Liabilities", reference should be made to "Note 9 - Trade Receivables and Other Assets" and "Note 19 - Trade Payables and Other Liabilities".

In relation to the financial instruments recognised in the Statement of Financial Position at fair value, IFRS 7 requires that these values are classified based on the hierarchy levels which reflects the significance of the input used in the determination of fair value.

See the specific notes to the consolidated financial statements for the classification of financial instruments according to the levels of the fair value hierarchy.

Sensitivity Analysis

In accordance with I.F.R.S. 7 and further to that outlined in the "Directors' Report – Financial Risks", the following is reported:

Currency risk

Net exposure for translation risk only for the main currencies:

<i>Euro thousands</i>	December 31, 2024			December 31, 2023		
	USD	MXN	CNY	USD	MXN	CNY
Trade receivables	18,638	515,268	1,089	21,507	478,090	2,312
Financial assets	271	9,295	607	-	7,353	661
Financial liabilities	(124,027)	-	-	(164,526)	(300,994)	-
Trade payables	(27,681)	(213,212)	(10,230)	(27,604)	(181,702)	(10,989)
Total	(132,800)	311,351	(8,533)	(170,624)	2,747	(8,016)

Closing exchange rates applied:

<i>Currency</i>	Closing exchange rate	
	December 31, 2024	December 31, 2023
USD /€	1.0389	1.1050
MXN /€	21.5504	18.7231
CNY /€	7.5833	7.8509

Effect of a 10% increase against the Euro exchange rate:

<i>Currency</i>	Changes in equity	
	December 31, 2024	December 31, 2023
USD /€	(11,621)	(14,037)
MXN /€	1,313	13
CNY /€	(102)	(93)
Total	(10,410)	(14,117)

The impact on the statement of financial position, following an increase of 10% in the exchange rate of the main foreign currencies against the Euro, would be negative Euro 10,410 thousand (Euro 14,117 thousand at December 31, 2023).

Interest Rate risk

The current F.I.L.A. Group policy is to maintain variable interest rates, monitoring the interest rate curve.

Financial liabilities at variable rates are reported below:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Financial liabilities	358,560	430,424
Financial liabilities at variable rate	358,560	430,424

The financial instruments at variable rates typically include liquidity, loans granted to a number of Group companies and part of the financial liabilities.

A change of 100 “basis points” in the interest rates applicable to financial liabilities at variable rates in place at December 31, 2024 would result in the following financial statements impacts on annualised basis:

<i>Euro thousands</i>	Equity	
	+ 100 bps	- 100 bps
December 31, 2024		
Financial liabilities at variable rate	3,586	(3,586)
December 31, 2023		
Financial liabilities at variable rate	4,304	(4,304)

The same variables were maintained to establish the financial statements impact at December 31, 2024. The capital portions of financial assets and liabilities of the F.I.L.A. Group are broken down by contractual maturity for 2024 and 2023, in line with “Note 13.A – Financial Liabilities”:

December 31, 2024	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
<i>Euro thousands</i>						
Financial assets						
Cash and cash equivalents	176,344	-	-	-	-	176,344
Loans and financial assets	1,137	-	-	-	-	1,137
Financial liabilities						
Bank loans and borrowings ⁽¹⁾	31,784	127,725	136,011	372	683	296,575
Other loans and borrowings	390	36				426
Expected cash flows	145,307	(127,761)	(136,011)	(372)	(683)	(119,521)

(1) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 291,618 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 4,957 thousand. The carrying amount in the table is therefore Euro 296,575 thousand.

December 31, 2023	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
<i>Euro thousands</i>						
Financial assets						
Cash and cash equivalents	125,851	-	-	-	-	125,851
Loans and financial assets	1,162	-	-	-	-	1,162
Financial liabilities						
Bank loans and borrowings ⁽¹⁾	63,447	24,585	36,022	159,906	68,867	352,827
Other loans and borrowings	450	379	-	-	-	829
Expected cash flows	63,116	(24,964)	(36,022)	(159,906)	(68,867)	(226,643)

(1) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 349,996 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 2,831 thousand. The carrying amount in the table is therefore Euro 352,827 thousand.

Credit risk

Credit risk may be defined as the possibility of incurring a financial loss due to the breach of a contractual obligation by a counterparty.

At December 31, 2024, “Trade receivables and other assets” totalling Euro 94,978 thousand (Euro 99,821 thousand at December 31, 2023) is reported net of the related loss allowance of Euro 3,393 thousand (Euro 8,060 thousand at December 31, 2023).

The aging of trade receivables at December 31, 2024 (Euro 83,622 thousand), net of the loss allowance, compared with December 31, 2023 is reported below:

NET TRADE RECEIVABLES - AGEING			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Not yet due	69,183	70,559	(1,376)
Overdue from 0-60 days	9,867	9,391	476
Overdue from 60-120 days	1,776	3,044	(1,268)
Overdue more than 120 days	2,797	5,534	(2,737)
Total	83,622	88,527	(4,905)

The loss allowance was Euro 3,393 thousand at December 31, 2024 (Euro 8,060 thousand at December 31, 2023), amounting to 3.9% of total receivables (8.3% at December 31, 2023).

Trade receivables classified by type of creditor are also presented below:

TRADE RECEIVABLES - DISTRIBUTION CHANNEL			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Wholesalers	21,429	31,810	(10,381)
School/Office Suppliers	14,139	12,192	1,946
Supermarkets	14,656	11,725	2,930
Retailers	26,044	24,609	1,436
Distributors	464	1,822	(1,358)
Promotional & B2B	5,819	4,982	837
Other	1,071	1,386	(315)
Total	83,622	88,527	(4,905)

In conclusion, the breakdown of trade receivables by geographical segment is presented below:

TRADE RECEIVABLES: BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Europe	25,310	30,549	(5,239)
North America	20,545	19,763	782
Central/South America	33,411	33,064	347
Asia	3,168	2,110	1,058
Rest of the world	1,189	3,042	(1,853)
Total	83,622	88,527	(4,905)

Corporate Governance

For further information on corporate governance, reference should be made to the Corporate Governance and Ownership Structure Report, prepared in accordance with Article 123-*bis* of the Consolidated Finance Act (TUF), approved by the Board of Directors of the Parent, together with the Directors' Report made available by the Parent at the registered office of the Parent, as well as on the Group website (www.filagroup.it - "Governance" section).

The disclosure pursuant to paragraphs 1 and 2 of Article 123-*bis* of Legislative Decree No. 58/1998 is contained in the "Corporate Governance and Ownership Structure Report" and the "Remuneration Report", prepared in accordance with Article 123-*ter* of Legislative Decree No. 58/1998. Both reports, approved by the Board of Directors, are published in accordance with law on the company website www.filagroup.it.

Disclosures pursuant to Articles 70 and 71 of the Consob regulation 11971/1999.

With effect from October 21, 2013, the Board of Directors of Space S.p.A. (now F.I.L.A. S.p.A.), in relation to the provisions of Articles 70, paragraph 8 and 71 and paragraph 1-bis of Consob Regulation No. 11971/1999 and subsequent amendments, opted for the exemption from publication of disclosure documents established under the above-stated Consob regulation in the case of significant mergers, spin-offs, share capital increases through the transfer of assets in kind, acquisitions and sales.

The following table outlines the total fees recognised to members of the Board of Directors and the Board of Statutory Auditors for offices held at F.I.L.A. S.p.A., in addition to remuneration of any kind, in the case of "performance bonuses and one-off remuneration" received in 2024:

<i>Euro thousands</i>	Fees for office held	Fees for committees participation	Other remuneration (Bonus)
Directors	2,125	65	2,083
Statutory auditors	111	-	-
Total amount	2,235	65	2,083

For further information, reference should be made to the Remuneration Report published on the website of the Company www.filagroup.it.

The Shareholders' Meeting of F.I.L.A. S.p.A. approved on January 22, 2024 the appointment of Deloitte & Touche S.p.A. for the years 2024-2032 for the auditing duties as per Article 2409-ter of the Civil Code and the audit of the financial statements of F.I.L.A. S.p.A. and the consolidated financial statements of the F.I.L.A. Group.

Reconciliation between Parent and Consolidated Equity

<i>Euro thousands</i>	Equity December 31, 2023	Changes in equity	Profit for 2024	Equity December 31, 2024
F.I.L.A. S.p.A. financial statements	338,670	(34,958)	60,470	364,182
Consolidation effect of the financial statements of subsidiaries	239,135	2,493	21,296	262,923
Translation reserve	(7,935)	11,312		3,378
F.I.L.A. group consolidated financial statements	569,870	(21,153)	81,767	630,483
Equity attributable to non-controlling interests	4,082	(841)	(921)	2,320
Consolidated financial statements	573,953	(21,994)	80,846	632,803

Dear F.I.L.A. S.p.A. Shareholders,

We submit for your approval the financial statements as at and for the year ended December 31, 2024, comprising the statement of financial position, the statement of comprehensive income, the statement of change in equity, the statement of cash flows and the notes thereto, with the relative attachments, and we propose:

1. to allocate the Net Profit for the year of Euro 60,470,176.38 as follows:

- ✎ to the distribution of a dividend to shareholders in the amount of Euro 0.80 for each of the 51,058,297 F.I.L.A. S.p.A. shares (ordinary and special) that will be issued and in circulation at the ex-dividend date indicated in point 2 of this motion (net of treasury shares that will be in the portfolio at the record date indicated in point 2 of this motion), for a total maximum amount of Euro 40,846,637.60;
- ✎ the residual amount to retained earnings, for a total minimum amount of Euro 19,623,538.78, which may be increased in relation to the dividend not distributed in respect of treasury shares held in portfolio at the record date indicated in point 2 of this motion;

2. to pay, gross of any withholding taxes, a dividend in the amount of Euro 0.4 for each of the F.I.L.A. S.p.A. shares (ordinary and special) issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), with ex-dividend date, record date and payment date on May 19, 20 and 21, 2025, respectively. And subsequently to pay, gross of any withholding taxes, a dividend in the amount of Euro 0.4 for each of the F.I.L.A. S.p.A. shares (ordinary and special) issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), with ex-dividend date, record date and payment date on November 17, 18 and 19, 2025, respectively.

The Board of Directors
 THE CHAIRPERSON
 GIOVANNI GORNO TEMPINI
 (Signed on the original)

Consolidated Sustainability Statement

General disclosures

ESRS 2 REQUIREMENTS WITHIN THE REPORTING FRAMEWORK

ESRS	DISCLOSURE REQUIREMENT	REFERENCE SECTION
<i>General disclosures</i>		
ESRS 2	BP-1 - General basis for preparation of sustainability statements	Methodology, Appendix A
ESRS 2	BP-2 - Disclosures in relation to specific governance circumstances	Methodology, Appendix C
ESRS 2	GOV-1 - The role of the administrative, management and supervisory bodies	Administrative, management and supervisory bodies; A global presence
ESRS 2	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability governance
ESRS 2	GOV-3 - Integration of sustainability-related performance in incentive schemes	Integrating sustainability into incentive schemes
ESRS 2	GOV-4 - Statement on due diligence	Due diligence
ESRS 2	GOV-5 - Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting; Sustainability governance
ESRS 2	SBM-1 - Strategy, business model and value chain	A global presence; 2025-2029 Sustainability Plan; The F.I.L.A. Group's objectives; Value chain
ESRS 2	SBM-2 - Interests and views of stakeholders	Stakeholders and their engagement; Double materiality
ESRS 2	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality
ESRS 2	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality
ESRS 2	IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	General disclosures; environmental information; social information; Governance information

Introduction

The **Consolidated Sustainability Statement (hereinafter also the “Statement”)** of Fabbrica Italiana Lapis e Affini S.p.A. (hereinafter also “F.I.L.A. S.p.A.”, “F.I.L.A.”, “the Company” or “the Parent Company”) has been prepared in accordance with **Legislative Decree No. 125/2024** (hereinafter also the “Decree”), which transposes into Italian law **Directive (EU) 2022/2464 – the Corporate Sustainability Reporting Directive (“CSRD”)**.

F.I.L.A. S.p.A. has prepared the Consolidated Sustainability Statement **in line with the European Sustainability Reporting Standards (ESRS) issued by EFRAG (European Financial Reporting Advisory Group)**, covering the period from **January 1 to December 31, 2024**.

The Statement was approved, together with the Directors' Report, by the Board of Directors of F.I.L.A. S.p.A. on March 21, 2025. The Control, Risks and Related Parties Committee reviewed the general

structure of the Statement, in addition to the completeness and transparency of the disclosures, issuing a non-binding prior opinion for approval by the Board of Directors. The Board of Statutory Auditors oversaw the sustainability reporting process, monitoring the effectiveness of the internal quality control and risk management systems applied to the Statement. In its role as the Internal Control and Audit Committee, it also monitored the activities of the independent audit firm relating to limited assurance and informed the Board of Directors of the outcome of this activity.

Employee involvement took place through existing dialogue procedures with workers' representatives on the most material sustainability matters. This first Consolidated Sustainability Statement will also serve as a basis for stakeholder engagement initiatives with employees.

The Statement has been subject to **Limited Assurance** by the sustainability auditor, Deloitte & Touche S.p.A..

Basis for preparation

The **process of preparing** the Statement is co-ordinated by the **Managerial Sustainability Committee** of the Parent Company, F.I.L.A. S.p.A., whose members include the Executive Officer for Financial Reporting and Group Chief Financial Officer, Group Chief Operations & HR Officer, the Sustainability Manager, and Local Sustainability Committees at the Group's main companies.

Since this is a consolidated document, any adjustments for intra-group transactions and the impacts of mergers, acquisitions or asset disposals in the period have been taken into account.

The **Executive Officer** for Financial Reporting has issued, jointly with the Chief Executive Officer, a specific declaration, in the format required by applicable regulations for listed issuers, confirming that the Statement has been prepared in accordance with the relevant reporting standards, including disclosures required under the Taxonomy Regulation.

The **Internal Audit** team carried out monitoring of the data collection process and the related internal control system.

The **reporting process** is based on the Decree and the indicators outlined in the European Sustainability Reporting Standards (ESRS), with respect to applicability and materiality, as defined in the following section on the double materiality assessment. The F.I.L.A. Group's Statement includes comparative data for the previous two financial years, where available, and incorporates new indicators introduced in 2024, in line with the new ESRS reporting standards.

The Statement was prepared on a consolidated basis and the **consolidation** scope corresponds to the one adopted for the Consolidated Financial Statements and Consolidated Financial Report, as further

detailed in “*Appendix A Companies included in the reporting scope by reporting topic*”. Compared to the 2023 Sustainability Report, which included the Consolidated Non-Financial Statement prepared in accordance with Legislative Decree No. 254/2016, this year there has been a significant change in the scope of the Statement due to the exclusion of the Indian company DOMS Industries Limited from the scope after its listing on the National Stock Exchange of India. F.I.L.A. S.p.A. retains a 26.01% shareholding in the subsidiary's share capital.

In accordance with ESRS 2, 5 (d) and (e), the Company did not use the option to omit disclosures concerning know-how or intellectual property. In addition, this Statement did not make use of the exemption to omit information concerning ongoing negotiations, as provided under Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

This Statement takes into account the Group's **value chain**: disclosures have been extended to include information on material impacts, risks and opportunities linked to the undertaking through its direct and indirect business relationships – that is, with all actors along the upstream and/or downstream value chain – using estimates and approximations where necessary.

The time horizons considered for the purposes of this Statement, the Group Consolidated Financial Statements and the Statutory Financial Statements of F.I.L.A. S.p.A. are:

- i. short-term: one year;
- ii. medium-term: from the end of the short-term reporting period up to five years;
- iii. long-term: more than five years.

At the Board of Directors meeting held on November 12, 2024, the remit of the Executive Officer for Financial Reporting, Cristian Nicoletti, was extended to include attesting that the Sustainability Statement has been prepared in compliance with applicable reporting standards pursuant to Directive 2013/34/EU, Legislative Decree No. 125/2024, Article 8(4) of Regulation (EU) 2020/852, including information to be disclosed under the Taxonomy Regulation.

We note that the quantitative metrics for Scope 3 greenhouse gas emissions relate to E1-6 are based on estimates and assumptions subject to a high degree of measurement uncertainty. For further details on the calculation methodology, please refer to the section “*Scope 1, 2 and 3 GHG Emissions*”.

Similarly, metrics relating to water consumption in production processes are also based on estimates and approximations. Specifically, in order to ensure the highest possible degree of accuracy, estimates were developed based on the technical specifications of products and standard parameters for water use in production processes. Further details are provided in the section “*Water consumption*”.

In preparing this first Consolidated Sustainability Statement, and in accordance with ESRS 2 Appendix C, the F.I.L.A. Group has applied certain exemptions, further described in “*Appendix B – Exemptions*”.

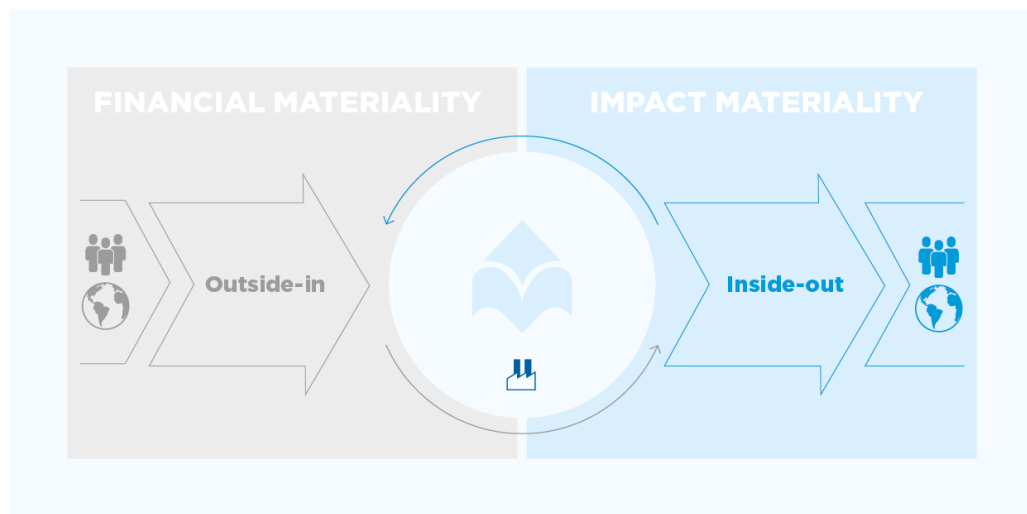
applied". In addition, disclosures include "incorporation by reference" in line with ESRS 1, section 9.1. For further details, please refer to the section "*A Global Presence*".

Double materiality

The F.I.L.A. Group has carried out a **double materiality assessment**, providing a comprehensive overview of the impacts, risks and opportunities generated by our activities across the entire value chain, in addition to the external influences affecting those activities.

This assessment was conducted by identifying the **Impacts, Risks and Opportunities (IROs)** and developing a matrix that captures two interrelated and interdependent dimensions of analysis:

- **Impact materiality:** matters that reflect significant - actual or potential, negative or positive - impacts on stakeholders and the environment linked to the Group's activities and its value chain. .
- **Financial materiality:** sustainability matters external to the Group that could positively or negatively affect the organisation's development, performance and position (in the short, medium or long term), and that may therefore create or erode its business value.



The mapping and assessment of each **IRO – Impact, Risk and Opportunity** – was performed by applying the guidance issued by EFRAG, particularly *IG 1 Materiality Assessment*, and through analysis and interviews with the Executive Director, the Managerial Sustainability Committee and the Chief Financial Officer/Executive Officer for Financial Reporting. This process sought to:

- **Identify the impacts, risks and opportunities** related to the Group's activities and business model, both **positive and negative**
- **Determine** whether the identified impacts are **actual** or **potential**
- **Evaluate the materiality** of each identified impact by multiplying its **severity or magnitude** by its **likelihood**.

The table below outlines the assessments conducted as part of the double materiality assessment.

INSIDE-OUT IMPACT ASSESSMENT – IMPACT MATERIALITY	OUTSIDE-IN IMPACT ASSESSMENT – FINANCIAL MATERIALITY
<p>The significance of identified impacts is assessed in order to prioritise them. The rating of an actual impact depends on its materiality, whereas a potential impact is assessed based on its severity and likelihood.</p> <p>The materiality of an actual or potential impact is rated on a scale from 1 (least severe) to 5 (most severe), based on the following criteria:</p> <ul style="list-style-type: none"> - scale: how serious the negative impact is or how beneficial the positive impact is for people or the environment. - scope: how widespread the positive or negative impacts are. <p>With regard to environmental impacts, the scope can be understood as the extent of environmental damage or a geographical boundary. With regard to impacts on people, the scope can be understood as the number of people involved and negatively impacted.</p> <ul style="list-style-type: none"> - irremediable character: whether and to what extent the negative impacts can be counteracted, i.e. by restoring the environment or individuals affected to their original state. <p>Likelihood is assessed on a scale from 1 (rare) to 5 (likely).</p>	<p>The significance of identified risks and opportunities is assessed by multiplying the impact's magnitude by its likelihood. The magnitude of an impact is rated on a scale from 1 (least severe) to 5 (most severe), based on the following criteria:</p> <ul style="list-style-type: none"> - Time horizon: when the impact is expected to occur (short-, medium- or long-term). - Type of economic impact incurred by the Group: operating costs, financial impacts, damages or compensation, loss/gain of customers and new business opportunities, medium- to long-term business risks and/or business continuity risks. <p>Likelihood is assessed on a scale from 1 (rare) to 5 (likely).</p> <p>The financial materiality analysis was conducted considering the impacts identified in the F.I.L.A. Group Risk Assessment, approved by the Parent Company's BoD in February 2024.</p>

Through our double materiality assessment, we have identified material IROs across our operations and throughout our upstream and downstream value chain. These material IROs are listed in the following table and are also grouped and categorised at the beginning of each section covering the environmental, social and governance ESRS topics.

The analysis of the actual and potential effects of material impacts, risks and opportunities did not result in changes to the Group's business model, value chain, strategy or decision-making process. In addition, no current financial effects emerged from the double materiality assessment. The Group considers its strategy and business model to be resilient, capable of addressing relevant impacts and risks, and of reaping the benefits associated with identified opportunities.

ESRS E1 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Own operations/Value chain	Positive or negative	Actual or potential
Climate change	Energy		Impact	The Group's production and operating activities generate impacts on climate change due to the production of CO ₂ emissions.	Own operations	Negative	Actual
Climate change	Climate change mitigation		Opportunities	Investments in renewable energy sources (e.g. biomass and solar power plants) may lead to medium- to long-term cost savings (including through incentives).	Own operations	Positive	Potential

ESRS E3 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Own operations/Value chain	Positive or negative	Actual or potential
Water and marine resources	Water	Water withdrawals	Impact	Water withdrawal for production processes has an environmental impact.	Own operations	Negative	Actual
Water and marine resources	Water	Water withdrawals	Risk	General scarcity and a decrease in available water resources can limit the Group's activity and product volumes, affecting business and turnover.	Own operations	Negative	Potential
Water and marine resources	Water	Water consumption	Risk	Excessive water consumption, due to lack of water reuse processes, can cause damage by leading to higher operating and reputational costs in case of incidents affecting wildlife.	Own operations	Negative	Potential
Water and marine resources	Water	Water consumption	Impact	Failure to implement water reuse cycles during the production process can have a negative impact on the environment due to excessive water consumption and reduced freshwater availability.	Own operations	Negative	Potential

ESRS E5 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Own operations/Value chain	Positive or negative	Actual or potential
Circular economy	Waste		Impact	Poor waste management, whether hazardous or non-hazardous, could cause damage linked to soil and surface/groundwater pollution.	Own operations	Negative	Potential
Circular economy	Waste		Impact	The disposal of non-recycled packaging by end consumers can have negative environmental impacts.	Value chain	Negative	Potential
Circular economy	Resource inflows, including resource use		Opportunities	The procurement of certified raw materials (FSC and PEFC wood) has positive impacts on the Group's business by meeting demand for eco-friendly products.	Own operations	Positive	Actual
Circular economy	Resource inflows, including resource use		Risk	The reduced availability of wood can limit the Group's activity and product volumes, with impacts on its business and turnover.	Own operations	Negative	Potential
Circular economy	Resource outflows related to resources and services		Impact	Reusing raw materials (especially wood) in the production cycle has a measurable positive impact for the Group in terms of lower operating costs.	Own operations	Positive	Actual
Circular economy	Resource outflows related to		Opportunities	Reusing raw materials (especially wood) in the production cycle has a positive impact in terms of conserving natural resources.	Own operations	Positive	Actual

resources and
services

ESRS S1 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Own operations/Value chain	Positive or negative	Actual or potential
Own workforce	Working conditions	Health and Safety	Impact	Production activities in developing countries, where worker safety regulations are less strict, could have negative impacts by increasing both the number and severity of incidents.	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Risk	Production activities in developing countries with weaker workers' safety regulations could generate negative impacts for the Group in terms of reputational and economic harm (penalties/fines, production disruption/delays).	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Impact	Human-machine interactions in production processes can negatively affect internal stakeholders in terms of worker safety and injury rates.	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Impact	Material handling in logistics and production areas can generate negative impacts on internal stakeholders in terms of workers' safety.	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Risk	The handling of materials in logistics and production can result in potential compensation costs and/or penalties for the Group.	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Impact	The failure to use/misuse of PPE or malfunctioning safety devices can generate impacts on internal stakeholders in terms of safety.	Own operations	Negative	Potential
Own workforce	Working conditions	Collective bargaining, including the percentage of workers covered by collective agreements	Impact	Restricting freedom of association and collective bargaining in developing countries can result in negative impacts on workers' rights.	Own operations	Negative	Potential
Own workforce	Other work-related rights	Confidentiality	Impact	External cyberattacks can negatively impact stakeholders by violating human rights.	Own operations	Negative	Potential
Own workforce	Other work-related rights		Impact	The management of the Group's own workforce at European and North American subsidiaries could result in human rights violations (in terms of working conditions, equal treatment and opportunities for all, and other work-related rights).	Own operations	Negative	Potential
Own workforce	Other work-related rights		Impact	The management of the Group's own workforce at Asian, African, South American and Middle Eastern subsidiaries could result in human rights violations (in terms of working conditions, equal treatment and opportunities for all, and other work-related rights).	Own operations	Negative	Potential
Own workforce	Working conditions	Freedom of association, including the existence of company committees	Impact	Explicit or implicit limitations on employee participation in Trade Unions can have negative impacts on internal stakeholders in terms of working conditions.	Own operations	Negative	Potential

Own workforce	Equal treatment and opportunities for all	Training and skills development	Impact	Adequate, properly communicated and transparent performance and incentive processes have positive impacts on internal stakeholders by valuing their merit and ensuring equal opportunities, in addition to employee well-being and the fulfilment of growth expectations.	Own operations	Positive	Actual
Own workforce	Equal treatment and opportunities for all	Training and skills development	Opportunities	Adequate, properly communicated and transparent performance and incentive processes have positive impacts for the Group by retaining talent within the Company, thereby reducing operating and turnover costs (recruitment costs).	Own operations	Positive	Actual
Own workforce	Equal treatment and opportunities for all	Training and skills development	Impact	The adoption of an ESG training and induction plan has positive impacts on a cultural level for internal stakeholders and increases their responsibility and participation in the Group's ESG projects.	Own operations	Positive	Actual
Own workforce	Equal treatment and opportunities for all	Training and skills development	Opportunities	The adoption of an ESG training and induction plan has positive impacts on the Group's ESG performance.	Own operations	Positive	Actual
Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Impact	Incidents of workplace harassment and discrimination can have negative impacts on internal stakeholders in terms of physical, psychological or sexual harm.	Own operations	Negative	Potential
Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Risk	Incidents of workplace harassment and discrimination can have negative impacts on the Group in terms of damages, criminal sanctions/fines and reputational damage.	Own operations	Negative	Potential
Own workforce	Working conditions	Work-life balance	Impact	Changing expectations of the Group's internal workforce in terms of work-life balance can have negative impacts on internal stakeholders in terms of limiting their work-life balance.	Own operations	Negative	Potential
Own workforce	Working conditions	Work-life balance	Impact	Changing expectations of the workforce in terms of work-life balance can result in a loss of know-how and key skills.	Own operations	Negative	Potential

ESRS S2 - WORKERS IN THE VALUE CHAIN

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Own operations/Value chain	Positive or negative	Actual or potential
Workers in the value chain	Working conditions		Impact	The use of suppliers that fail to adequately respect working conditions, equal treatment and opportunities for all, and other work-related rights – particularly in developing countries – can lead to negative impacts on stakeholders, specifically in terms of the working conditions experienced by those employed along the supply chain.	Own operations	Negative	Potential

ESRS S4 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Own operations/Value chain	Positive or negative	Actual or potential
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Consumers and End-Users	Personal safety of consumers and/or end-users	Child protection	Impact	The qualitative characteristics (chemical composition, shape, etc.) of certain product lines for children, which affect their safety, can have an impact on the safety of this worker category.	Own operations	Negative	Potential
Consumers and End-Users	Personal safety of consumers and/or end-users	Health and Safety	Risk	The qualitative characteristics (chemical composition, shape, etc.) of certain product lines, which affect consumer safety, can have negative impacts on the Group's finances in terms of fines, compensation claims, reputational damage and loss of competitiveness.	Own operations	Negative	Potential
Consumers and End-Users	Inclusion of consumers and/or end-users	Responsible marketing practices	Risk	The growing demand for the use of renewable and/or recycled raw materials can have a negative impact on the Group if it fails to align with these expectations.	Own operations	Negative	Potential

ESRS G1 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Own operations/Value chain	Positive or negative	Actual or potential
Business conduct	Corporate culture		Impact	An effective Group organisational model has positive impacts on internal stakeholders in terms of well-being, human capital development, employee health and safety, diversity and equal opportunities.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	An effective Group organisational model has positive impacts on skill retention within the Company, reduced turnover (recruitment costs) and operating costs, and avoids disruption in production/activities.	Own operations	Positive	Actual
Business conduct	Corporate culture		Impact	Coordinating subsidiaries on sustainability matters could make the management of ESG aspects more effective, thereby reducing negative impacts on the environment through greener practices and enhanced resource efficiency.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	The effective management of sustainability matters at Group level could also strengthen the Company's reputation, improving relationships with stakeholders, attracting investors and contributing positively to financial performance, with the potential to acquire new clients and reduce the risk of business losses.	Own operations	Positive	Potential
Business conduct	Corporate culture		Impact	Developing and communicating a strategic sustainability plan to stakeholders creates opportunities for mitigating ESG impacts by engaging internal and external stakeholders in projects defined by the Group.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	Developing and communicating a strategic sustainability plan to stakeholders also has positive impacts on corporate image and reputation.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	Overseeing and monitoring key ESG regulations, particularly on sustainability reporting (CSRD), at the Parent Company level could have positive impacts on the efficacy of ESG disclosures while also strengthening the Group's reputation.	Own operations	Positive	Actual

Business conduct	Corporate culture	Management of relationships with suppliers, including payment practices	Opportunities	Comprehensive supply chain management integrated with ESG aspects can have positive impacts on supplier environmental management.	Own operations	Positive	Potential
Business conduct	Corporate culture	Management of relationships with suppliers, including payment practices	Opportunities	Comprehensive supply chain management integrated with ESG aspects can have positive impacts on workers in the value chain.	Own operations	Positive	Potential

The double materiality assessment – including related impacts, risks and opportunities – was shared with the Managerial Sustainability Committee and the Control, Risks and Related Parties Committee, which reported on it to the Board of Directors. The Board delegated the Control, Risks and Related Parties Committee to further investigate double materiality matters and reviewed the Consolidated Sustainability Statement. The Board of Statutory Auditors oversaw the preparation process for sustainability reporting and was informed of the double materiality assessment during meetings of the Control, Risks and Related Parties Committee, in which it participated, as well as through informal sessions with the Sustainability Manager. The independent audit firm reviewed the process, methodology and outcomes related to double materiality.

Throughout the year, additional stakeholder engagement activities were carried out on various material topics, enabling the Group to gather feedback and insights. Further details are provided in the section “*Stakeholders and their engagement*”.

Based on the double materiality assessments, the following image highlights the nine topics considered material for the F.I.L.A. Group; these are explored in greater detail in the subsequent chapters of this Statement.

CROSS-CUTTING STANDARDS		TOPICAL STANDARDS	
GENERAL DISCLOSURES	ENVIRONMENT	SOCIAL	GOVERNANCE
ESRS 1 General requirements	ESRS E1 Climate change	ESRS S1 Own workforce	ESRS G1 Business conduct
ESRS 2 General disclosures	ESRS E2 Pollution	ESRS S2 Workers in the value chain	
	ESRS E3 Water and marine resources	ESRS S3 Affected communities	
	ESRS 4 Biodiversity and ecosystems	ESRS S4 Consumers and end-users	
	ESRS E5 Resource use and circular economy		

As a result of the double materiality assessment conducted in accordance with the CSRD, the topics of “diversity and inclusion” and “corruption and bribery”, although assessed, were found to be non-material in terms of impacts, risks and opportunities, as their likelihood of occurrence was not

considered significant. That being said, both topics continue to be managed and monitored through formalised policies applicable to the entire Group, as referenced in the sections “*Own workforce*” and “*Responsible business conduct*”. We also note that no incidents of discrimination and/or corruption were reported in 2024. Given that it is a dynamic and ongoing process, in the future, double materiality may be influenced by changes in business structure, evolving stakeholder expectations, improvements to the risk management system, regulatory developments and changing business needs.

Due diligence

The F.I.L.A. Group operates in compliance with all local, national and international regulations in the countries where it conducts business. The Group adopts an approach to mitigate and remedy potentially material social and environmental impacts. In relation to its due diligence process for sustainability matters, F.I.L.A. adopts the OECD Guidelines for Responsible Business Conduct, in addition to the Ethics Code, the Code of Conduct for Suppliers and Business Partners, and a set of relevant procedures and guidelines. The Group also engages in dialogue with relevant stakeholders and provides various channels for complaints and whistleblowing.

The F.I.L.A. Group develops, adopts and promotes sustainability policies through a process that begins with identifying negative impacts across both its own operations and supply chain. Once identified, specific control measures and targeted actions are defined to mitigate and prevent these impacts. The Group has adopted a continuous monitoring system to assess the effectiveness of these measures and ensure the ongoing improvement of its sustainability practices. This proactive approach ensures that every phase of the supply chain is managed responsibly and sustainably, thereby contributing to a positive impact on society and the environment. In addition, the Group complies with the United Nations Guiding Principles on Business and Human Rights, ensuring that human rights are respected across all its operations.

CORE COMPONENTS OF DUE DILIGENCE	PARAGRAPHS OF THE CONSOLIDATED SUSTAINABILITY STATEMENT
Integrating due diligence into the governance, strategy and business model	Sustainability Governance; Integrating sustainability into incentive systems; Double materiality; Corporate governance model ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SBM-3
Engaging stakeholders in all key phases of due diligence	Double materiality; Stakeholders and their engagement ESRS 2 GOV-2, ESRS 2 SBM-2, ESRS 2 IRO-1
Identifying and assessing actual and potential negative impacts	Double materiality ESRS 2
Taking action to address negative impacts	Double materiality ESRS 2 MDR-A, ESRS 2
Tracking the effectiveness of actions and reporting	Double materiality ESRS E1-2, ESRS E4-3

The disclosures included in this Statement also reference, where relevant, the SFDR Regulation (EU) 2019/208, pillar 3 of Regulation (EU) 575/2013, the Benchmark Regulation (EU) 2016/1011, and the EU Climate Law – Regulation (EU) 2021/1119.

The F.I.L.A. Group.

The F.I.L.A. Group is one of the leading global enterprises devoted to the research, design, manufacture and sale of tools for creative expression. We design, produce, and package drawing, colouring, painting, and modelling tools and media for children, young people, and adults.

Purpose, Vision, Mission and Values

Purpose answers the question “*Why F.I.L.A. exists*”, vision explains “*what we want to be*”, and mission sets out “*how we do it*”. Values represent the foundation on which the Group has built its business.



The F.I.L.A. S.p.A. **Ethics Code** is a document that outlines the principles, values and rules of conduct observed by the Group, in addition to the ethical commitments and responsibilities which it undertakes and complies with in the course of business operations and which govern the conduct of all those working within or on behalf of the Group. The Ethics Code is available on the Company website, and sets out values and aspects relating to Environment, Social, and Governance (ESG) topics, business sustainability, and commitments to stakeholders.

A global presence

At December 31, 2024, the F.I.L.A. Group's numbers were the following:

- ◆ Total number of employees as of December 31, 2024: **3,263 employees**
- ◆ Total number of subsidiaries and production facilities: active across five continents, with **33 subsidiaries and 22 production facilities**, including two in Italy
- ◆ In 2024, the Group's **revenues amounted to Euro 612,583 thousand**. For a breakdown by geographical segment, please refer to the section “*Business segments – Income statement*”
- ◆ Number of countries in which the Group does business: **more than 150**
- ◆ Number of products and services provided: **25 iconic brands and over 50 product categories**











































The following table provides information on the F.I.L.A. Group's 22 factories:

F.I.L.A. GROUP PRODUCTION SITES					
Subsidiary	Year founded	Employees as of December 31, 2024	Employees as of December 31, 2023	Production site	Products
<i>EUROPE</i>					
F.I.L.A.	1920	186	188	Rufina, Florence	Markers Modeling pastes Writing instruments
INDUSTRIA MAIMERI	1923	43	43	Bettolino di Mediglia, Milan	Colours for the Fine Arts
CANSON	1557	313	324	St. Germain La Ville, France Baldersheim, France Grand Mourier, Annonay, France Moulin du Roy, France	Chalks School-use tempera paints Glues Industrial tube-type markers Fine art paper School-use paper Paper rolls
ARCHES	1492	60	62	Arche, France	Fine art paper
LYRA	1806	81	80	Norimberga, Germany	School-use pencils Fine art pencils
DALER ROWNEY	1783	206	244	Bracknell, Great Britain Dudley, Great Britain Middlewich, Great Britain	Colours for the Fine Arts School-use paper Paints Crayons Glue
<i>ST. CUTHBERTS</i>					
	1700	47	47	Wells, Great Britain	High-end fine art paper
<i>THE AMERICAS</i>					
DIXON MEXICO	1953	1,050	1,013	Tultitlàn, Mexico Oaxaca, Mexico	Graphite and colored pencils Extruded pencils School-use tempera paints Wax crayons Modeling pastes Industrial-use crayons Chalks Wooden slats for pencil production
DIXON TICONDEROGA COMPANY	1827	442	462	Appleton, USA Neenah, USA	School-use paper Fine art paper
DIXON TICONDEROGA ART ULC	1931	62	64	Barrie, Canada	School-use paper
DALER ROWNEY BRIDESHORE	1969	183	225	La Romana, Dominican Republic	Brushes and frames
CANSON BRAZIL	2007	97	91	Indaiatuba SP, Brazil	Fine art paper School-use paper Modeling pastes School-use tempera paints
F.I.L.A. ARGENTINA	1996	25	26	San Isidro, Argentina	Extruded pencils
<i>ASIA</i>					
F.I.L.A. DIXON KUNSHAN	2013	238	248	Kunshan, China	Graphite and colored pencils
F.I.L.A. DIXON YIXING ART & CRAFT	2015	37	42	Yixing, China	School-use tempera paints

The F.I.L.A. Group brand portfolio is one of the most significant, comprehensive and diversified in the

entire sector, particularly in terms of total number of trademarks and international coverage. These brands are firmly rooted in consumer tastes and preferences.

The F.I.L.A. Group operates through **two main business units**: “**School & Office**” and “**Fine Art**”. The following chart shows the **portfolio of main brands owned** by the F.I.L.A. Group divided into reference segments. For further details, please refer to the section “*Vertically integrated business model*”.

PRODUCT CATEGORIES		PRODUCT FAMILIES			
 Paper  Fine Arts & Craft  Writing  Drawing and Colouring  Modelling	 	 Daler-Rowney   		 	Paper for: Fine Arts School Leisure and craft Traditional printmaking Digital Fine Arts paper
	 Daler-Rowney	  Daler-Rowney 			Oil and acrylic colours Watercolours and gouache Canvases and brushes Accessories Basic craft
	 		 	 	Graphite pencils Ball point pens, fineliners and gel link pens Highlighters and markers
	       				Coloured and graphite pencils Wax and oil crayons Felt-tip pens Paints and watercolours Chalks and glues
	  				Plasticine Play dough Modelling clay
	 School	 Art School, Hobby and Artists	 Office	 Industry	CONSUMER CATEGORIES

The F.I.L.A. Group distributes its products through various commercial channels and stores, making them available to consumers and other users, wherever they prefer to purchase them. These channels include supermarkets, e-tailers, discount stores, corner stores/grocers and general stores, specialised vendors, stationery stores and hardware stores, independent retailers and hypermarkets.

The F.I.L.A. Group's products are sold in over 150 countries, with significant market shares in the U.S.A., Europe, India, Mexico and South America. In countries where the Group has not historically had a direct presence, branches have been opened in collaboration with its main distribution partners, in order to monitor the market, implement its business strategy, promote distribution, and consolidate and increase its share of the market.

The F.I.L.A. Group stands out not only for its long-standing tradition in the production of tools for creative expression but also for the essential intangible assets that underpin its success. The Group's brands, including Giotto, Tratto, Das, Lyra, Daler-Rowney, Ticonderoga, Canson, and Arches, represent a heritage of quality and innovation, each with its own identity and target market. These brands have built their reputations over time through high-quality products that are recognised internationally.

The expertise accumulated over decades enables F.I.L.A. to develop innovative solutions, such as environmentally sustainable materials and advanced production technologies. The technical skills of its personnel represent another key asset, ensuring the continuous evolution of its products and responsiveness to new consumer needs.

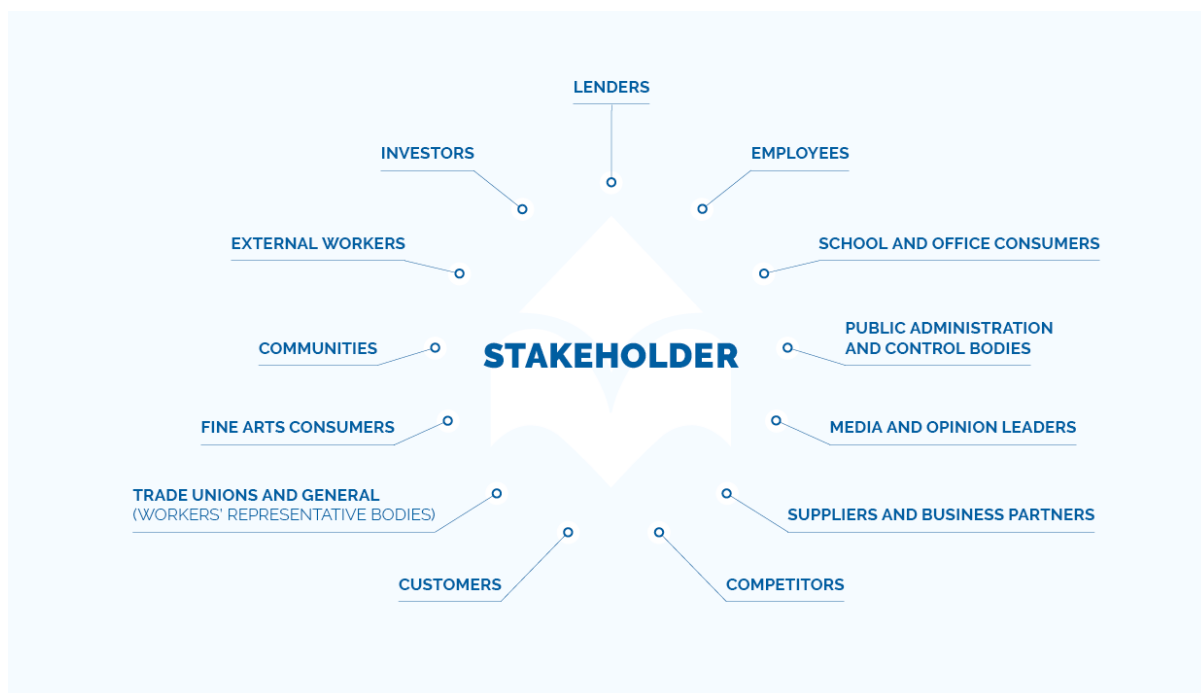
In addition, F.I.L.A. also benefits from strong commercial relationships, allowing easy access to global markets and partnerships with trusted distributors. The management of strategic data and information allows the Group to anticipate market trends, adapting its marketing and product development strategies accordingly. These intangible assets are therefore essential for maintaining competitiveness and promoting growth in the writing and drawing tools sector.

For Group management, **geographical segment** is the principal criterion for analysis and decision-making, and the firm's internal reporting is structured accordingly: Europe, North America, Central and South America, Asia and the Rest of the World (South Africa and Australia).

Growth has always been in F.I.L.A.'s DNA. Since 1994, the Company has embarked on a quest to internationalise its business thanks primarily to a prudent **M&A strategy**, which has led to some major acquisitions. The far-reaching geographical expansion has been accompanied by consolidation in mature markets through the expansion of the range of products in the Fine Art segment.

Stakeholders and their engagement

The F.I.L.A. Group is committed to maintaining open and transparent communication with all its stakeholders, that is, with all those who - to varying degrees and with different characteristics - contribute to the activities of the Group or are influenced by them with the goal of creating long-term shared value and supporting a just transition.



A relationship based on communication, listening, and the systematic engagement of relevant stakeholders allows companies to build mutual trust and access information, ideas, and solutions that could help improve its internal decision-making processes and the management of current and future risks.

With this in mind, in 2021 the Group launched a series of more structured and systematic stakeholder engagement initiatives using the methodology outlined in the *Accountability 1000 (AA1000)* standard. Over the last two years, engagement initiatives have focused on the material topics outlined in the “*Double Materiality*” section and, while acknowledging that each category of stakeholder represents specific interests, the most critical topics, from a general standpoint, have been: product quality and safety, employee welfare and well-being, workplace health and safety, water consumption, and use of raw materials. The Sustainability Manager participates throughout the year in meetings of the Group’s administrative, management and supervisory bodies, providing updates on stakeholder engagement activities.

A summary of the stakeholder engagement activities conducted in 2024:

STAKEHOLDER ENGAGEMENT ACTIVITIES 2024		
STAKEHOLDER CATEGORY	ENGAGEMENT ACTIVITY	MATERIAL TOPICS DISCUSSED
INVESTORS	Roadshows Conference calls Results conference calls Conferences organised by the Italian stock exchange or by brokers who monitor the share price Capital Market Day	Commentary on quarterly results: Q1 2024, H1 2024, 9M 2024, ESG (Environmental, Social, and Governance) topics.

STAKEHOLDER ENGAGEMENT ACTIVITIES 2024

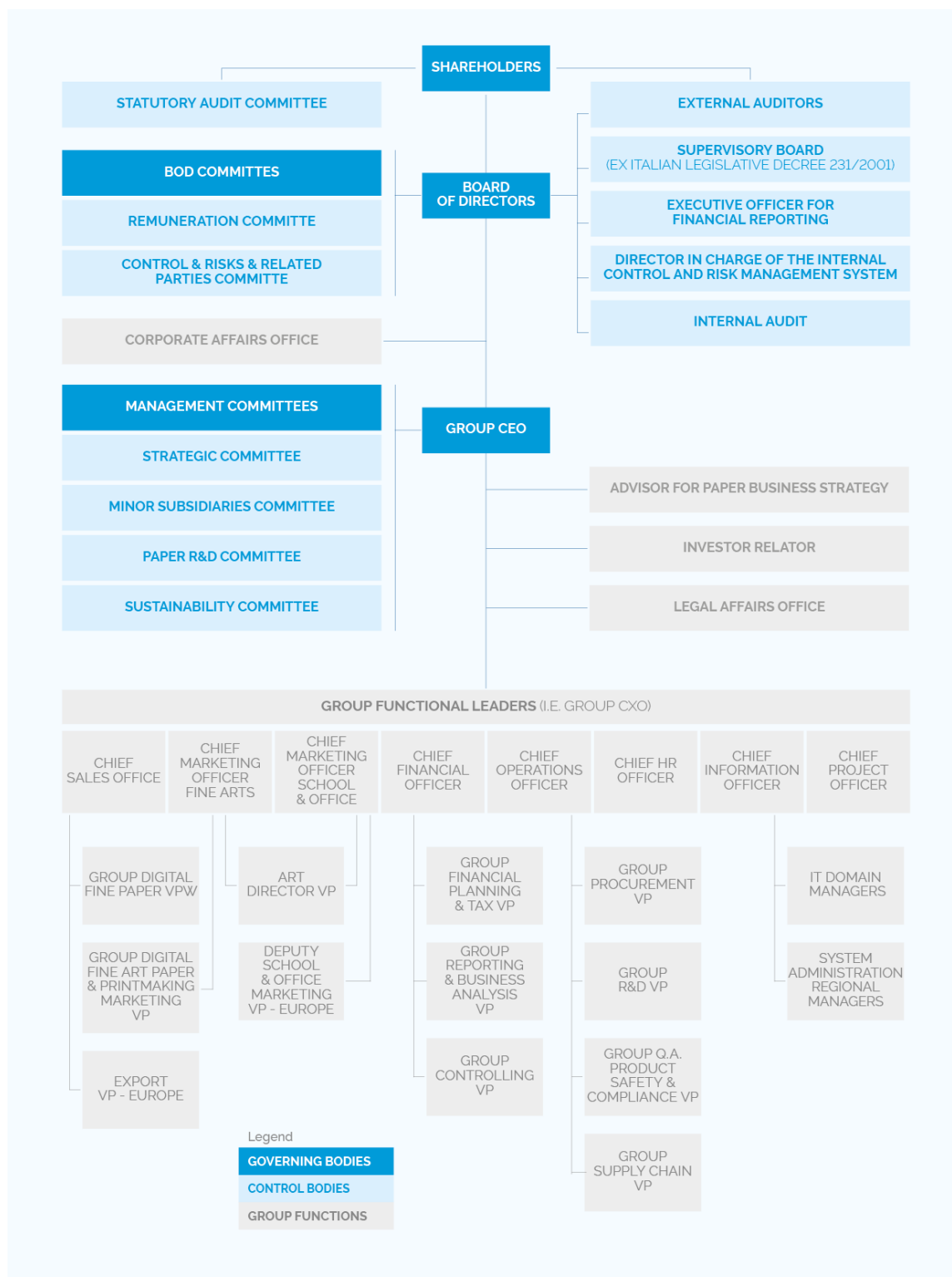
STAKEHOLDER CATEGORY	ENGAGEMENT ACTIVITY	MATERIAL TOPICS DISCUSSED
LENDERS	Conference calls Capital Market Day	Commentary on quarterly results: Q1 2024, H1 2024, 9M 2024, ESG (Environmental, Social, and Governance) topics.
EMPLOYEES	Quarterly newsletter Ad hoc communications	Involvement in sustainability-related topics through the quarterly internal newsletter Training on the Sustainability Plan, sustainability policies, Sustainability Report, F.I.L.A. Group objectives and developments in sustainability reporting.
EXTERNAL WORKERS	Quarterly newsletter	Involvement in sustainability-related topics through the quarterly internal newsletter Topics linked to sustainability and Group leadership.
CUSTOMERS	Communication activities and customer satisfaction surveys (at points of sale, on the company website, and via web marketing and media relations) Participation in trade fairs and sector events Roundtables	Product innovations, trends, industry challenges. At the (remote) roundtable attended by customers active in the school, wholesale and retail sectors, the main points that emerged were product carbon footprint, supplier assessment, product quality and safety, external communication and compliance with new regulations.
SCHOOL AND OFFICE CONSUMERS	Communication activities and customer satisfaction surveys (at points of sale, on the company website, and via web marketing and media relations) Doxa qualitative research	Product innovations, trends, industry challenges, sustainability, and supply chain processes. A Doxa opinion poll, conducted from March to April 2024 on 810 children aged between 5 and 13 and their parents, found coloured pencils and felt-tip pens were preferred for drawing, chosen based on their brand or packaging design. The preference for recycled or plant-based plastics has declined since 2021. Selection criteria for pens and felt-tip pens include quality and durability, while sustainability had less influence. Parents and children expressed a desire for F.I.L.A. to produce high-performing, non-toxic products with increasing attention to environmental sustainability.
TRADE UNIONS AND RSUS (GENERAL WORKERS' REPRESENTATIVE BODIES)	Meetings Virtual roundtables	Ongoing dialogue with workers' organisations. At the (remote) roundtable, the main points to emerge were linked to pollution and environmental protection, mobility, employee health and well-being, welfare, flexible working, innovation and digitalisation, gender equality, internal and external communication and training.
SUPPLIERS AND BUSINESS PARTNERS	Green Procurement Questionnaire Code of Conduct for Suppliers and Business Partners	Environmental commitments and compliance with the Anti-Deforestation Regulation. Brideshore in the Dominican Republic held various meetings with suppliers to identify recyclable product and packaging solutions.
PUBLIC ADMINISTRATION AND GOVERNMENT CONTROL BODIES	Virtual roundtables	At the (remote) roundtable, the main points to emerge were linked to mobility, work culture, external communications, and health and safety. Canson in France (whose industrial activities include a paper mill) maintains relations with the municipal government of Annonay and the local prefecture, on the impact of company activities on water use.

Corporate governance model

The F.I.L.A. Group's corporate governance system respects the principles contained in the **Corporate Governance Code for Listed Companies** promoted by the Corporate Governance Committee and seeks to support a relationship of trust between F.I.L.A. and its stakeholders, through the highest levels of transparency. The Company adopted the Corporate Governance Code for Listed Companies in

February 2021.

The Parent Company F.I.L.A. S.p.A. has been listed on **Euronext Milan**, **Euronext STAR Milan** segment, since November 2015. The controlling shareholder is Massimo Candela, who, directly and indirectly, holds 27.147% of the ordinary shares and 53.424% of the voting rights.



The administrative, management and supervisory bodies

The Company is governed by a **Board of Directors** (“**BoD**”) composed of seven members, appointed by the Shareholders’ Meeting on April 23, 2024. The BoD guides the Company by pursuing its success with a view to sustainable growth based on the guidelines of the 2025-2029 Strategic Plan, performing strategic supervision at Group level and monitoring its adoption. The Chief Executive Officer, assisted by the Executive Director within his/her area of responsibility, is tasked with company management and implementation of the strategic guidelines. The Board of Statutory Auditors carries out the supervisory and control function required by law.

Directors and Statutory Auditors are appointed through a slate voting system by the Shareholders’ Meeting. The Company’s administrative, management and supervisory bodies do not include employee or workers’ representatives.

Directors must satisfy the eligibility and good standing requirements established by applicable law and other provisions and the Board of Statutory Auditors oversees compliance.

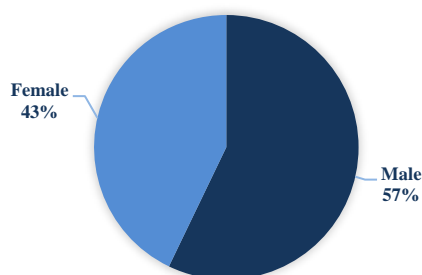
	Giovanni Gorno Tempini	Massimo Candela	Luca Pelosin	Annalisa Matilde Barbera	Gianna Luzzati	Carlo Paris	Donatella Sciuto
	<i>Chairperson</i>	<i>Chief Executive Officer</i>	<i>Executive Director</i>				
Year of birth	1962	1965	1966	1969	1962	1956	1962
Nationality	Italian	Italian	Italian	Italian	Italian	Italian	Italian
Board Committees				<i>RC</i> <i>CRRPC</i>	<i>RC</i> <i>CRRPC (C)</i>	<i>CRRPC</i>	<i>CR (C)</i> <i>CRRPC</i>
Date of first appointment	06-Aug-19	04-Jun-15	04-Jun-15	22-Jul-15	23-Apr-24	27-Apr-21	27-Apr-21
In office until	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement
Independent	X				X	X	X
Executive		X	X				

CRRPC: Control, Risks and Related Parties Committee

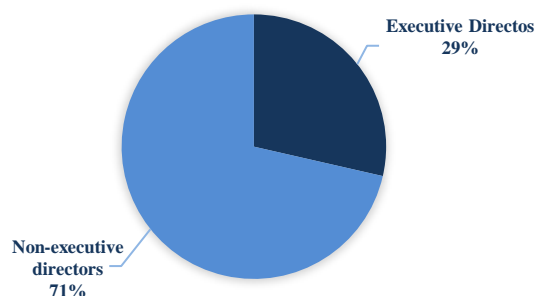
RC: Remuneration Committee

C: Chairperson

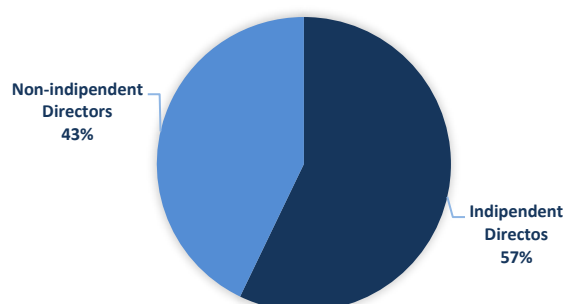
BOARD OF DIRECTORS COMPOSITION BY GENDER



BOARD OF DIRECTORS COMPOSITION BY EXECUTIVE AND NON-EXECUTIVE DIRECTORS



BOARD OF DIRECTORS COMPOSITION BY INDEPENDENCE AND AFFILIATION



To ensure the overall suitability of the administrative body, including in terms of diversity criteria and any future challenges the Group may face, the Board of Directors recommends that Shareholders ensure that the slates of candidates for the governing body include individuals with broad and diversified skill sets. In the area of sustainability, the Board of Directors currently includes one member with expert skills.

As part of the annual self-assessment process, the skills of individual Directors and the collective competencies of the Board of Directors were considered appropriate, identifying satisfactory knowledge in the following areas:

1. a positive evaluation of the size, composition and operation of the Board of Directors;
2. a positive evaluation of the size, composition and operation of the internal Board committees;
3. a positive evaluation of communication between the Board and senior management – induction programme;
4. a positive evaluation of corporate governance and risk management;
5. a positive evaluation of the Board's competence on sustainability matters;

The outcome of the Directors' self-assessment regarding their individual sustainability competencies

(“what do you consider to be your level of expertise in sustainability and ESG matters, taking into account both sustainability reporting and strategic planning?”) was overall rated as moderate to good.

To keep the Directors informed about recent developments in sustainability, a session was held in 2024 to provide an in-depth update on the evolution of the CSRD and its transposition into Italian law. In the short to medium term, additional ESG-focused induction sessions will be conducted for the Board of Directors and the Board of Statutory Auditors.

Within the Board of Directors of F.I.L.A. S.p.A., two committees have been established with preparatory, advisory and propositional roles, each composed of three Non-Executive Directors, the majority of whom are independent. The following committees are equipped with specific Operating Regulations: the Remuneration Committee and the Control, Risks and Related Parties Committee. More specifically:

- the **Remuneration Committee** supports the BoD in evaluating and making decisions regarding the remuneration policy, with a view to continuously aligning the interests of Executive Directors and Senior Executives with those of the Group’s Strategic Plan.
- the **Control, Risks and Related Parties Committee** supports the BoD in evaluating and making decisions regarding the Internal Control and Risk Management System, the approval of both financial and sustainability-related periodic statements, and the assessment of related party transactions.

The Board of Directors conducts regular evaluations of the Group's sustainability performance and commitments, with support of the Control, Risks and Related Parties Committee and the Remuneration Committee, which oversee their respective areas of expertise. The BoD approves the annual Sustainability Statement and any proposal of environmental, social, and governance (“ESG”) targets defined in the remuneration policy for Executive Directors and Senior Executives.

The **Board of Statutory Auditors** is composed of three Statutory Auditors and two Substitute Auditors: two men and one woman as standing members, and one man and one woman as alternates, in line with the provisions of Articles 123-*bis* and 248 of the CFA. Statutory Auditors are appointed through a slate voting system according to the procedure outlined in the By-Laws.

BOARD OF STATUTORY AUDITORS

	Gianfranco Consorti	Pietro Michele Villa	Sonia Ferrero	Stefano Amoroso	Tina Marcella Amata
	<i>Chairperson</i>	<i>Statutory Auditor</i>	<i>Statutory Auditor</i>	<i>Substitute Auditor</i>	<i>Substitute Auditor</i>
Year of birth	1950	1967	1971	1964	1968
Nationality	Italian	Italian	Italian	Italian	Italian
Date of first appointment	27-Apr-18	22-Jul-15	22-Jul-15	22-Jul-15	23-Apr-24
In office until	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement	Approval 2026 Financial Statement

The Chairperson of the Board of Directors ensures that the Statutory Auditors obtain adequate information on the sector in which the Group operates, on the business operations and their performances, of the principles of correct risk management and the relative regulatory framework. Specifically, during the Board of Directors meetings, the Statutory Auditors regularly received detailed information on the sector in which F.I.L.A. undertakes its activities, in order to fully understand the underlying business operations and the relative developments during the period. In 2024, the Board of Statutory Auditors participated in induction meetings organised by the Company with the Board of Directors, including on sustainability matters

Further details on the governance model adopted, the composition of the corporate bodies and the activities carried out during the period are available in the 2024 Corporate Governance and Ownership Structure Report (pursuant to Article 123-*bis* of Legislative Decree No. 58/1998, hereinafter also the “Corporate Governance Report”). No employee representatives are included in the administrative, management or supervisory bodies of the Group’s companies.

Sustainability governance

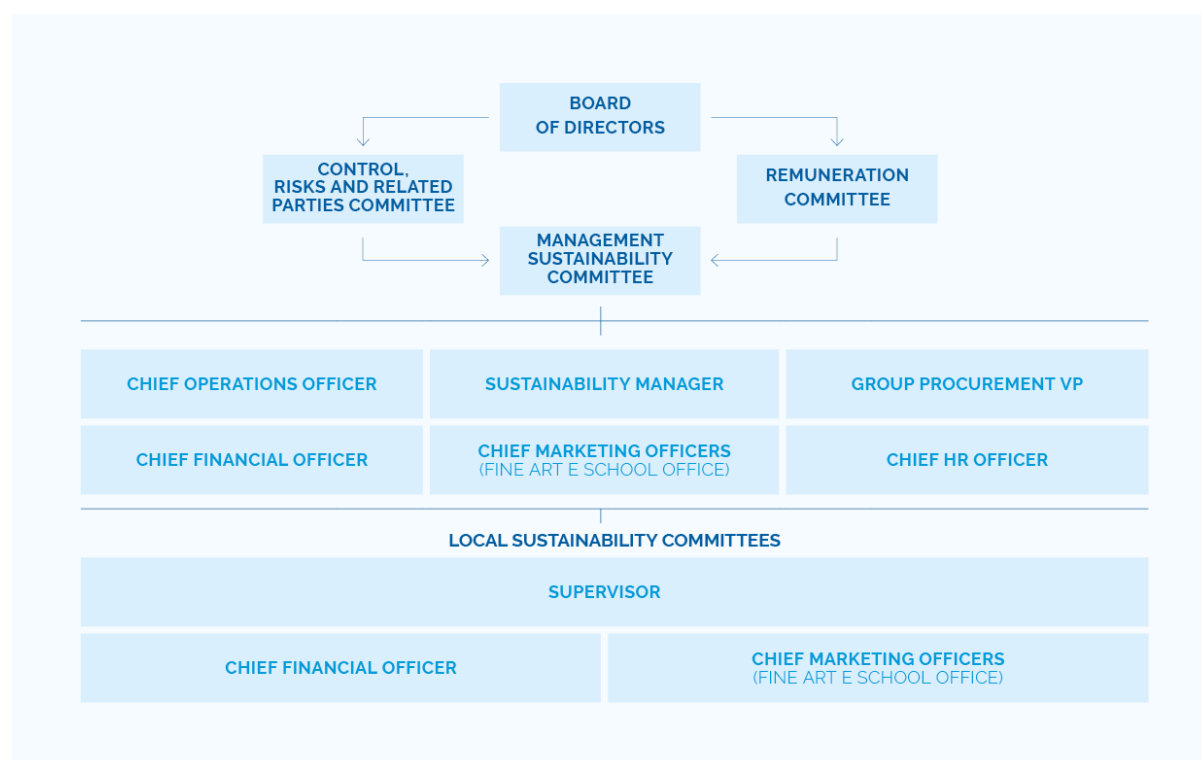
The Parent Company has adopted a comprehensive sustainability governance structure, with the Group Managerial Sustainability Committee responsible for managing and coordinating the relative activities.

The **Board of Directors**, consistent with the Group's Purpose, Vision, Mission and values, supported by the Control, Risks and Related Parties Committee, promotes a culture of sustainability over the long term, in line with business strategies, and oversees procedures to manage material risks, impacts and opportunities, meeting regularly with key management. In developing strategies for the Group as a whole, the Board considers sustainability goals and integrates ESG factors into major business decisions.

The double materiality assessment, along with the related impacts, risks and opportunities, is shared by

the Group Managerial Sustainability Committee, through one or more of its members, with the Control, Risks and Related Parties Committee, which reports accordingly to the BoD. The Board has delegated the Control, Risks and Related Parties Committee to further examine double materiality topics and has reviewed the outcomes as presented in the Consolidated Sustainability Statement.

The Rules of Procedure of the BoD and its internal Board committees, in addition to relevant Group policies, define responsibilities concerning impacts, risks and opportunities. In line with the 2025–2029 Sustainability Plan, the Group’s sustainability policies will be progressively reviewed in the incoming years, with a view to continuous improvement in this area.



The Group **Managerial Sustainability Committee** coordinates the preparation of the Sustainability Statement, including the analysis of impacts, risks and opportunities, in addition to the definition of Group sustainability strategies.

The **Local Sustainability Committees** at the Group’s key subsidiaries, in coordination with their respective CEOs and local boards, interact with the Managerial Sustainability Committee and the Parent Company’s Sustainability Manager.

Executives and business process managers are involved, in line with the processes and procedures of the Internal Control and Risk Management System, in the monitoring, management and oversight of impacts, risks and opportunities arising from the Group’s activities. Where needed, further sustainability insights are obtained through the engagement of external experts, training sessions and participation in technical external events.

The **Internal Audit** function is outsourced to Key Advisory S.r.l., in the person of Massimiliano Rigo as manager. The function is involved in the double materiality review process and in the preliminary verification of material sustainability disclosures, including to further strengthen the Group's commitment to sustainability. We note that the Audit Plan for 2024, approved by the Board of Directors, provided for specific activities on ESG topics:

- Participation in the Managerial Sustainability Committee, review of minutes, and identification of any critical ESG issues;
- Monitoring projects related to the preparation of the disclosures required by the European Taxonomy regulation and the transition to the requirements of the new CSRD Directive and ESRS standards issued by EFRAG;
- Analysis of the results of the assessment of the KPI detection process and the information collected for the Consolidated Sustainability Statement;
- Meetings with the auditors of the Consolidated Sustainability Statement and collection of feedback to improve the reporting and control system for non-financial data and information;
- Review of assessment made by Sustainability Rating Agencies assessments and related areas for improvement;
- Analysis of indicators related to injuries and occupational health and safety, and improvement actions planned by management;
- Review of the progress made in obtaining ISO 45001 certification.

This Sustainability Statement is subject to two additional forms of oversight, both updated following the transposition of the CSRD and Legislative Decree No. 125/2024:

- The **Board of Statutory Auditors** oversaw the sustainability reporting process, monitoring the effectiveness of the internal quality control and risk management systems applied to the Statement. In its role as the Internal Control and Audit Committee, it also monitored the activities of the independent audit firm relating to limited assurance and informed the Board of Directors of the outcome of these activities
- The **independent audit firm**, Deloitte & Touche S.p.A., which also performs the legally-required audit of the Parent Company's Consolidated Financial Report and Consolidated Financial Statements, conducted a Limited Assurance engagement on this Statement. It issued a declaration confirming the compliance of the disclosed information with the applicable regulations and reporting standards. This declaration is included in the Appendix to this Statement: "*Appendix E. Independent Auditors' Report*". The Limited Assurance engagement for the Sustainability Statement was appointed by the Board of Directors of

the Parent Company, based on the recommendation of the Board of Statutory Auditors.

For further details on the internal control applied to the Sustainability Statement, please refer to the following section.

Risk management and internal controls over sustainability reporting

The Internal Control and Risk Management System applied to the F.I.L.A. Group's **Sustainability Statement** is defined as the set of procedures, organisational structures and related activities adopted to mitigate the main risks of error in sustainability reporting through an appropriate identification, measurement, management and monitoring process.

The Board of Directors, supported by the Control, Risks and Related Parties Committee, holds overall responsibility for establishing an effective Internal Control and Risk Management system for sustainability reporting. This responsibility is further delegated within the organisation. The Executive Director has been granted specific powers by the Board regarding the overall internal control system. The Executive Officer for Financial Reporting has responsibility over sustainability reporting and is tasked with establishing appropriate procedures to ensure compliance with the CSRD, alignment with ESRS reporting standards, and accuracy and reliability, in addition to the responsibility over the content of the Sustainability Statement, including the double materiality assessment. Together with the Chief Executive Officer, the Executive Officer for Financial Reporting issues a joint declaration on the Sustainability Statement in accordance with the law.

The Group Internal Audit function is responsible for conducting audits on governance, processes, tools and reporting within the internal control system. Individual functions are responsible for executing the internal control processes within their respective areas. The various supporting functions – particularly the Group Managerial Sustainability Committee and the Group Sustainability Manager – are responsible for overseeing the accuracy of the Sustainability Statement. The Board of Statutory Auditors of F.I.L.A. S.p.A. monitors the adequacy of the internal control system and the compliance of the Sustainability Statement, ensuring that information on ESG performance is reliable, verified and integrated into corporate governance. The independent audit firm, responsible for conducting Limited Assurance on the Sustainability Statement, also performs checks on the relevant reporting processes. Further details on the Group's internal control system are available in the Corporate Governance and Ownership Structure Report.

The Group's adoption of internal controls for sustainability reporting involves the entire organisation. Risk assessments have been conducted on sustainability reporting processes, including data flows from all Group companies. The system used to collect the majority of sustainability data is Tagetik, which is

also used for financial reporting. Control activities include review and approval processes (ESG Representation Letter), audits, reconciliations, general IT controls and controls supported by IT systems. Control activities also comprise policies, the Sustainability Statement Handbook, which will be updated in 2025, and data collection instructions for Group companies, in addition to guidelines, procedures and organisational structures to ensure that management directives are followed and that steps are taken to ensure that sustainability reporting is accurate, comprehensive and timely.

In addition, the internal control system for sustainability reporting is subject to continuous improvement and refinement to further enhance the quality and formalisation of related documentation.

The effectiveness of the risk assessment process and the execution of control activities is continuously monitored. The Internal Audit function oversees the design and accuracy of collected data, providing internal reports and updating at least every six months the Control, Risks and Related Parties Committee, the Board of Statutory Auditors and the Board of Directors. In addition, the F.I.L.A. Group's Internal Audit function also plays an advisory role in matters concerning governance, risk management and the internal control system related to sustainability reporting.

Integrating sustainability into incentive systems

The **Remuneration Policy**, approved annually by the Shareholders' Meeting and available on the Parent Company's website, includes a number of performance indicators linked to short- and long-term variable remuneration for Executive Directors and Senior Executives. These performance indicators incorporate sustainability objectives ("ESG targets"), with the goal of further aligning their interests with those of the Group's Strategic Plan.

The Remuneration Policy contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company and the Group. It seeks to attract, retain and motivate highly qualified employees, with particular regard to key positions for the development and management of the business, by rewarding the achievement of **individual and company performance targets linked to the Company's economic-financial growth indicators and specific sustainability objectives**.

The main purpose of the Policy is to align the interests of the Company's management with the pursuit of the priority objective of creating sustainable value for F.I.L.A.'s shareholders and other stakeholders in the medium to long term. As such, the Board of Directors defines the Remuneration Policy, with the support of the Remuneration Committee, in order to ensure constant alignment between the short- and medium/long-term performance targets assigned to management and the main strategic drivers of the Company and the Group. These focus particularly on the pursuit of efficient business integration at the various Group companies, and the pursuit of a sustainable growth strategy in the medium/long term.

The Remuneration Policy is defined according to the following criteria: appropriate balance between the fixed and variable components according to the strategic objectives and the risk management policy of the Company, taking account of the sector in which the Group operates and the operations carried out, in order to avoid conduct which does not serve the creation of sustainable value over the short and medium/long term, while providing that the variable component represents a significant part of the overall remuneration; Specifically, the Policy is based on the following principles:

- i. definition of limits for the payment of variable components;
- ii. determination of performance targets, to which the payment of variable components is linked, predetermined, measurable and linked in significant part to a long-term horizon. They must be consistent with the strategic objectives of the Company and/or the Group and aimed at promoting its sustainable success, including, where relevant, non-financial parameters;
- iii. creation of a direct link between remuneration and performance, through mechanisms which provide for the issue of differing levels of bonuses linked to the partial or full achievement of the objectives;
- iv. establishment of overall remuneration levels which recognise the professional value of individuals and their contribution to the creation of sustainable value over the short and medium/long-term period;
- v. provision of an adequate deferral period - with respect to the time of maturity - for the payment of a significant part of the long-term variable component, consistent with the underlying business activity and the related risk profiles.

Specifically, for Executive Directors:

- 15% of the 2024 short-term variable remuneration is linked to sustainability targets (implementation of activities scheduled for 2024 to reduce direct emissions (Scope 1) and submission of a detailed plan to reduce indirect emissions (Scope 2))
- 30% of long-term variable remuneration, under the 2022-2026 Performance Shares Plan, is linked to sustainability targets (Qualitative target: 30% of the ED Medium/Long-term Variable Component (the "ED Medium/Long-term Qualitative Variable Component") payable on condition that in the three-year vesting period at least 80% of the targets set out for the vesting period in the Sustainability Plan are implemented (the "ED Medium/Long-term Qualitative Target").

The Board of Directors, upon proposal from the Remuneration Committee, approves the Remuneration Policy, which is valid for one year and is annually submitted for approval by the Shareholders' Meeting.

Strategy, business model and value chain

2025 - 2029 Strategic Plan

The F.I.L.A. Group is committed to operating responsibly, integrating sustainability into its business model in an increasingly structured manner. The new **2025-2029 Strategic Plan** approved on November 12, 2024, defines the new guidelines for the Group's growth, focusing on several key initiatives.

The preparation of the Strategic Plan and the plans and activities contained within it are entirely consistent with the Group's purpose, vision, mission, and the values on which it is based. These reflections are based on the following assumptions: analysis of the Group's current situation, future GDP growth outlook, demographic trends, competition landscape in the relevant markets, new geopolitical dynamics, sustainability targets and emerging global trends. The Plan calls for a digital transformation, the optimisation of the ecological footprint, more efficient production, and better management of working capital. Sustainability is another fundamental pillar, alongside strategic mergers and acquisitions.



2025-2029 Sustainability Plan

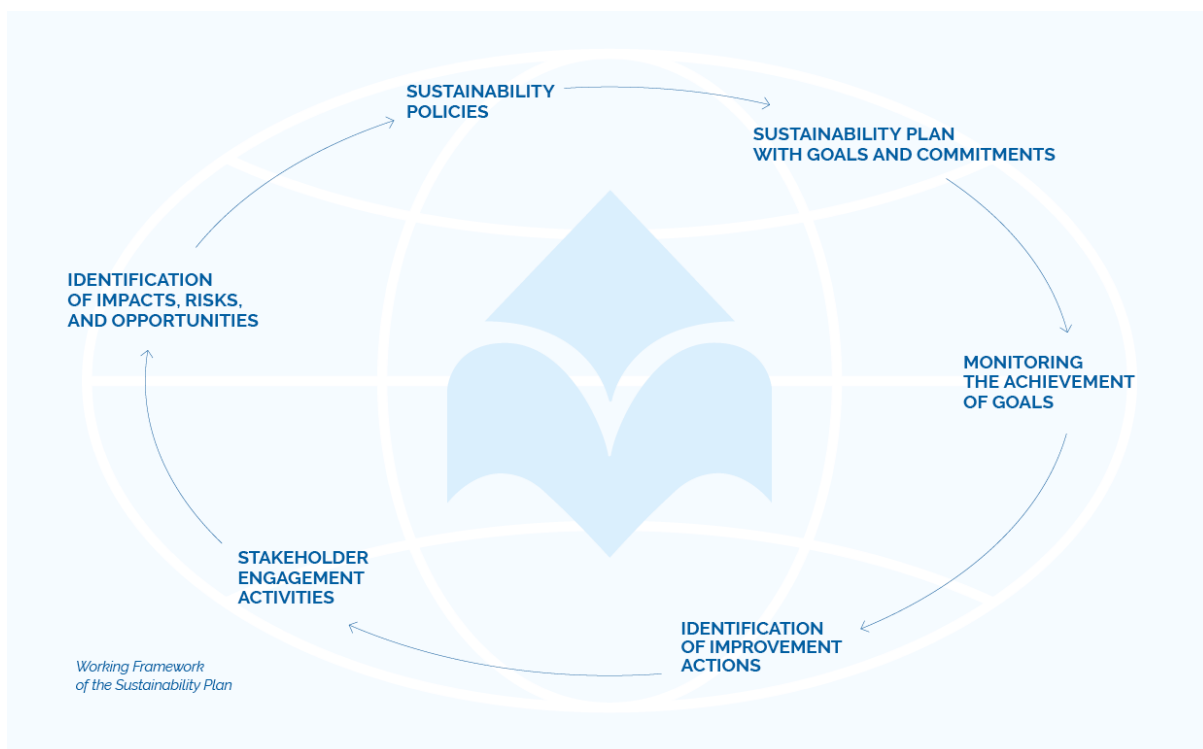
In 2020, we formalised our areas of commitment by launching our first 2021-2025 Sustainability Plan, which identifies strategies, targets and actions that target the continuous improvement of our social,

environmental and governance performance.

Our forward-looking approach is reflected in the new **2025-2029 Sustainability Plan**, which further integrates the Sustainable Development Goals (SDGs), outlined in the 2030 Agenda for Sustainable Development, and the “Ten Principles” of the United Nations Global Compact (UNGC), into our business model in a more structured way.

The Plan develops the Group's commitment to sustainability topics and is designed to ensure constant improvement. In addition, it clearly defines the Group's strategic guidelines concerning all its stakeholders, based on shared objectives, principles and values. The primary aim of drafting the 2025-2029 Sustainability Plan, part of the Group's Strategic Plan, is internalising sustainability topics within every corporate activity.

The process involved the Group's management and was strengthened through stakeholder engagement initiatives. Finally, it was formally approved by the Parent Company's Board of Directors on November 12, 2024.



The Sustainability Plan is structured around seven levers:



The objectives of the F.I.L.A. Group

In line with the strategy adopted in recent years and the 2025-2029 Sustainability Plan, the F.I.L.A. Group continues to pursue its sustainability targets, which were defined in 2022 and reported for the first time in 2023: six specific short- and medium-term targets. The following table provides an update on the progress of related activities and references the corresponding ESRS disclosures. The Group has not conducted an assessment of its products and target markets in relation to identified sustainability objectives.

Reference ESRS	Target	Deadline	Progress at the end of 2024
ESRS E1 - Climate Change	50% reduction in CO ₂ emissions (Scope 1)	2027	-25.34%
	Adoption of ISO 14001 environmental certification for all production plants	2025	59%
ESRS E3 - Water and marine resources	20% reduction in water withdrawals	2027	- 15%

Reference ESRS	Target	Deadline	Progress at the end of 2024
ESRS S1 - Own workforce	Adoption of ISO 45001 health and safety management certification for all production plants	2027	59%
	10% increase in average hours of training provided to employees in the 2023-2025 period, compared to 2022	2025	Delayed
ESRS S2 - Consumers in the value chain	Adoption of a Code of Conduct for Suppliers and Business Partners and Green Procurement for 90% of suppliers of goods with a turnover of more than Euro 10,000.	2024	91%

In 2023, a monitoring plan was launched to track the achievement of these targets. This initiative complements the internal half-yearly sustainability reporting. For more information, please refer to the section “*Risk management and internal controls over sustainability reporting*”.

The Group is currently engaged in analyses, research and project work to identify new targets, which will be disclosed in the near future.

Vertically integrated business model

The F.I.L.A. Group today is one of the largest players in the world of colour globally. Its core activities include the production of colouring and modelling products, office suppliers, and fine art materials, carried out at 22 wholly owned plants located across every continent.

The F.I.L.A. Group has full control of all processes “from wood to pencil”. Its **business model is vertically integrated**, which is rare for its sector and permits oversight of all stages of the production and distribution chain. F.I.L.A.’s global presence gives it considerable flexibility and interchangeability so it can minimise supply risks linked to any contractions in production capacity in specific sites and the potential impact of variations in customs duties in specific countries.



F.I.L.A.'s integrated business model allows it to:

- manufacture almost all of its catalogue while maintaining a strong link with end users
- precisely control costs;
- ensure specific quality levels are met for each product
- consistently monitor its sales channels, thanks to balanced sales policies
- better control the market, promoting the consolidation and growth of its shares, while maintaining margins in line with expectations.

The main distribution channels are sales to direct customers, which may include mass retailers, stationery shops and distributors.

The F.I.L.A. Group operates in **two main business units** (“School and Office” and “Fine Arts”), and is based, on the one hand, on a network of important relationships with key partners and, on the other, on the management of relationships with customers and end consumers.

The “**School and Office**” business unit sector features:

- large global players, with diversified or multi-business production. The former are distinguished by a portfolio consisting of school and office products, as well as related products, such as educational children’s toys, whereas the latter are conglomerates with businesses in a range of sometimes very disparate segments;
- specialist companies with production focused on school and office products and a primarily local presence.

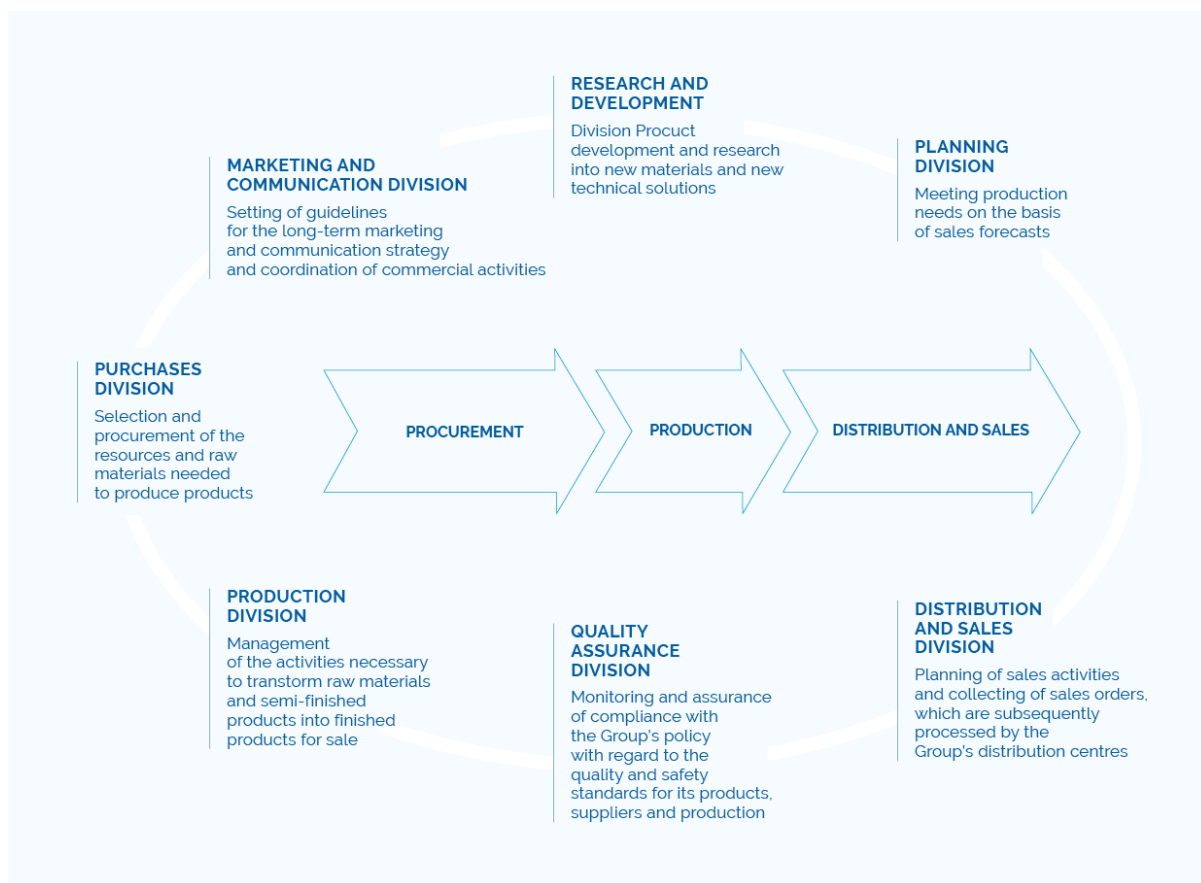
The “**Fine Arts**” BU primarily features operators specialising in two main product families:

- acrylic and oil paints, water colours, canvases, easels and brushes;
- paper for watercolour, acrylic and oil paints, albums and sketch pads, and photographic paper.

School products are sold mainly between the second and third quarters each year (depending on geographical factors), in conjunction with the Group’s “school campaign,” while fine art products are sold towards the end of the year. Products sold by the F.I.L.A. Group guarantee the highest quality standards, whatever their intended use may be.

Value chain

The Group’s **value chain** comprises all activities carried out by the organisation and by upstream and downstream entities to bring products from concept to end use. Upstream, it includes the supply chain, while downstream it involves customers, distributors and end consumers.



Upstream, F.I.L.A.'s value chain features a **supply chain**; the F.I.L.A. Group procures its raw and semi-finished materials from a limited number of selected suppliers, monitored constantly in terms of production capacity, average delivery times, solvency, and quality standards. The Group as a whole generally relies on one main supplier for its primary raw materials and semi-finished products, having also identified at least one or two alternative suppliers. In order to guarantee that interactions with suppliers and business partners are consistent with its own value system, in addition to its Ethics Code, the F.I.L.A. Group has established a “**Code of Conduct for Suppliers and Business Partners**” and has adopted the Sustainable Procurement Policy, which defines the general principles by which the Group acts.

Downstream, F.I.L.A.'s value chain features a wide range of **end-users** who buy Group products (over 40,000 of them) on all continents.

The F.I.L.A. Group carries out all production activities, which are channelled to customers and distributors through its marketing and communication, research and development, planning, procurement, production, distribution and sales functions – with the exception of direct sales to end-users.

Management of the value chain is particularly complex as it involves several production companies, specialised production companies, and distribution companies, and has to take into account numerous

brands, a wide assortment of products, and significant vertical integration.

Most of the Group's employees work in the **production** division, which inevitably impacts professional qualifications (mainly blue-collar workers) and the concentration of the workforce at F.I.L.A.'s main production plants.

The **Research and Development** (R&D) and **Quality Assurance and Product Safety & Compliance** (QA PS&C) divisions are centrally coordinated and comprise local teams based at the various production plants, making use of the support of technical and production employees to implement and verify specific planned projects, where necessary. For further details, see the section “*Research & Development and Quality Control*” below.

The joint venture with the RR Group will support the growth of production in India through the development of the DOMS brand and the continuation of the ongoing partnership between the F.I.L.A. Group and the RR Group, which dates back to 2012.

The 2025-2029 Strategic Plan includes projects and activities that involve the entire value chain, in line with the Group's values. From the selection of certified raw materials with chain of custody, to the continuous development of more sustainable solutions for both products and packaging, digitalisation and innovation.

Research & Development and Quality Control

The F.I.L.A. Group's strong commitment to understanding its customers and end-users and designing products that meet their expectations plays a significant role in the development strategy for the Group's products.

The **Research and Development** function is managed by the Parent Company's Research and Development department and is carried out locally by dedicated teams at the Group's manufacturing companies in Europe, Central and South America, and Asia. These operations are performed by expert technicians, who receive ongoing upskilling through targeted training.

The Group's R&D department devotes most of its efforts to the following activities:

- Study and design of new materials and new technical solutions intended to drive innovation or create new products and/or packaging;
- Implementation of product quality based on prompts from the Marketing department
- Comparative analyses with competitor products in order to improve product efficiency;
- Implementation of manufacturing processes jointly with the production research office, with a view to raising company efficiency.

Research and development activities have led to the creation of innovative projects and products,

including new plant-based and renewable-source modelling clay formulas, new bioplastic and recycled plastic materials, newly designed tempera and watercolour boxes, new industrial product lines and the “woodfree” polymer pencil. In addition, we have also undertaken product design activities to improve functionality and performance and have conducted research into new packaging options in the hope of completely eliminating plastic and reducing packaging. For further details, see the section “*Actions and resources related to resource use and circular economy*” below.

The **Quality Assurance, Product Safety and Compliance** department is coordinated by the Parent Company and is responsible for enforcing uniform quality and compliance standards to ensure compliance with product quality and safety requirements. In some cases, depending on the size of the company’s production plant, the Quality Assurance and Product Safety & Compliance department may form part of the R&D department.

In order to comply with the laws governing the physical and chemical traits of products, the Quality Assurance and Product Safety & Compliance department constantly monitors legislative changes (such as those affecting use of preservatives in different formulations) and assists the R&D department in adjusting formulations to respect applicable or more stringent internal requirements.

The quality control department is tasked with ensuring compliance with the F.I.L.A. Group’s policies regarding the safety and quality standards for its products, suppliers and production procedures.

The quality control process comprises two stages: *statistical control* and *process control*.

- *statistical control*, consisting of various tests performed at its internal laboratories for the analysis of materials and finished products. Its internal laboratories are also used to test its products in the research and development phase with the aim of assessing industrial product feasibility;
- the “control” *process*, which consists of various tests conducted on an ongoing and/or random basis throughout the stages of the production process by its production personnel. Visual and instrumental controls are performed directly at its facilities by machine technicians. Such tests are performed in addition to the technical tests required by national and international standards and/or customer specifications.

In addition to internal tests to verify product safety, F.I.L.A. Group also uses external laboratories, primarily accredited ones, to obtain third-party safety standard compliance certificates. Each of the Group’s production sites liaises and maintains an ongoing relationship with its own historical reference institute, whereas subsidiaries outside the European Union obtain certificates issued by globally accredited institutes.

The management of product safety takes the product category into account, i.e. products classified as

toys, products classified as “cosmetic toys” and products classified neither as toys nor as cosmetics. In our research and development departments, we study and test bio-plastics to understand whether they are suitable for our products, sustainability in the industrial process and performance of the finished product.

Research and development and Quality Control costs are broken down in the following table, indicating also the dedicated teams by geographical segment:

Geographical Area	Research and Development			Quality Control		
	Number of Workers	Personnel Cost	Cost for Related Activities	Number of Workers	Personnel Cost	Cost for Related Activities
Europe	24	1,623	260	14	873	551
North America	-	-	-	3	197	81
Central-South America	14	305	117	41	600	126
Asia	5	193	42	2	31	2
Total	43	2,121	419	60	1,702	759

Policies adopted to manage sustainability matters

In 2021, the F.I.L.A. Group completed a significant review of its **sustainability policies**, aligning them with the Ethics Code. In line with the 2025-2029 Sustainability Plan, a further revision of these sustainability policies will take place in 2025, aiming to integrate the provisions of the ESRS as far as possible, based on the findings of the double materiality assessment.

These Policies, together with the Ethics Code and the Corporate Governance Model, form part of the Group's organisation model, in line with the principles and objectives of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 adopted by the Parent Company.

The Group Policies, approved by the Board of Directors of F.I.L.A. S.p.A. on November 12, 2021, signed by the Group CEO and subsequently adopted by all Group companies, are available on the website www.F.I.L.A.group.it, and are addressed to all stakeholders.

In 2023, the Group adopted communication and outreach initiatives to enhance the effectiveness of its Policies. These initiatives included adding an information note to the newsletter and sending out a targeted communication.

THE GROUP'S SUSTAINABILITY POLICIES

Sustainability Policy	The Group is committed to continue to operate with respect for human rights, ensuring that it does not practice any form of discrimination or use forced or child labour. The Group guarantees safe workplaces, product quality and safety, and maintains positive relations with stakeholders and local communities.
Stakeholder Engagement Policy	This enshrines the Group's commitment to maintain transparent and proper relations with its stakeholders, based on mutual trust. This is based on the Company's understanding of its stakeholders, and its stance towards them, assessing relevant interests and topics for each stakeholder category, regularly sharing operational and financial results with stakeholders in relation to material topics of mutual interest, and guaranteeing equal access to information.
Environmental Policy	This defines the F.I.L.A. Group's commitment in terms of climate change and its ongoing focus on reducing the environmental impact of its business, including its supply chain and products.
Energy Saving Policy	The Group is committed to practising responsible energy management in all locations, and has the following objectives: complying with current and applicable legislation (including any energy requirements voluntarily met by the Company); reducing the environmental impact of business by using materials, products, services, and production processes with a limited energy impact, with a view to analysing the product life cycle and engaging in a circular economy; identifying the activities and/or areas responsible for energy consumption to identify potential ways to improve energy efficiency; promoting an awareness of energy usage and climate change among employees; monitoring and reporting on energy performance; and encouraging decisions that promote energy efficiency.
Sustainable Procurement Policy	This requires suppliers and business partners to adhere to specific principles relating to sustainable sourcing in terms of working conditions, health and safety, a respect for the environment, and in dealings with the Public Sector and Institutions, in line with those adopted by the Group.
Workforce Diversity and Inclusion Policy	The F.I.L.A. Group is committed to promoting, fostering, and maintaining a culture of diversity and inclusion among its employees.
Health and Safety Policy	The Group confirms its commitment to providing and maintaining a healthy and safe working environment, and minimising risks to employees, contractors, visitors, and others who may be affected by its activities, while respecting the expectations of consumers and customers with regard to product safety and quality.
Skills Development Policy	There are several dimensions to the Skills Development Policy: the effective management of recruitment and selection processes, adequate training, the creation of a working environment that promotes the exchange of professionalism and the presence of different cultures, the definition of performance-based pay systems, the appropriate management of remuneration, the performance of talent development activities, a focus on recruitment, and the ability to retain valuable employees while identifying critical roles and devising promotion schemes. All of this is done in full compliance with the labour laws and regulations in force and while rejecting all forms of discrimination and paying the utmost attention to safeguarding the health of employees by adopting appropriate workplace safety prevention and protection measures.
Product and Process Development Policy	The Group is committed to providing its customers and consumers with safe products that meet their quality and safety expectations, that are designed to comply with all legal requirements, and that also take into account the related environmental and social impacts.
Human Rights and Labour Policy	The F.I.L.A. Group defines its commitment to respecting global human rights, a non-negotiable and core value of its corporate culture and strategy.
Responsible Marketing and Communication Policy	The Group outlines the components of ethical, truthful and responsible communication, paying specific attention to communications aimed at children, and to the risks of greenwashing, transparent labelling regulations, and the protection of consumer privacy.

THE GROUP'S SUSTAINABILITY POLICIES

Business Development Policy

The Group has grown over the years thanks to numerous corporate transactions, the Business Development Policy defines the operating areas and principles of conduct to be considered during acquisitions and investments, taking into account market development policies, sales development policies, the production capacity and development plan, the organisational structure development plan, and the strategic alliance and relations development plan.

Anti-Bribery and Anti-Corruption Policy

The F.I.L.A. Group confirms its commitment to rejecting and opposing all forms of corruption.

Responsible Lobbying Policy

Enshrines the conduct principles to be adopted by the Group in terms of compliance with the law, fairness, transparency, and disclosures.

Tax Compliance Policy

The F.I.L.A. Group confirms its commitment to handling tax issues honestly and with integrity, doing business transparently, being a good corporate citizen, making sure to comply with the laws and regulations in each jurisdiction, and finally, adopting an approach to managing tax risks that is compliant with the OECD Guidelines while avoiding aggressive tax planning actions and viewing tax as another cost of doing business. In addition to the provisions of its Tax Compliance Policy, the correct fulfilment of the Group's tax obligations is monitored through internal procedures that identify roles and responsibilities, operational and control activities, and the required exchange of information. Tax returns and tax payments are checked by external auditors. The Parent has included in its Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01 the types of tax offences introduced in 2020 by Legislative Decree No. 75 of 2020, implementing the PIF Directive: changes to the Penal Code, the penalisation of certain attempted tax offences and the expansion of the list of predicate offences included under Legislative Decree No. 231/01. The Sustainability Plan sets out specific actions for raising the awareness of the Group's main companies to the principles of fiscal transparency and the risks of tax offences.

IT Systems Policy

defines the Group's approach to the management of IT issues, listing essential requirements (confidentiality, integrity, security, availability, effectiveness, efficiency, reliability, and synergy) and defining general principles in terms of adequate user training, the continuous improvement of IT resources, adequate communication and control systems, and the ability to promptly identify faults and promote corrective actions.

IT Security Policy

The Group defines the general principles of conduct with reference to corporate IT systems, access to information, staff training on security, IT security incidents and faults, physical security, IT security, and periodic audits. Cyber security plays an important role in the management of F.I.L.A.'s business, ensuring that the Group's IT infrastructure remains resilient while strengthening its ability to prevent and manage cyber attacks.

Policy on the Use of Generative Artificial Intelligence Tools

The Group has established guidelines for the responsible use of generative artificial intelligence (generative AI) tools, with the objective of protecting the F.I.L.A. Group's confidential information, intellectual property rights, compliance with applicable regulations and corporate culture, while also ensuring the secure and appropriate use of these technologies.

Environmental information

In an ever-evolving and increasingly digital context, where high-speed connectivity is essential for development and competitiveness, the transition towards an environmentally sustainable energy model has become a global priority in response to climate change. The F.I.L.A. Group continues to recognise the importance of renewal by integrating these objectives, strategies and values into its Sustainability Plan (an integral part of the Strategic Plan). For further details, please refer to the sections “*2025-2029 Strategic Plan*” and “*2025-2029 Sustainability Plan*”.

The Group is committed to pursuing its mission in harmony with environmental protection, seeking to maximise positive impacts and minimise negative ones, with the objective of continuously improving its performance.

Information on the integration of sustainability performance into incentive systems can be found in the section “*Integration of sustainability into incentive systems*”.

ESRS REQUIREMENTS WITHIN THE ENVIRONMENTAL INFORMATION PROVIDED IN THE SUSTAINABILITY STATEMENT

ESRS	DISCLOSURE REQUIREMENT	REFERENCE SECTION
<i>Environmental information</i>		
ESRS E1	GOV-3 - Integration of sustainability-related performance in incentive schemes	Integrating sustainability into incentive schemes
ESRS E1	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information
ESRS E1	E1-1 - Transition plan for climate change mitigation	Transition plan for climate change mitigation
ESRS E1	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Environmental information
ESRS E1	E1-2 - Policies related to climate change mitigation and adaptation	Policies related to climate change mitigation and adaptation
ESRS E1	E1-3 – Actions and resources in relation to climate change policies - metrics and targets	Actions and resources in relation to climate change policies
ESRS E1	E1-4 - Targets related to climate change mitigation and adaptation	Targets related to climate change mitigation and adaptation
ESRS E1	E1-5 - Energy consumption and mix	Energy consumption
ESRS E1	E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 1, 2 and 3 GHG emissions
ESRS E3	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Environmental information
ESRS E3	E3-1 - Policies related to water and marine resources	Policies related to water and marine resources
ESRS E3	E3-2 - Actions and resources related to water and marine resources	Actions and resources related to water and marine resources
ESRS E3	E3-3 - Targets related to water and marine resources	Targets related to water and marine resources
ESRS E3	E3-4 - Water consumption	Water consumption

ESRS REQUIREMENTS WITHIN THE ENVIRONMENTAL INFORMATION PROVIDED IN THE SUSTAINABILITY STATEMENT

ESRS	DISCLOSURE REQUIREMENT	REFERENCE SECTION
<i>Environmental information</i>		
ESRS E5	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Environmental information
ESRS E5	E5-1 Policies related to resource use and circular economy	Policies related to resource use and circular economy
ESRS E5	E5-2 - Actions and resources related to resource use and circular economy	Actions and resources related to resource use and circular economy
ESRS E5	E5-3 Targets related to resource use and circular economy	Targets related to resource use and circular economy
ESRS E5	E5-4 - Resource inflows	Resource inflows
ESRS E5	E5-5 - Resource outflows	Resource outflows

Exemptions have been applied to the aforementioned section. For further details, please refer to “*Appendix B - Exemptions applied*”.

Taxonomy Regulation

To meet the EU’s climate and energy targets for 2030 and the objectives of the European Green Deal, a classification system for sustainable economic activities, known as the EU Taxonomy, was introduced in 2020. Companies falling within the scope of the Corporate Sustainability Reporting Directive (CSRD) are required to disclose the percentage of their operations that are Taxonomy-eligible and Taxonomy-aligned.

Taxonomy eligibility refers to whether an economic activity is included among those recognised by Regulation (EU) 2020/8523, also known as the Taxonomy Regulation. Taxonomy alignment, on the other hand, assesses whether an economic activity is sustainable based on the technical screening criteria for substantial contribution and “do no significant harm”. In addition, a Taxonomy-aligned activity must comply with minimum safeguards, ensuring fundamental human rights and following good business conduct practices.

By profiling companies and investment portfolios, the EU Taxonomy (Regulation 2020/852) seeks to allocate more capital to environmentally sustainable assets. It is a tool that helps investors understand whether an economic activity can be defined as “environmentally sustainable”. Specifically, six environmental objectives are established through which an economic activity can be classified as sustainable:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources

4. Transition to a circular economy
5. Pollution prevention and control
6. The protection of biodiversity and ecosystems

Therefore, all companies subject to the requirement to publish the Consolidated Sustainability Statement that carry out the activities specified in the legislation must provide information on how and to what extent the activities carried out are associated with environmentally sustainable economic activities aligned with the EU Taxonomy, i.e. those that jointly meet a set of conditions:

- contribute substantially to at least one of the six environmental objectives
- cause no significant harm to any of the other environmental objectives
- be carried out in compliance with minimum social safeguards.

An economic activity is considered eligible when it falls within the description of activities of one of the Delegated Regulations, and is considered aligned when it is not only eligible, but also meets the corresponding technical screening criteria, i.e. it contributes to at least one environmental objective without causing significant harm to any of the other objectives.

The information to be provided relates to three quantitative indicators:

- proportion of turnover from Taxonomy-aligned economic activities;
- proportion of capital expenditure (CapEx) and operating expenditure (OpEx) relating to activities or processes associated with Taxonomy-aligned economic activities.

Analysis methodology used

The F.I.L.A. Group has reviewed the list of economic activities included in the technical reference (Regulation 852/2020, Regulation 2021/2139, and Regulation 3851/2023) regulations relating, to date, to all of the environmental objectives of the Taxonomy. The economic activities carried out by the Group were compared with those defined by the available technical documentation, taking into account the ATECO/NACE codes and assessing each activity in concrete terms.

With regard to methodology, F.I.L.A. S.p.A. conducted an analysis of its own activities and the activities of its subsidiaries in order to identify which among them could be considered eligible in accordance with the European Taxonomy regulation. Subsequently, based on the analysis of the technical screening criteria (the “TSCs”) for each activity deemed eligible, it identified aligned activities, i.e. those able to contribute substantially to the achievement of the first two targets relating to climate change (mitigation and adaptation) without causing significant harm to the remaining environmental targets – i.e. on the basis of the verification, for each activity, of compliance with the Do No Significant Harm principle (“DNSH”) and the Minimum Social Safeguards (“MSSs”).

Results of KPI analysis and reporting on the taxonomy

Based on the analysis is conducted no economic activity was identified among those considered as “eligible” and/or “eligible and aligned” under the Taxonomy Regulation.

Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year N (18)**	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transition activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
Text		Thousand Euro	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																				
CEY 1.2 - Manufacture of electrical and electronic equipment (CapEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
CEY 5.2 - Sale of spare parts (CapEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
CEY 5.1 - Repair, refurbishment and remanufacturing (CapEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
CEY 4.1 - Provision of IT/OT data-driven solutions (CapEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%											
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
CEY 1.2 - Manufacture of electrical and electronic equipment (CapEx B)		0.00	0%																	
CEY 5.2 - Sale of spare parts (CapEx B)		0.00	0%																	
CEY 5.1 - Repair, refurbishment and remanufacturing (CapEx B)		0.00	0%																	
CEY 4.1 - Provision of IT/OT data-driven solutions (CapEx B)		0.00	0%																	
Installation, maintenance and repair of energy efficiency equipment (CapEx C)		0.00	0%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0%													0%	-			
Total (A.1+A.2)		0.00	0%													0%	-			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities		63,579	0%																	
Total (A+B)		63,579	0%																	

* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned turnover of the activity / Total Taxonomy eligible turnover of the activity.

** Taxonomy-aligned CapEx of the activity/ Total CapEx of undertaking

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Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")							Taxonomy aligned proportion of total OpEx, year N (18)**	Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity) (20)	Category (transition activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)				
Text		Thousand Euro	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES				0%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CEY 1.2 - Manufacture of electrical and electronic equipment (OpEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
CEY 5.2 - Sale of spare parts (OpEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
CEY 5.1 - Repair, refurbishment and remanufacturing (OpEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
CEY 4.1 - Provision of IT/OT data-driven solutions (OpEx A)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
Installation, maintenance and repair of renewable energy technologies (OpEx C)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0%	0%	0%	0%	0%	0%	0%							0%	-			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CEY 1.2 - Manufacture of electrical and electronic equipment (OpEx B)		0.00	0%																	
CEY 5.2 - Sale of spare parts (OpEx B)		0.00	0%																	
CEY 5.1 - Repair, refurbishment and remanufacturing (OpEx B)		0.00	0%																	
CEY 4.1 - Provision of IT/OT data-driven solutions (OpEx B)		0.00	0%																	
Installation, maintenance and repair of energy efficiency equipment (OpEx C)		0.00	0%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0%																	
Total (A.1+A.2)		0.00	0%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		26,999	0%																	
Total (A+B)*		26,999	0%																	

* Inclusi OpEx di tipo C nel denominatore solo se presenti

PROPORTION OF TURNOVER / TURNOVER

	Aligned Objective	Eligible Objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

With reference to the disclosure pursuant to Article 8, paragraphs 6 and 7 of Delegated Regulation (EU) 2021/2178, which requires the use of the templates provided in Annex XII for the disclosure of nuclear

and fossil gas-related activities.

Template 1 - Nuclear energy and fossil gas related activities

Row	Activities related to nuclear energy	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating for industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

ESRS E1 Climate change

The double materiality assessment, as described in the “*Double Materiality*” section, enabled the identification of the following IROs:

Transition plan for climate change mitigation

The F.I.L.A. Group is actively committed to reducing greenhouse gas (GHG) emissions. Since 2017, the Group has monitored and calculated GHG emissions to analyse potential areas for improvement of its performance. In 2022, the Group set a target to “*Reduce CO₂ emissions (Scope 1) by 50% by 2027*”. In line with the 2025-2029 Sustainability Plan, over the next two years, the Group is committed to identifying physical and transition risks, carrying out scenario analyses, and consequently developing a **transition plan for climate change mitigation**, as established by the Paris Agreement.

Policies related to climate change mitigation and adaptation

The companies within the F.I.L.A. Group conduct business in compliance with the sustainability policies issued by the Parent Company. Among the most recent policies, we note the Environmental Policy and the Energy Saving Policy, both issued in 2021.

The **Environmental Policy** enshrines the Group's commitment to climate change, its continuous attention to reducing the environmental impact of its activities, with increasing focus also on the supply chain, and of its products. The general principles are:

- taking a preventive and precautionary approach to the management of environmental topics, promoting the use of the best available technologies and raw materials with a limited impact;
- reduction of the environmental impacts;
- assessing safer alternatives to hazardous substances;
- continuous improvement;
- compliance with law;
- responsible management of the supply chain;
- awareness-raising among personnel.

With the **Energy Saving Policy**, the Group is committed to strengthening responsible energy management at all locations, with the following objectives:

- complying with current and applicable legislation (including energy requirements voluntarily adhered to by the Company);
- reducing the environmental impact of activities, using materials, products, services, and production processes that minimise energy usage, with a view to analysing product life cycles and embracing a circular economy;
- identifying the activities and/or areas responsible for energy consumption in order to pinpoint potential energy efficiency improvements;
- promoting employee awareness around energy usage and climate change;
- monitoring and reporting on energy performance;
- encouraging decisions that promote energy efficiency.

During 2025, the Group plans to update its sustainability policies to better manage its impacts, risks and opportunities related to climate change. For further details, see the section “*Policies adopted to manage sustainability matters*” and the website www.filagroup.it.

Actions and resources in relation to climate change policies

The actions taken by the Group to mitigate climate change are described below:

- The F.I.L.A. Group is continuing its programme to obtain environmental certifications for its production plants. At the date of this Statement, the Parent Company F.I.L.A. S.p.A. (Rufina plant and Pero office), Canson France (Grand Murier, Moulin du Roy, and St. Germain), St. Cuthberts, Lyra Germany, F.I.L.A. Arches, Dixon Kunshan, Canson Brasil, F.I.L.A. Argentina, Dixon Mexico (Tultitlan and Oaxaca) and Canson Art & Craft Yixing are ISO 14001:2015 (Environmental Management System) certified. The Group intends to certify all production plants by 2025.
- In 2023, a multi-year investment plan was approved with the objective of reducing CO₂ emissions by over 6,000 tonnes/year by building a biomass plant at the Canson SAS paper mill (France), which is scheduled to be operational by the end of 2025/beginning of 2026.
- At the Rufina plant, to reduce heat loss, work is underway on improving the closure mechanisms of the warehouse loading bays.
- In order to reuse production scrap to generate energy, Lyra and Dixon Mexico (at its plant in Oaxaca) operate a steam generation system which uses the sawdust generated from the production process as its fuel.
- To limit energy consumption, the Group has replaced high-energy-consuming machinery with less energy-intensive equipment.
- At some Group facilities, “classic” filament bulbs (no longer on the market in some countries) and fluorescent bulbs have been replaced with LED lighting. This new lighting system provides for significant energy savings (about 90% compared to old bulbs and 70% compared to fluorescent bulbs), while also drastically decreasing the Group’s environmental impact. In fact, LED bulbs have a significantly longer lifespan and do not contain harmful gases or toxic substances.

The F.I.L.A. Group has reviewed the list of economic activities included in the Taxonomy Regulation and, based on the analysis conducted, no economic activities were identified as falling within those considered “eligible” and/or “eligible and aligned” under the scope of the Taxonomy Regulation. For further details, please refer to the section “*Taxonomy Regulation*”.

Targets related to climate change mitigation and adaptation

In 2022, the F.I.L.A. Group defined several short- and medium-term targets, including the “*Reduction*

of CO₂ emissions (Scope 1) by 50% by 2027". In 2023, in line with this objective, a significant investment was approved for the construction of a biomass plant at the Canson SAS paper mill (France), which is scheduled to become operational by the end of 2025/beginning of 2026.

Consistent with the Group's objectives, Scope 1 emissions recorded a 25.34% reduction compared to 2022. This result was achieved through a targeted commitment to reduce natural gas and fossil fuel consumption.

SCOPE 1 EMISSIONS - 50% REDUCTION BY 2027			
	2024	2023	2022
<i>Tons of CO₂</i>			
Scope 1 emissions	10,246	10,926	13,710

The F.I.L.A. Group has set an additional objective: "*Environmental management certification (ISO 14001) for all production plants by 2025*". By adhering to this standard, organisations can ensure they adopt proactive measures to reduce their environmental footprint, comply with relevant legal requirements and achieve their environmental goals. The framework covers various aspects, from the use of resources and waste management, to the monitoring of environmental performance and stakeholder engagement in environmental commitments.

To date, 13 out of 22 production plans have obtained environmental certification (ISO 14001): F.I.L.A. S.p.A. (at the Pero plant and Rufina offices), Canson France (Grand Murier, Moulin du Roy, and St. Germain), St. Cuthberts, F.I.L.A. Argentina, Lyra Germany, Dixon Kunshan, Canson Brazil, F.I.L.A. Arches, Canson Art & Craft Yixing Co., Ltd, and Dixon Mexico (Tultitlan and Oaxaca).

Considering the importance of environmental system management, the Group has set the goal of certifying all its production plants by 2025. Currently, 2,134 employees (2,121 employees in 2023 on a like-for-like basis), equal to 65% of the Group's total workforce, work at ISO 14001-certified production sites. The employees were engaged in the certification process.

In line with the 2025-2029 Sustainability Plan, further projects are being evaluated to reduce Scope 2 emissions at various facilities, such as installing photovoltaic systems and roof insulation, with the objective of defining a medium-term target.

Finally, in line with regulatory compliance with the CSRD, the Group has, for the first time, started reporting Scope 3 emissions (for further details, please refer to section "*Scope 1, 2 and 3 GHG Emissions*") and is committed to refining the reporting process in the medium term.

Energy consumption

The F.I.L.A. Group's energy consumption covers all production plants and operating branches.

The F.I.L.A. Group uses different sources of energy to operate its production sites, for the cooling of production systems and for the heating of its workplace environments. In Europe, in North America and in Central and South America, the main energy purchased is electricity. The main energy source in China is steam energy.

Energy Consumption and Energy Mix		
MWh	2024	2023
Consumption of coal fuel and coal products	0	0
Consumption of crude oil fuel and petroleum products	1,412	2,315
Consumption of natural gas fuel	54,043	55,325
Consumption of fuels from other non-renewable sources	12	0
Consumption of electricity, heat, steam, and cooling from fossil sources, purchased or acquired	62,843	62,600
Total energy consumption from fossil sources	118,310	120,239
Share of fossil sources in total energy consumption	88%	88%
Consumption from nuclear sources	0	0
Share of nuclear sources in total energy consumption	0%	0%
Consumption of fuels for renewable sources, including biomass (also includes industrial and urban waste of biological origin, biogas, renewable hydrogen, etc.)	12,062	14,620
Consumption of electricity, heat, steam, and cooling from renewable sources, purchased or acquired	3,423	0
Consumption of self-produced renewable energy without using fuels	146	1,199
Total energy consumption from renewable sources	15,631	15,819
Share of renewable sources in total energy consumption	12%	12%
Total energy consumption	133,941	136,058

The Group's energy consumption amounts to 133,941 MWh, broken down as follows:

- Energy from fossil sources: energy consumption from fossil sources totals 118,310 MWh, equal to 88% of annual consumption.
- Energy from renewable sources: energy consumption from renewable sources totals 15,631 MWh, equal to 12% of annual consumption.

The Group's energy intensity, calculated as the ratio between energy consumption for each high climate

impact sector and the Group's net revenues, amounts to Euro 0.2 GWh/million.

Energy intensity for high climate impact sectors (Manufacturing activities)		
	UM	2024
Energy consumed	GWh	134
Net revenue	€ million	613
Energy intensity	GWh/€ million	0.2

Scope 1, 2 and 3 GHG emissions

The phenomenon of climate change is not only a global topic but is a constantly evolving phenomenon that encompasses all aspects of the environment, societies and the economic system, with potentially significant impacts on social dynamics and on future generations and consequently on the Group's overall operations.

The "greenhouse effect" is the manner in which the Earth's atmosphere captures and distributes solar energy in all directions, thus heating both the surface of the Earth as well as the lower part of the earth's atmosphere. Without it, life on Earth would be much more difficult. Scientists believe that industrial and agricultural activities increase this natural greenhouse effect: this phenomenon is known as global warming or climate change. The types of greenhouse gases are:

- carbon dioxide (CO₂) from the use of fossil fuels, deforestation, and the decomposition of biomasses, etc.
- methane,
- nitrous oxide,
- fluorinated gases.

The emissions data is reported in tonnes of carbon dioxide equivalent (tCO₂e) and refers to direct emissions (GHG Scope 1), together with indirect emissions associated with electricity consumption purchased from the grid (GHG Scope 2). A portion of the electricity used by the F.I.L.A. Group comes from renewable sources, thanks to specific supply contracts with a Guarantee of Origin (GO), an electronic certificate that certifies the renewable, carbon-zero origin of the energy sources used for electricity production. As a result, starting this year, the Group calculates indirect emissions from electricity consumption (GHG – Scope 2) using two distinct methodologies.

- The **market-based method**, which involves calculating Scope 2 GHG emissions from electricity purchases using specific emission factors provided by suppliers. For electricity from renewable sources, a zero tCO₂e emission factor is applied. Where no

specific contractual agreements have been defined for all Group companies, this approach requires the use of the national “residual mix” emission factor, where technically applicable.

- The **location-based method**, which calculates emissions from electricity consumption by applying national average emission factors for the different countries in which the electricity is purchased.

Direct CO₂e emissions (GHG Scope 1) mainly originate from the use of natural gas to heat F.I.L.A. Group offices and production facilities.

Emissions /CO ₂ – GHG Scope 1	
t CO ₂ e	2024
Natural gas	9,885
Crude oil fuel and petroleum products	359
Fuels from other non-renewable sources	2
Total GHG Emissions	10,246

Emissions /CO ₂ – Biomass	
t CO ₂ e	2024
Biomass	136
Total emissions from biomass	136

For comparison purposes, where possible, GHG emissions are reported for Scope 1, Scope 2 (according to both the location-based and market-based methodologies), and Scope 3.

Greenhouse gas emissions		
t CO ₂ e	2024	2023
Scope 1 GHG emissions	10,246	11,810
Scope 2 GHG emissions - Location Based	20,152	17,857
Scope 3 GHG emissions	101,801	-
Total GHG emissions	132,199	29,667

Greenhouse gas emissions		
CO ₂	2024	2023
Scope 1 GHG emissions	10,246	10,926
Scope 2 GHG emissions - Market Based	18,805	-
Scope 3 GHG emissions	101,801	-
Total GHG emissions	130,852	10,926

For the purpose of calculating Scope 3, the F.I.L.A. Group did not use external or supplier data to calculate emissions. Therefore, 100% of Scope 3 emissions were calculated using internal primary data, obtained directly from corporate sources.

In calculating Scope 3 emissions, in line with the GHG Protocol, we conducted a preliminary analysis of the applicable categories:

GHG Scope 3		
<i>Scope 3 Category GHG Protocol</i>	Included/Excluded	Calculation Methodology Used
Purchased goods and services	Included	Average-data method
Capital goods	Included	Average-spend-based method
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	Included	Average-data method
Upstream transport and distribution	Included	Spend-based method
Waste generated in operations	Included	Average-data method
Business travelling	Excluded	-
Employee commuting	Included	Distance-based method
Upstream leased assets	Excluded	-
Downstream transport and distribution	Excluded	-
Processing of sold products	Excluded	-
Use of sold products	Excluded	-
End-of-life treatment of sold products	Excluded	-
Leased assets downstream	Excluded	-
Franchises	Excluded	-
Investments	Excluded	-

The scope used to calculate Scope 3 emissions is the same as that used for the consolidated financial statements. The reasons behind the exclusion of certain Scope 3 categories identified by the GHG Protocol are mainly due to their inapplicability or limited significance. Proxies were used to calculate Scope 3 emissions. Specifically, for category 4 (upstream transportation and distribution) and category 7 (employee commuting), a consolidated approach was adopted by proposing a mix of upstream transport and employee commuting methods.

Emissions /CO₂ – GHG Scope 3	
<i>t CO₂ e</i>	2024
Purchased goods and services	73,483
Capital goods	2,720
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	4,808
Upstream transport and distribution	14,697
Waste generated in operations	12,331
Employee commuting	3,762
Total GHG emissions	101,801

The following table shows the measurement of emission intensity:

Emission intensity (market-based)		
	UM	2024
Scope 1, Scope 2, and Scope 3 emissions	t CO _{2e}	130,852
Net revenue	€ million	613
Emission intensity	t CO _{2e} /€ million	213,5
Emission intensity (location-based)		
	UM	2024
Scope 1, Scope 2, and Scope 3 emissions	t CO _{2e}	132,199
Net revenue	€ million	613
Emission intensity	t CO _{2e} /€ million	215,6

For further information on the Group's revenues, see the section “*Business segments – income statement*”.

ESRS E3 Water and marine resources

In the F.I.L.A. Group's production process, water is mainly used in:

- the production of paper at the St Cuthbert's paper mills in Great Britain and at Canson/F.I.L.A. Arches in France;
- the production of paints, glues, etc., mainly at the Canson factory in France, F.I.L.A. Dixon Group in Mexico, the Daler-Rowney facility in England, Maimeri in Italy, F.I.L.A. Yixing in China, and at Canson Brazil;
- the production of play dough mainly at the Rufina factory in Italy, at Canson in Brazil and at the Dixon Group in Mexico.

Based on how water is used, the Group has identified the following IROs through the double materiality assessment (for further details, see “*Double materiality*”):

ESRS E3 - MATERIAL IROs							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/Own operations	Positive or negative	Actual or potential
Water and marine resources	Water	Water withdrawals	Impact	Water withdrawal for production processes has an environmental impact.	Own operations	Negative	Actual
Water and marine resources	Water	Water withdrawals	Risk	General scarcity and a decrease in available water resources can limit the Group's activity and product volumes, affecting business and turnover.	Own operations	Negative	Potential
Water and marine resources	Water	Water consumption	Risk	Excessive water consumption, due to lack of water reuse processes, can cause damage by leading to higher operating and reputational costs in case of incidents affecting wildlife.	Own operations	Negative	Potential

ESRS E3 - MATERIAL IROs							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/Own operations	Positive or negative	Actual or potential
Water and marine resources	Water	Water consumption	Impact	Failure to implement water reuse cycles during the production process can have a negative impact on the environment due to excessive water consumption and reduced freshwater availability.	Own operations	Negative	Potential

Policies related to water and marine resources

The F.I.L.A. Group has adopted a **Sustainability Policy** that reaffirms its commitment to continuing efforts to reduce water consumption in the production of its products. Specifically, several Group companies have adopted specific policies to reinforce this commitment (F.I.L.A. S.p.A., Canson SAS, F.I.L.A. Yixing, Dixon Mexico, Industria Maimeri, Canson Brasile and F.I.L.A. Xinjiang). Over recent years, the Group has promoted “*Responsible and sustainable individual behaviours*”. The intention is to promote the behaviours that should be adopted to reduce the Group’s impacts on water consumption in the workplace, in line with the Sustainability Plan, which includes a target for reducing water withdrawals.

In 2025, the Group plans to update its sustainability policies and define a dedicated policy to manage its material impacts, risks and opportunities related to water and marine resources, including water sourcing, usage and treatment.

For further details, see the section “*Policies adopted to manage sustainability matters*” and the website www.filagroup.it.

Below is an illustration of the overall water risk level by country, based on the location of the production sites.

WATER WITHDRAWAL BY WATER-STRESS AREA			
Plant	Company	Country	Overall risk level by country
San Isidro	FILA ARGENTINA	ARGENTINA	MEDIUM-LOW
Domingos Giomi	CANSON BRAZIL	BRAZIL	HIGH
Barrie	DIXON TICONDEROGA ART CANADA	CANADA	LOW
Kunshan	DIXON KUNSHAN	CHINA	HIGH
Xinjiang	DIXON PLANTATION	CHINA	VERY HIGH
Yixing	DIXON ARTS & CRAFTS	CHINA	HIGH
Annonay	CANSON SAS	FRANCE	LOW

WATER WITHDRAWAL BY WATER-STRESS AREA

Plant	Company	Country	Overall risk level by country
Saint-Germain La Ville	CANSON SAS	FRANCE	MEDIUM-LOW
Baldershime	CANSON SAS	FRANCE	LOW
Arches	FILA ARCHES	FRANCE	MEDIUM-LOW
Nuremberg	LYRA KG	GERMANY	MEDIUM-LOW
Rufina	FILA S.P.A.	ITALY	HIGH
Mediglia	INDUSTRIA MAIMERI	ITALY	LOW
Mexico City	DIXON MEXICO	MEXICO	HIGH
Oaxaca	DIXON MEXICO	MEXICO	MEDIUM-LOW
La Romana	BRIDESHORE	DOMINICAN REPUBLIC	HIGH
Brecknell	DALER ROWNEY	UK	MEDIUM-LOW
St. Cuthbert Mill	ST. CUTHBERTS	UK	LOW
Appleton	DIXON USA	USA	LOW
Neenah	DIXON USA	USA	LOW

<https://www.wri.org/applications/acqueduct/water-risk-atlas>

No specific actions were identified for countries at high water risk.

Actions and resources related to water and marine resources

Considering the importance of managing waste waters in the production processes, numerous initiatives have been taken over time at a local level.

The wastewater produced by the F.I.L.A. Group is constantly monitored on a regular basis, both internally and externally, to ensure compliance with regulatory requirements. In the majority of the cases, industrial effluents are discharged indirectly into local sewage systems and to external treatment plants.

In China, in the Kunshan facility, steam is used during processing and discharged into systems located on the factory roofs. There, it is condensed and transformed into water to be used in civilian installations. Currently, there are no methods to measure the quantity of steam and water recovered with this process.

Water reuse and recycling is a practice adopted within the facilities, where feasible – such as at St. Cuthberts, for example. However, no measurement methods have yet been established.

At Canson in France, a method is currently being developed to collect production water and channel it back into the production process.

In addition, some Group Companies with plants located in water-stressed areas (F.I.L.A. S.p.A., Canson

SAS, F.I.L.A. Yixing and F.I.L.A. Xinjiang) have adopted specific policies confirming their commitment to reducing water consumption.

Targets related to water and marine resources

In 2022, the F.I.L.A. Group outlined several short- and medium-term targets, including a “20% reduction in water withdrawals by 2027”. In 2023, in line with this target, an investment was approved to reduce water withdrawals at the Canson paper mill in France.

In 2024, withdrawals decreased by 15% on 2022, thanks to the general optimisation of production processes.

WATER WITHDRAWALS – 20% REDUCTION BY 2027			
	2024	2023	2022
<i>Cubic meters</i>			
Total withdrawals	1,795,948	2,021,168	2,120,990

Water consumption

All the Group’s water withdrawals concern freshwater sources.

Surface water is mainly river water withdrawn at the Canson facility, France and used in the Moulin du Roy paper mill for the production process.

Water withdrawals		
<i>m³</i>	2024	2023
Surface water (including rainwater directly collected and stored)	438,176	498,568
Groundwater	1,285,638	1,457,302
Seawater	0	0
Produced water	0	0
Third-party water (from municipal supplies or other providers)	72,134	65,298
Total withdrawals	1,795,948	2,021,168
Total withdrawals from water-stressed areas	50,236	1,140,076
Total volume of recycled and reused water	242,901	366,136
Water discharges		
<i>m³</i>	2024	2023
Surface water (including rainwater directly collected and stored)	759,013	687,578

Groundwater	6,453	7,943
Seawater	0	0
Third-party water (from municipal supplies or other providers)	43,437	46,634
Total discharges	808,902	742,155
Total discharges from water-stressed are	29,280	33,800
Total volume of stored water	0	0
Water consumption		
<i>m³</i>	2024	2023
Total water consumption	987,046	1,279,013
Total water consumption from water-stressed areas	20,956	1,106,276

Water intensity			
	UM	2024	2023
Water consumption	<i>m³</i>	987,046	1,279,013
Net revenue	<i>€ million</i>	613	779
Water intensity	<i>m³/€ million</i>	1,610	1,642

Water consumption in production processes is currently based on estimates, as no direct or measured data is available regarding the actual volume of water used. The estimates rely on product technical specifications and their bill of materials, representing the best data currently available.

Although exact data is not available, water consumption is subject to ongoing monitoring and management. However, due to the nature of the production processes, water consumption cannot be entirely eliminated. The Group will continue to assess solutions to optimise its usage and improve the availability of quantitative data to support its resource management strategies.

ESRS E5 Resource use and circular economy

The process for identifying impacts, risks and opportunities linked to resource inflows, outflows and waste is the same one described for the double materiality assessment. Specifically, the Group has reviewed its business processes and individual companies by refining the request for data related to raw materials used by manufacturing companies or those generating waste, predominantly tied to production activities.

The double materiality assessment, as described in the “*Double Materiality*” section, enabled the identification of the following IROs:

ESRS E5 - MATERIAL IROs							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/Own operations	Positive or negative	Actual or potential
Circular economy	Waste		Impact	Poor waste management, whether hazardous or non-hazardous, could cause damage linked to soil and surface/groundwater pollution.	Own operations	Negative	Potential
Circular economy	Waste		Impact	The disposal of non-recycled packaging by end consumers can have negative environmental impacts.	Own operations	Negative	Potential
Circular economy	Resource inflows, including resource use		Opportunities	The procurement of certified raw materials (FSC and PEFC wood) has positive impacts on the Group's business by meeting demand for eco-friendly products.	Own operations	Positive	Actual
Circular economy	Resource inflows, including resource use		Risk	The reduced availability of wood can limit the Group's activity and product volumes, with impacts on its business and turnover.	Own operations	Negative	Potential
Circular economy	Resource outflows related to resources and services		Impact	Reusing raw materials (especially wood) in the production cycle has a measurable positive impact for the Group in terms of lower operating costs.	Own operations	Positive	Actual
Circular economy	Resource outflows related to resources and services		Opportunities	Reusing raw materials (especially wood) in the production cycle has a positive impact in terms of conserving natural resources.	Own operations	Positive	Actual

Policies related to resource use and circular economy

In relation to circularity and the use of resources, the Group's policies, the **Sustainability Policy** and **Environmental Policy**, outline the Group's commitment to:

- operating in compliance with environmental regulations and waste management regulations;
- continuing to work, using the best available technologies, to find new solutions and reduce its environmental footprint, including from a product and life cycle perspective;
- properly managing waste, reusing and recycling it before final disposal, protecting biodiversity, and reducing greenhouse gas emissions.

The guidelines set out in the Environmental Policy emphasise the importance of seeking out partnerships with stakeholders to introduce new renewable products to the market. These activities are pursued through stakeholder engagement initiatives and concrete actions, as detailed in the section *"Actions and resources related to resource use and circular economy"* below.

Our **Sustainable Procurement Policy** states that the Group integrates sustainability criteria into its

supplier selection and accreditation process.

Specifically, each company within the F.I.L.A. Group commits to:

- Sourcing products, components and raw materials with ecological attributes, such as reduced harmful substances, energy savings, global warming prevention, resource recycling and material conservation;
- purchasing from suppliers that are positively engaged in reducing environmental impact.

In 2025, the Group plans to update its sustainability policies to further refine the management of its material impacts, risks and opportunities associated with resource use and the circular economy.

For further details, see the section “*Policies adopted to manage sustainability matters*” and the website www.filagroup.it.

Actions and resources related to resource use and circular economy

The F.I.L.A. Group purchases a portion of the wood used in its production processes from certified sources and is engaged in **timber certification activities (“Chain of Custody”)** in conjunction with the Forest Stewardship Council. It has also joined the Programme for Endorsement of Forest Certification for economically sustainable forestry management. These certifications ensure that purchased products are realised using timber from suppliers who abide by these certifications based on sustainable forestry management.

The *Forest Stewardship Council®* (FSC®) certification is an independent and third party international certification specifically for the forestry industry, for timber and non-timber products - sourced from certified forests.



The PEFC programme (*Programme for Endorsement of Forest Certification schemes*) is based on three fundamental principles:



- compliance with the Criteria and Indicators defined at the Ministerial Conferences on the Protection of Forests in Europe (Helsinki 1993, Lisbon 1998), which initiated the “Pan-European process” (the principle of the “Pan-European Process” refers to the standards of sustainable forest management established during the Ministerial Conferences on the Protection of Forests in Europe);
- its application at regional or Group level (individual membership is also possible);
- inspections and the certification process are entrusted to an independent and accredited third party.

The F.I.L.A. Group purchases timber in Central/South America, where it is used in the facilities in Tultitlán and Oaxaca, in Mexico, and in Asia in the Kunshan factories in China.

Where possible, Group companies prioritise the use of PEFC- and FSC-certified materials. Nevertheless, uncertified materials are also used. The companies below include certified material in their procurement:

- Dixon Ticonderoga USA: paper
- F.I.L.A. Dixon Kunshan: wood
- Bridesore: wood + paper
- St. Cuthberts: cellulose
- Canson SAS: cellulose + paper
- Dixon Ticonderoga Art: paper
- Daler Rowney: paper

To optimise purchases and the synergies between the companies within the Group, a portion of the processed timber from the facilities is sold to other companies with pencil production lines (for example Lyra in Germany for the Nuremberg facility). **Recovering timber** is a practice consolidated by the F.I.L.A. Group, and specifically numerous stages in the production of the timber slats involve the re-use of timber scraps to manufacture products using the “finger joint” technique whereby timber scraps are recovered to produce the eco-friendly pencil product ranges (e.g. The Ticonderoga Envirostik). The timber scraps from the timber slat production line in the Oaxaca factory in Mexico are used to manufacture canvas frames, which are then assembled in the Bridesore facility in the Dominican Republic. In addition, across all the timber processing factories, dust and woodchips aspiration systems are present to capture sawdust and woodchips which are then put to various uses.

In various factories of the Group, the production process involves, upstream to the various production phases, either the re-entry of the primary production rejects into the production process or their sale for use by third parties. These materials are not considered recyclable materials. It would be highly complex to stimate the impact of this recycling process.

Research and development in the field of bio-plastics has progressed in recent years. Bio-plastics are plastic materials derived from plant resources instead of traditional fossil fuels.

In our research and development departments, we study and test bio-plastics to understand their potential application for our products, their sustainability in the industrial process and the performance of the finished product. In 2019, we began introducing bio-plastic for the industrial production of durable and semi-durable items; starting with our glue and poster paint pots, and then our Didò eggs and most recently, the first bio-based LYRA Graduate ART-TIP marker pen. These eco-friendly

products retain their product-preserving qualities and can be recycled as plastic after use (in case of packaging).

From 2020, research into technical solutions with a view to circular economy - for the recovery of scrap materials and the reduction of waste - has experienced rapid growth. The result has been the introduction of regenerated plastics, in other words, plastics derived from reuse of industrial waste and by-products. These materials have replaced the fossil-based virgin raw materials used to produce all the barrels and caps of our Tratto1 and Tratto Matic ballpoint pens, our school packs and the pots used at school to hold felt-tips pens.

With reference to the use of water at Group offices and premises, the Strategic Sustainability Plan includes a project to reduce the use of plastic bottles. This reduction has already been made in the Parent Company's Italian offices through the installation of treated drinking water dispensers operating by reverse osmosis. Over the last two years, an activity was launched to verify the consumption of plastic bottles within the Group. This will allow a plan to be drawn up to replace disposable bottles with water bottles and dispensers.

With regard to packaging, the consumption of plastic has been progressively reduced to only what is strictly necessary to ensure the product remains undamaged in transport and at the point of sale. Again, we are progressively replacing fossil-sourced plastics with eco-friendly packaging and packaging such as recycled R-PET plastic for envelopes and blister packs or R-PET bottles to package our temperas and glues. We prioritise single-component packaging that is easy to recycle.

The SAP Recycling Administration Tool – REA – was introduced at F.I.L.A. S.p.A., F.I.L.A. Hiberia and Daler Rowney in recent years to monitor the tonnage of packaging sold. This tool enables the management of packaging and product composition information (such as percentages of recycled/regenerated materials), ensuring compliance with legal reporting requirements to environmental authorities. The Group is committed, in the medium to long term, to extending the tool to other Group companies in order to gain a broader view of the packaging sold.

In addition, as previously stated in the section “*Stakeholders and their engagement*”, meetings are held with customers and suppliers to identify new solutions.

Targets related to resource use and circular economy

The F.I.L.A. Group continues its efforts to replace raw materials with alternatives that offer the same performance, ensure operational and economic efficiency and reduce environmental impact. At the same time, it continues to explore new projects to recover wood and reduce waste from a circular economy perspective. Finally, the Group is evaluating the possibility of increasing its purchases of

certified wood.

As per various initiatives and projects outlined in the 2025-2029 Sustainability Plan, the Group is planning for long-term targets in relation to resource use and circular economy.

Resource inflows

The main raw materials used in the production process of the F.I.L.A. Group are:

- timber, in particular cedar, poplar and pine, in boards or slats, in order to produce coloured and graphite pencils in Mexico and China, in addition to canvas frames;
- plastics for the production of felt-tip pens, highlighters and markers, packaging, and other writing instruments (e.g. sharpeners and rulers), which are procured mainly in Italy and India.
- calcium carbonate and sulphate for the production of chalks, paints and modelling materials procured mainly from Mexico and France, where the Group relies on a local supplier, mainly due to its proximity to the Saint Germain La Ville plant;
- flours used in the production of play dough;
- graphite used in the production of pencil leads;
- wax used in the production of wax crayons and in pencil leads;
- paper for the production of paper sheets for school use in the North American market;
- cellulose fibres used in high quality paper production in France and the United Kingdom;
- clay used in the production of modelling clay;
- paraffin for the production of crayons, acquired in Mexico.

In the tables below, the Group reports the materials purchased exclusively from third parties by its manufacturing companies for the production of products in 2024 and 2023.

Biological materials							
2024				2023			
Quantity	Of which recycled	Of which certified	Type of certification	Quantity	Of which recycled	Of which certified	Type of certification
<i>cubic meters</i>	<i>cubic meters</i>	<i>cubic meters</i>		<i>cubic meters</i>	<i>cubic meters</i>	<i>cubic meters</i>	
Logs	5,025	0	0	26,338	0	0	
Planks	3,098	0	709 FSC	4,009	0	1,638	FSC
Slats	1,768	0	819 PEFC	6,640	0	6,417	PEFC
<i>Kg</i>	<i>cubic meters</i>	<i>cubic meters</i>		<i>Kg</i>	<i>cubic meters</i>	<i>cubic meters</i>	
Cellulose fibers	14,778,441	0	12,477,523 FSC / PEFC	12,640,490	0	10,613,744	FSC / PEFC
Paper rolls	36,481,599	388,821	33,811,139 FSC / PEFC	45,427,690	1,675,012	40,211,228	SFI

Paper sheets	3,871,021	644,010	2,975,427	FSC / PEFC	858,796	41,595	494,393	FSC
Starch	759,483	0	0	FSC / PEFC	736,474	0	0	
Flour	499,360	0	0		436,616	0	0	
Non-biological materials								
Units of measurements					2024	2023		
Kg								
Calcium carbonate					13,689,309	11,702,633		
Calcium sulphate					1,686,992	891,581		
Clay					9,379,077	5,547,416		
Untreated plastic raw material (PHE/PHEG/ABS/ECC)					2,165,328	2,330,198		
Kaolin					168,440	429,352		
Graphite powders					83,629	189,526		
Acrylic resins					472,797	461,455		
Purchased Semi-processed inks					259,747	399,498		
Talc					2,119,304	1,195,454		
Pigments					629,612	557,495		
Mineral oil					15,000	14,940		
cubic meters								
Water-based lacquers					3,010	2,679		
Solvent-based lacquers					21,842	178,232		

With regard to Group-level purchases, 65% of materials reported in kilograms used to manufacture products and provide services (including packaging) are of biological origin and come from sustainable sources. For materials reported in cubic metres, 35% are of biological origin.

The weight of reused and recycled products used in the Company's production processes (including packaging) amounts to 1,090,181 kg, representing approximately 1.3% of the materials purchased at the Group level. Among the recycled and reused materials are untreated plastic raw materials, paper rolls and paper sheets.

Resource outflows

In addition to the initiatives described in the section "*Actions and resources related to resource use and circular economy*", which relate to the circular economy principles adopted by F.I.L.A., the Group seeks to ensure that its products are durable and its packaging is recyclable.

Durability and performance are two aspects that influence waste reduction: we follow this philosophy in everything we do, every single day. Just to give a few examples: our felt-tip pens last longer because we choose fibre tips that are both soft and durable, retain their shape, and allow the ink contained in the reservoir to be used up completely. The felt-tip pens have brightly coloured inks and do not dry out even if the cap is left off for several days. The pencils and coloured pencils are made with solid, high-colour cores, which deliver instant colour to the paper, while wearing down slowly. The glue sticks do

not disintegrate, are compact and deliver just the right amount of glue to the paper for optimum use; the poster paints are rich and concentrated and a small quantity offers excellent results; the pens, highlighters and markers have a large ink reservoir and last for a long time.

Durability and performance are essential to reducing waste, a philosophy we pursue daily. Our markers have soft and durable fibre tips and ensure full ink usage even when left uncapped for days. Our pencils and coloured pencils have solid cores and high colour content, deliver instant colour to the page, and wear down slowly. Our glue sticks are compact and deliver just the right amount of glue for optimum use. Our poster paints are rich and concentrated, allowing a small quantity to offer excellent results. Our pens, highlighters and markers have a large ink reservoir and last for a long time. These verifications and comparative product tests are performed in a laboratory setting.

The vast majority of our Canson, St. Cuthberts and Arches paper products have the following features that ensure greater long-term durability:

- No optical brighteners: the colour white is achieved naturally, without using optical brighteners. These chemical compounds are used to enhance the whiteness of paper, but they compromise its integrity over time. This ensures that an artist's work remains in good condition over time, without the colours fading.
- Acid-free: acid-free paper retains its technical properties and original brightness over time
- ISO 9706 certification: paper that meets this standard satisfies the requirements of galleries and museums in terms of resistance to ageing. It is acid-free and equipped with an alkaline reserve to prevent deterioration caused by atmospheric agents, harmful emissions and humidity.
- Archival quality: paper that contains added calcium carbonate, which provides an alkaline reserve greater than 2% and a pH above 7. Its resistance to light is greater than 6 on the Blue Wool Scale. These paper products are made with over 94% alpha cellulose to ensure resistance over time.
- PAT ISO 18916 certification (archival paper): this certification assesses potential chemical interactions between archival paper and photographic images. Since these materials can be particularly sensitive to oxidising or reducing agents, this test provides an accurate method for predicting effects on photographs and other valuable media.

We also possess the two certifications below for Canson Infinity photographic papers:

- “*Digigraphie by Epson*” certification: identifies a print made with Epson Stylus Pro professional printers using UltraChrome or UltraChrome K3 inks on certified Fine Art paper. This certification guarantees that artwork printed on Canson® Infinity media

using Epson technology offers the highest quality and long-term durability.

- “*Whilhelm Imaging Research*” certification: “*Whilhelm Imaging Research*” certification attests that Canson® Infinity media have passed all longevity tests related to inkjet printing. The results help estimate the lifespan of Canson® Infinity paper products and canvases.

The durability of the products described above is in line with market standards.

This rationalisation process allowed us, for example, to achieve the goal of reducing and optimising the packaging of Giotto modelling clay. This has enabled us to reduce cardboard consumption by 4.7* tonnes of cardboard per year (* estimate refers to volumes placed on the market in 2021) and to eliminate about 300,000 plastic trays used to package the Giotto Decor line of markers, while reducing the use of recycled cardboard when developing new packs. The Group has not yet established a continuous measurement method.

With regard to waste, the Group operates in compliance with environmental regulations and waste management regulations, which include waste prevention, recycling and recovery and the proper handling of hazardous waste.

The tables below show hazardous and non-hazardous waste, broken down into solid and liquid waste, for the past two years.

HAZARDOUS AND NON-HAZARDOUS WASTE						
Units of measurements:	2024			2023		
	Hazardous waste	Non-hazardous waste	Total	Hazardous waste	Non-hazardous waste	Total
kg						
Solid waste	198,251	9,170,133	9,368,384	66,478	9,892,910	9,959,388
Liquid waste	63,249	1,499,528	1,562,777	67,532	979,177	1,046,709
Total waste	261,500	10,669,661	10,931,161	134,010	10,872,087	11,006,097

HAZARDOUS AND NON-HAZARDOUS WASTE NOT DIVIDED BY DISPOSAL, RECYCLING, OR REUSE						
2024						
Units of measurements:	HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	Disposed waste	Recycled and reused waste	Total	Disposed waste	Recycled and reused waste	Total
kg						
Solid waste	129,805	68,446	198,251	2,878,951	6,291,182	9,170,133
Liquid waste	26,529	36,720	63,249	733,719	765,809	1,499,528
Total waste	156,334	105,166	261,500	3,612,670	7,056,991	10,669,661

2023						
Units of measurements:	HAZARDOUS WASTE			NON-HAZARDOUS WASTE		
	Disposed waste	Recycled and reused waste	Total	Disposed waste	Recycled and reused waste	Total
kg						

Solid waste	57,298	9,180	66,478	3,348,161	6,544,750	9,892,910
Liquid waste	24,804	42,728	67,532	669,200	309,977	979,177
Total waste	82,102	51,908	134,010	4,017,361	6,854,727	10,872,087
2024						
Total non-recycled waste	3,769,004					
% of non-recycled waste	34%					
2024						
Total recycled and reused waste	7,162,157					
% of recycled and reused waste	66%					

In the tables below, hazardous and non-hazardous waste are broken down by disposal type, for the past two years.

NON-RECYCLED WASTE BY TYPE OF DISPOSAL						
2024						
Units of measurement	Hazardous waste			Non-hazardous waste		
	On-site	Elsewhere	Total	On-site	Elsewhere	Total
<i>kg</i>						
Incineration or combustion (with energy recovery)	0	23,781	23,781	0	232,086	232,086
Incineration or combustion (without energy recovery)	97,534	23,300	120,834	0	53,664	53,664
Landfill	0	11,209	11,209	697,577	1,942,301	2,639,878
Other disposal operations (e.g., discharge, open burning, deep well injection, etc.)	0	510	510	0	677,042	687,042
Total waste diverted from disposal through recovery operations	97,534	58,800	156,334	697,577	2,915,093	3,612,670

NON-RECYCLED WASTE BY TYPE OF DISPOSAL						
2023						
Units of measurement	Hazardous waste			Non-hazardous waste		
	On-site	Elsewhere	Total	On-site	Elsewhere	Total
<i>kg</i>						
Incineration or combustion (with energy recovery)	0	34,500	34,500	0	218,952	218,952
Incineration or combustion (without energy recovery)	0	9,454	9,454	0	40,060	40,060
Landfill	0	7,691	7,691	0	3,141,485	3,141,485
Other disposal operations (e.g., discharge, open burning, deep well injection, etc.)	0	30,458	30,458	0	616,864	616,864
Total waste diverted from disposal through recovery operations	0	82,102	82,102	0	4,017,361	4,017,361

The following tables list hazardous and non-hazardous waste by recycling and reuse destination.

HAZARDOUS AND NON-HAZARDOUS WASTE RECYCLED AND REUSED

2024						
Hazardous waste				Non-hazardous waste		
<i>Units of measurement</i>	On-site	Elsewhere	Total	On-site	Elsewhere	Total
<i>kg</i>						
Preparation for reuse	2,152	0	2,152	62,356	15,030	77,386
Recycling	28,964	47,419	76,383	0	5,994,612	5,994,612
Other recovery operations	0	26,631	26,631	0	984,993	984,993
Total waste	31,116	74,050	105,166	62,356	6,994,635	7,056,991

HAZARDOUS AND NON-HAZARDOUS WASTE RECYCLED AND REUSED

2023						
Hazardous waste				Non-hazardous waste		
<i>Units of measurement</i>	On-site	Elsewhere	Total	On-site	Elsewhere	Total
<i>kg</i>						
Preparation for reuse	0	0	0	68,225	55,210	123,435
Recycling	0	16,152	16,152	0	6,381,637	6,381,637
Other recovery operations	0	35,756	35,756	0	349,655	349,655
Total waste	0	51,908	51,908	68,225	6,786,502	6,854,727

At Group level, the main types of waste produced during operations are plastic, paper and cardboard packaging, aqueous sludge containing paint or enamel, wood, fibres from the paper production process, and plastics used in manufacturing.

For the reporting of data, the Group used direct data from waste registers, compiled in compliance with both local regulations and on a voluntary basis, from waste transfer forms and data collected through Environmental Management Systems (ISO 14001).

Social information

At F.I.L.A., we are deeply convinced that our success is tied to our workforce. Our staff represent a fundamental asset for the Group's competitiveness and development. Their dedication, expertise and passion enable us to meet market challenges and pursue continuous growth. We invest in their professional and personal development, creating a stimulating and inclusive work environment where every individual can achieve their full potential. We believe that only through the engagement and empowerment of our staff can we achieve ambitious goals and ensure a prosperous future for our Group.

ESRS REQUIREMENTS WITHIN THE SOCIAL INFORMATION PROVIDED IN THE SUSTAINABILITY STATEMENT

ESRS	DISCLOSURE REQUIREMENT	REFERENCE SECTION
<i>Social information</i>		
ESRS S1	SBM-2 Interests and views of stakeholders	S1 Own workforce
ESRS S1	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	S1 Own workforce
ESRS S1	S1-1 - Policies related to own workforce	Policies related to own workforce
ESRS S1	S1-2 Processes for engaging with own workers and workers' representatives about impacts	Processes for engaging with own workers and workers' representatives about impacts
ESRS S1	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches
ESRS S1	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets related to own workforce
ESRS S1	S1-6 Characteristics of the undertaking's employees	Characteristics of the undertaking's employees
ESRS S1	S1-7 Collective bargaining coverage and social dialogue	Collective bargaining coverage and social dialogue
ESRS S1	S1-13 Training and skills development metrics	Training and skills development metrics
ESRS S1	S1-14 Health and safety metrics	Health and safety metrics
ESRS S1	S1-15 Work-life balance metrics	Work-life balance metrics
ESRS S1	S1-17 Incidents, complaints and severe human rights impacts	Incidents, complaints and severe human rights impacts
ESRS S2	S2-1 Policies related to value chain workers	Policies related to value chain workers
ESRS S2	S2-2 Processes for engaging with value chain workers about impacts	Processes for engaging with value chain workers about impacts
ESRS S2	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Processes to remediate negative impacts and channels for value chain workers to raise concerns
ESRS S2	S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions.

ESRS REQUIREMENTS WITHIN THE SOCIAL INFORMATION PROVIDED IN THE SUSTAINABILITY STATEMENT

ESRS	DISCLOSURE REQUIREMENT	REFERENCE SECTION
<i>Social information</i>		
ESRS S2	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
ESRS S4	SBM-2 Interests and views of stakeholders	ESRS S4 Consumers and end-users;
ESRS S4	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S4 Consumers and end-users
ESRS S4	S4-1 Policies related to consumers and end-users	Policies related to consumers and end-users
ESRS S4	S4-2 Processes for engaging with consumers and end-users about impacts	Processes for engaging with consumers and end-users about impacts;
ESRS S4	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
ESRS S4	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

ESRS S1 Own workforce

The double materiality assessment, as described in the “*Double Materiality*” section, enabled the identification of the following IROs:

ESRS S1 - MATERIAL IROs							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/own operations	Positive or negative	Actual or potential
Own workforce	Working conditions	Health and Safety	Impact	Production activities in developing countries, where worker safety regulations are less strict, could have negative impacts by increasing both the number and severity of incidents.	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Risk	Production activities in developing countries with weaker workers' safety regulations could generate negative impacts for the Group in terms of in reputational and economic harm (penalties/fines, production disruption/delays).	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Impact	Human-machine interactions in production processes can negatively affect internal stakeholders in terms of worker safety and injury rates.	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Impact	Material handling in logistics and production areas can generate negative impacts on internal stakeholders in terms of workers' safety.	Own operations	Negative	Potential

ESRS S1 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/own operations	Positive or negative	Actual or potential
Own workforce	Working conditions	Health and Safety	Risk	The handling of materials in logistics and production can result in potential compensation costs and/or penalties for the Group.	Own operations	Negative	Potential
Own workforce	Working conditions	Health and Safety	Impact	The failure to use/misuse of PPE or malfunctioning safety devices can generate impacts on internal stakeholders in terms of safety.	Own operations	Negative	Potential
Own workforce	Working conditions	Collective bargaining, including the percentage of workers covered by collective agreements	Impact	Restricting freedom of association and collective bargaining in developing countries can result in negative impacts on workers' rights.	Own operations	Negative	Potential
Own workforce	Other work-related rights	Confidentiality	Impact	External cyberattacks can negatively impact stakeholders by violating human rights.	Own operations	Negative	Potential
Own workforce	Other work-related rights		Impact	The management of the Group's own workforce at European and North American subsidiaries could result in human rights violations (in terms of working conditions, equal treatment and opportunities for all, and other work-related rights).	Own operations	Negative	Potential
Own workforce	Other work-related rights		Impact	The management of the Group's own workforce at Asian, African, South American and Middle Eastern subsidiaries could result in human rights violations (in terms of working conditions, equal treatment and opportunities for all, and other work-related rights).	Own operations	Negative	Potential
Own workforce	Working conditions	Freedom of association, including the existence of company committees	Impact	Explicit or implicit limitations on employee participation in Trade Unions can have negative impacts on internal stakeholders in terms of working conditions.	Own operations	Negative	Potential
Own workforce	Equal treatment and opportunities for all	Training and skills development	Impact	Adequate, properly communicated and transparent performance and incentive processes have positive impacts on internal stakeholders by valuing their merit and ensuring equal opportunities, in addition to employee well-being and the fulfilment of growth expectations.	Own operations	Positive	Actual
Own workforce	Equal treatment and opportunities for all	Training and skills development	Opportunities	Adequate, properly communicated and transparent performance and incentive processes have positive impacts for the Group by retaining talent within the Company, thereby reducing operating and turnover costs (recruitment costs).	Own operations	Positive	Actual
Own workforce	Equal treatment and opportunities for all	Training and skills development	Impact	The adoption of an ESG training and induction plan has positive impacts on a cultural level for internal stakeholders and increases their responsibility and participation in the Group's ESG projects.	Own operations	Positive	Actual
Own workforce	Equal treatment and opportunities for all	Training and skills development	Opportunities	The adoption of an ESG training and induction plan has positive impacts on the Group's ESG performance.	Own operations	Positive	Actual

ESRS S1 - MATERIAL IROs

Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/own operations	Positive or negative	Actual or potential
Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Impact	Incidents of workplace harassment and discrimination can have negative impacts on internal stakeholders in terms of physical, psychological or sexual harm,	Own operations	Negative	Potential
Own workforce	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Risk	Incidents of workplace harassment and discrimination can have negative impacts on the Group in terms of damages, criminal sanctions/fines and reputational damage.	Own operations	Negative	Potential
Own workforce	Working conditions	Work-life balance	Impact	Changing expectations of the Group's internal workforce in terms of work-life balance can have negative impacts on internal stakeholders in terms of limiting their work-life balance.	Own operations	Negative	Potential
Own workforce	Working conditions	Work-life balance	Impact	Changing expectations of the workforce in terms of work-life balance can result in a loss of know-how and key skills.	Own operations	Negative	Potential

The Group's actual and potential impacts, risks and opportunities stem from its strategy and business model. A proactive approach to employee growth and skills development generates positive effects, helping to retain qualified personnel. Aware of the value of a skilled workforce, the Group adopts targeted measures to retain experienced employees and key personnel, who are essential for executing its corporate strategy and achieving business targets.

The ESRS S1 disclosure requirement covers all employees within the Group's own workforce who may be impacted by its operations. These include employees and those working under specific contracts (classified as "non-employees" according to the ESRS) at the Group's offices and production facilities. In addition to the F.I.L.A. Group's direct employees, its workforce includes self-employed individuals and temporary workers provided by third-party companies.

The negative impacts identified by the F.I.L.A. Group do not stem from transition plans aimed at reducing negative impacts on the environment or achieving climate-neutral operations.

The Group has not identified any countries or geographical areas within its operations where there is a high risk of forced, compulsory or child labour. Nevertheless, this is an issue that is closely monitored.

The Group believes that the effects of a potential failure of health and safety safeguards could be more significant for workers at production facilities. Meanwhile, workers operating in regions of the world (for more information, see the section "A global presence") with less stringent regulations could be impacted more severely by restrictions on the freedom of association and collective bargaining, participation in trade union activities and respect for human rights. The Group does not consider any

categories of workers to be particularly vulnerable to negative impacts related to privacy violations, workplace harassment or violence, or a lack of work-life balance.

Policies related to own workforce

In 2021, the Group adopted a set of sustainability policies, in line with the content of its Ethics Code. These policies concern its own workforce and remain unchanged during the reporting period. A Group-wide policy review is scheduled for 2025 in order to incorporate considerations related to impacts, risks and opportunities identified through the double materiality assessment.

The **Ethics Code** of the F.I.L.A. Group defines a set of values for all employees and provides elements to improve decision-making and promote transparency and ethics. This document outlines the principles, values and rules of conduct observed by the Group, in addition to the ethical commitments and responsibilities which it undertakes and complies with in the course of business operations and which govern the conduct of all those working within or on behalf of the Group. The Ethics Code contains indications to eliminate discrimination and to promote equal opportunities and other solutions supporting diversity and inclusion.

The **Sustainability Policy** underlines the significance of the Group's commitment to valuing its employees, respecting human rights, offering proper working conditions and compliance with the applicable standards. All of these elements are fundamental to the Group's future success as a business;

The F.I.L.A. Group's **Human Rights and Labour Policy** describes, also for employees, the general behavioural principles in terms of respecting human rights, valuing diversity, ensuring non-discrimination, providing suitable working conditions, combatting forced labour and human trafficking, respecting working times, salary and benefits, preventing child labour, providing safe and secure workplaces (including in terms of harassment), ensuring freedom of association and entitlement to collective bargaining agreements, respecting privacy, safeguarding relations with the local community, and encouraging stakeholder engagement. The Human Rights and Labour Policy is inspired by the "Ten Principles" of the United Nations Global Compact (UNGC) and by international standards, including the UN Declaration of Human Rights, the UN Convention on the Rights of the Child, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and relevant ILO conventions, in addition to the European Convention on Human Rights.

As part of its stakeholder engagement activities, F.I.L.A. S.p.A. organised a roundtable in 2024 with workers' representatives and trade unions to address various issues. No critical matters emerged from the roundtable regarding respect for human rights. Therefore, no remedial actions were deemed necessary. For more details, please refer to the section "*Stakeholders and their engagement*" and

“Processes for engaging with own workers and workers’ representatives about impacts”.

The F.I.L.A. Group collaborates with stakeholders, employees and their representatives to identify appropriate remedies, including in situations where violations may have been committed by third parties linked to the Group’s operations, products or services. F.I.L.A. does not obstruct access by affected stakeholders to other remedial initiatives. For more information, see the section *“231 Model and Supervisory Board”*, which outlines the communication channels available to employees for submitting complaints, reports and concerns.

The **Health and Safety Policy** confirms the Group’s commitment to providing and maintaining a healthy and safe working environment, and minimising risks to employees, contractors, visitors, and others who may be affected by its activities, while respecting the expectations of consumers and customers with regard to product safety and quality.

To date, 13 out of 22 production plants have the ISO 45001 health and safety management certification, while 3 production plants (Dixon Kunshan, Canon Yixing and Fila Archese) have the ISO 9001 certification.

The **Workforce Diversity and Inclusion Policy** enshrines the commitment to promote, nurture and preserve a culture of diversity and inclusion among employees while eliminating harassment – including in consideration of the fact that 48% of the workforce is female – and to foster an environment where individual differences are respected and equal opportunities are guaranteed.

In line with our Core Values, we support social justice through the elimination of organisational structures and actions that oppress, exclude, limit or discriminate on the basis of gender, race, ethnicity, financial status, sexual orientation, religion, disability or age. We are committed to ensuring that in the workplace, all policies, procedures and practices are free from deliberate or unintentional (systemic) barriers so that no one is disadvantaged.

Responsibility for equal treatment and opportunity is managed at the highest level by the Group Chief Human Resource Officer, supported by local Human Resource Managers.

The Group has not undertaken any formal commitments or adopted specific positive actions aimed at promoting the inclusion of individuals within its workforce who may belong to particularly vulnerable groups.

There are several dimensions to the **Skills Development Policy**: the effective management of recruitment and selection processes, adequate training, the creation of a working environment that promotes the exchange of professionalism and the presence of different cultures, the definition of performance-based pay systems, the appropriate management of remuneration, the performance of talent development activities, a focus on recruitment, and the ability to retain valuable employees while

identifying critical roles and devising promotion schemes. All of this is done in full compliance with the labour laws and regulations in force and while rejecting all forms of discrimination and paying the utmost attention to safeguarding the health of employees by adopting appropriate workplace safety prevention and protection measures.

The Group plans to update all of its sustainability policies in 2025 and to define a dedicated policy to manage its material impacts, risks and opportunities. No changes were made to any policies in 2024.

For further details, see the section “*Policies adopted to manage sustainability matters*” and the website www.filagroup.it.

Processes for engaging with own workers and workers’ representatives about impacts

A relationship based on communication, listening, and the systematic engagement of relevant stakeholders allows companies to build mutual trust and access information, ideas, and solutions that could help improve its internal decision-making processes and the management of current and future risks. In 2021, F.I.L.A. S.p.A. launched several stakeholder engagement initiatives in a more structured and systematic manner (Accountability 1000). From 2022 onwards, the initiative was extended to other Group companies.

The F.I.L.A. Group actively engages with its own workforce and workers' representatives on actual and potential impacts, using a variety of channels and methods with its employees. Over the past few years, various activities have been undertaken, in addition to regular meetings and discussions:

- At 15 Group companies, employee surveys were conducted to assess levels of organisational well-being and gather feedback on sustainability matters.
- At seven Group companies, an internal newsletter was launched to inform, engage, train and motivate staff. For more details on the Group’s sustainability policies, see the section “*Policies adopted to manage sustainability matters*”.
- In 2024, the Parent Company organised a roundtable with workers’ representatives and trade unions. This was an important tool for gathering opinions and providing useful information to support teams and the Group with a view to continuous improvement. The findings were reviewed by the Managerial Sustainability Committee and the Control, Risks and Related Parties Committee, which in turn reports to the Board of Directors, ensuring that these insights are considered in decision-making processes. In addition, these dialogue activities represent a tool for monitoring the internal climate.

Over the past two years, the most relevant topics have been: product quality and safety, employee

welfare and well-being, health and safety in the workplace, pollution, diversity, human rights, corporate culture, resource development, and the use of raw materials. [Processes to remediate negative impacts and channels for own workers to raise concerns](#)

The F.I.L.A. Group adopts remedial measures in situations where its own operations have caused or contributed to a negative impact on employees, and collaborates with the stakeholders involved to agree on the most appropriate resolution. The effectiveness of the actions taken is assessed on a case-by-case basis, in accordance with local legislation.

Employees are encouraged to freely express themselves in a safe environment, as stated in the Ethics Code, and F.I.L.A. does not tolerate any form of retaliation against those who report potential misconduct in good faith.

The reporting of suspected non-compliance is facilitated through the Group's various grievance channels, including direct contact with line managers or HR, e-mail, letter, phone or via the Parent Company's external whistleblowing channel, available in the *Contact Us* section of its website. The mechanisms for reporting concerns raised by the Group's own workforce are the same as those adopted by the Group for other unethical or illicit conduct (i.e. by e-mail to the Supervisory Board using the address given to all those covered by the Model: odv@F.I.L.A..it).

The process for handling and monitoring reported concerns is described in the following sections: “*231 Model and Supervisory Board*” and “*Protection of whistleblowers*”. Employees are aware of these tools as a result of specific training on the 231 Model and whistleblowing.

[Taking action on material impacts and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches](#)

In line with the adopted organisational model, primary responsibility for planning and implementing actions relating to the Group's workforce has been delegated to subsidiaries, which operate in coordination with the Parent Company. The process for determining actions at the Group level is mainly guided by the Group's Organisational Model, employee engagement survey results, proactive safety management outcomes and external benchmarks and industry trends. These actions take place across the Group's operations, and safety actions also include third parties working at Group sites.

Health and safety

The protection of the health and safety and the well-being of employees in the workplace is an important value, lying at the heart of the way that the F.I.L.A. Group conducts and develops its operations.

The following actions are taken to prevent safety-related risks that could potentially cause concrete

negative impacts. These contribute to the achievement of the objectives of the Group's Occupational Health and Safety Policy. The protection of the health and safety and the well-being of employees in the workplace is an important value, lying at the heart of the way that the F.I.L.A. Group conducts and develops its operations. All entities comply with relevant legislation, analyse factors that influence the workplace and identify practices that could pose risks to workers' health and safety.

To date, 13 out of 22 production plants have the ISO 45001 health and safety management certification, while 3 production plants (Dixon Kunshan, Canon Yixing and Fila Arches) have the ISO 9001 certification.

Occupational health services are provided to employees at 19 Group companies, such as: periodic medical check-ups (F.I.L.A. S.p.A., Lyra and Dixon Ticonderoga Company), healthcare services (F.I.L.A. Nordic), medical screenings (Daler Rowney and F.I.L.A. Argentina), on-site ergonomist and physiotherapist visits in case of injuries (Dixon Ticonderoga Company), consulting on health, safety, hygiene and ergonomics (Dixon Mexico), healthcare support fund (Industria Maimeri), blood tests (F.I.L.A. Argentina and Canson Brazil), accident insurance (Yixing and Canson Qingdao). In addition, all companies provide PPE (Personal Protective Equipment) to protect workers in the workplace.

Employee engagement on these topics, alongside those outlined in the section "*Processes for engaging with own workers and workers' representatives about impacts*", takes place through the establishment of formal joint committees between management and workers, in addition to consultations with them, maintaining open communication channels on the following topics. At the 11 companies that have adopted ISO 45001 certification, employee involvement has been essential for both the Company and the workforce.

To identify workplace hazards and assess risks at the local level, companies follow regulatory requirements (for example, in Italy, the preparation of the DVR Risk Assessment Document is mandatory, while in Greece, a safety engineer must be appointed to advise and document all observations), certifications (Beijing F.I.L.A. and Lyra follow ISO 14001 certification), preparation of matrices jointly developed by the health and safety department, managers, and supervisors (Dixon Mexico), external consultants (F.I.L.A. Chile and Bridesore), and IOSH-certified staff members (St. Cuthberts and Daler Rowney).

18 companies have adopted a health and safety management system, 39% of which did so voluntarily, without any legal requirement, while 89% based their systems on standards and/or guidelines recognised by their respective national legislations.

In addition to the activities described above, training was delivered to 308 employees during the year: 8% were management, 27% white-collar employees and 65% blue-collar workers. For further information on training, see the section "*Training and skills development metrics*".

Collective bargaining and freedom of association

The main risk identified in relation to collective bargaining was the limitation on freedom of association and collective bargaining as provided for in applicable regulations. To manage this risk, in addition to having adopted the Ethics Code and the Human and Labour Rights Policy (for further details, see the section “*Policies relating to own workforce*”), the Group regularly monitors any cases of non-compliance or incidents in this area internally, for example, by engaging in dialogue with trade unions and General Workers’ Representative Bodies (RSUs) in Italy. With regard to its own personnel, the Group complies globally with applicable regulations and stricter internal provisions, where necessary. No critical issues have been reported, as further detailed in the section “*Collective bargaining coverage and social dialogue*”.

Based on all available information to date, and considering the increasing engagement of the main suppliers to obtain confirmation of their commitment to the principles of F.I.L.A.’s “Code of Conduct for Suppliers and Business Partners”, which involved the Parent Company and the most significant companies, it is believed that the Group does not operate or interact with suppliers or partners that limit freedom of association.

Training and skills development

At F.I.L.A., we firmly believe that our success critically depends on the people who make up our team. Remuneration in each contractual category is established in compliance with the local legislative standards in force, where existing, and according to national collective bargaining agreements and private contracts according to the features of the labour market in individual countries. For employees with positions of responsibility, there are individual bonuses (variable remuneration components) linked to achieving qualitative and quantitative targets in line with the Parent’s Remuneration Policy. Certain strategic roles for the Group were also identified (Senior Executives, and Senior Managers), in addition to F.I.L.A. S.p.A.’s Executive Directors, for whom a Share Incentive Plan was approved by the Shareholders’ Meeting.

In 2024, 24% of employees – of whom 15% management, 44% white-collar workers and 41% blue-collar workers – received an annual formal performance appraisal. Each employee has an annual review meeting with their line manager to discuss performance, identify achievements, strengths, areas for improvement and targets aligned with both the Company’s strategy and the employee’s career aspirations. For further information, please see the section “*Training and skills development metrics*”.

These activities also help strengthen employees’ sense of belonging, thereby reducing personnel turnover and minimising the loss of expertise and associated costs (recruitment and operational).

Training plays a key role within the Group to enhance the skills of its workforce. Over the course of the

year, a total of 83,069 hours of training were delivered to 2,862 employees on various topics. For more information, see the section “*Training and skills development metrics*”.

Among the various training and communication activities conducted in recent years across several Group companies – through newsletters, ad hoc communications, surveys and induction sessions – efforts have been made to raise employee awareness of ESG (Environmental, Social, and Governance) aspects, in order to encourage their contribution, identify areas for improvement and inform and train them on Group initiatives.

Human rights: violence and harassment in the workplace

In conducting its business and in every context in which it operates, the F.I.L.A. Group is committed to respecting human rights, considering this not only an ethical necessity but also a key element for the long-term sustainability of its business and the communities where it operates. The Group adheres to international principles established by the United Nations and the ILO. As a non-negotiable, fundamental value, F.I.L.A.'s commitment to protecting human rights is principally reflected in the management of people and the supply chain. The Group acts in accordance with its Human Rights and Labour Policy (for further details, see the section “*Policies relating to own workforce*”) and ensures that no acts of violence, physical or psychological coercion, or behaviour that undermines individual dignity occur. It also seeks to identify and promptly address any violations, harassment or potential risks or negative impacts on human rights. To this end, mechanisms have been introduced to allow for the reporting of such incidents, as detailed in the section “*231 Model and Supervisory Board*”.

Work-life balance

The F.I.L.A. Group has always been aware that productivity is closely tied to the well-being and development of its staff. This dual concept reflects a holistic view of the individual, focusing on both professional and personal opportunities. The objective is to promote greater engagement, motivation and job satisfaction while reducing personnel turnover. In addition, we are aware that the new generation of workers particularly values mental health, work-life balance and flexibility.

In this context, particular attention to employees is included, which takes the form of various targeted initiatives. In 2019, the Parent Company F.I.L.A. S.p.A. implemented a Corporate Welfare Plan for employees on permanent contracts, with the objective of enhancing the working environment, improving work-life balance, supporting human capital development and strengthening the sense of belonging. This is a set of benefits designed to enhance employee and family well-being and includes the following areas:

- Training
- Family assistance

- Sports and well-being
- Culture and leisure
- Caregiver support
- Voucher schemes.

Again this year, as in previous years, the Parent Company allowed employees to convert their performance bonus, linked to profitability, productivity and quality indicators, into welfare credit, with an additional contribution from the Company.

Furthermore, F.I.L.A. S.p.A. offers various social initiatives to all employees,: the possibility to purchase the Group's products at discounted prices; extended leave to attend and accompany others to medical appointments; extended parental leave, beyond legal requirements, for the birth of children of same-sex couples; 3 days of paid leave in the event of hospitalisation with a dependent minor when working reduced hours and using the Hour Bank from the previous month; and greater night and day shift allowances compared to those envisaged under national collective bargaining agreements (CCNL).

Across the Group, with the exception of Dixon China, F.I.L.A. Chile, Xinjiang, F.I.L.A. Hiberia, and Canson Brazil, employees are entitled to family leave through social policies and/or collective agreements. 81% of Group employees have the right to take family leave. For further details, see the section "[Work-life balance metrics](#)".

Flexibility, productivity, trust, digitalisation, work-life balance and environmental and social impact are all areas the Company has focused on for years. These principles are embodied in the adoption of agile working (*smart working*), a tool for managers and office employees that allows them to balance personal and family needs with professional responsibilities while maintaining business productivity. Many Group companies have adopted agile working, along with flexible start times, part-time work, hours bank and seasonal work arrangements.

In addition, employees with permanent contracts within the various Group companies also receive additional benefits, including healthcare services, life insurance policies, retirement contributions, and insurance coverage for disabilities or injuries, as better described in the section on "[Health and safety](#)"

[Information Technology Security](#)

The importance of awareness and vigilance of cyber security has grown exponentially, particularly in response to how cyber attacks have evolved to become more sophisticated.

For the F.I.L.A. Group, information technology security is a key pillar in ensuring the integrity and confidentiality of information, while ensuring optimal performance in the services provided. In an era marked by increasingly sophisticated cyber threats, we are committed to both defending our digital assets and adopting proactive strategies that take advantage of advanced technologies for identifying

and neutralising risks before they can have an impact on our infrastructure, while minimising the impact of any security breaches.

The Group's Information Technology Security objectives are:

- **Integrity:** to ensure that information has not been altered by accident or abuse;
- **Security:** to maintain and protect information from all possible external threats, whether physical or logical;
- **Supervision:** to monitor operations through checks, controls and audits;
- **Control:** to regulate and limit access to the data management system by separating users into different privilege groups according to roles, etc.;
- **Consistency:** to check that tools are available to allow us to confirm that what we expect to happen actually happens;
- **Availability:** to guarantee access to network information services for appointed personnel according to work needs;
- **Confidentiality:** to guarantee the prevention of illegal and unauthorised access to information, services and systems.

For the Group, the Information System (IT) (including technological resources - hardware, software, data, electronic documents, telematic networks - and the human resources dedicated to their administration, management and use) represents a tool of great importance for the achievement of strategic objectives, in view of the criticality of the business processes that depend on it. Within the Group the security of the Information System is achieved by implementing a series of security measures, in particular procedures, technical mechanisms or practices that reduce the risks of exposure of the information assets as a whole.

With reference to its activities, the Group has identified e-mail phishing (fraudulent messages created to appear authentic, generally requiring the provision of sensitive personal information), complex infection processes (malware), ransomware (a class of malware that renders computer data inaccessible and often requires payment of a ransom) and Internet of Things (IoT) environmental attacks as the **main cyber security risks**. In order to mitigate these risks, Group-wide policies of conduct have been issued and actions have been implemented to identify, protect, detect, respond to and restore any critical situations that may arise, including specific communication and training activities.

The Group issued two policies in 2021: IT Systems Policy, and IT Security Policy. For further information, see the section "*Policies adopted to manage sustainability matters*".

The general principles of behaviour enshrined within the **IT Systems Policy** are:

- ensure user training and access to functions in accordance with security criteria that comply

with the principles of sound and prudent management

- activate processes to enhance IT resources
- create a system for communicating the needs or criticalities of the Information System with the aim of activating a process of continuous improvement
- implement controls to assess the company's ability to comply with internal policies
- promptly identify deviations (anomalies, malfunctions, differences from what is known/approved/authorised)
- promote corrective action

In 2024, the Parent Company F.I.L.A. S.p.A. established a **Privacy and IT Systems Security Procedure**, a **procedure to manage personal data breaches**.

The **IT Security Policy** recalls, among other matters, F.I.L.A. Group's general principles regarding IT security:

- Company information systems: the tools and software applications provided (email systems, local/network file systems, as well as data storage locations in the Cloud) are business tools, are considered company data and, therefore, company property; misuse of company systems is not permitted.
- Access to information: each user has limited access to the information they need to perform their tasks, both inside and outside the company; the setting of user profiles and rights is structured to limit the risk of deviation from this rule.
- Personnel and security: training and information activities aimed at personnel on IT security issues and the correct use of company equipment are planned and carried out; personnel (including internal and external consultants) are asked to sign appropriate confidentiality clauses.
- IT incidents and anomalies: employees are required to promptly report any problems
- relating to the security of the Group and its companies to the dedicated teams and to carefully manage company systems (e-mail, Microsoft Teams, Microsoft Sharepoint, etc.) when carrying out work activities.
- Physical security: access to buildings and premises relevant to asset protection is restricted to authorised individuals.
- IT security: the identification and design of IT security countermeasures must consider the possibility of internal and external unauthorised access attempts and applicable legislation, as well as any other relevant constraints; users must not exploit any vulnerabilities in the IT security system, but are required to alert the system administrator in case of any malfunctions.

- Controls: Information systems should be checked periodically, as should operating procedures. IT security controls are implemented through the implementation of and compliance with policies in all organizational, procedural and technological areas in a manner consistent with the defined objectives; through the appropriate assignment of tasks and responsibilities within the Group for the implementation of policies; and through verification of the level of effectiveness of the measures implemented, also using periodic vulnerability assessments carried out by independent external parties.

For the F.I.L.A. Group, information security has as its priority the protection of information, personal data, digital storage and the elements through which the data are managed by protecting them from threats, whether organizational or technological, internal or external, accidental or intentional, ensuring their confidentiality, integrity and availability and compliance with applicable current legislation. The measures taken in this regard are:

- Ongoing user training aimed at increasing awareness of the types of threats that exist and the behaviours that are correct to avoid;
- Multi Factor Authentication;
- Minimum Privilege (users should only have access to what is necessary to perform their tasks);
- Constant updating of operating systems and applications (Patching);
- Adoption of an Endpoint Detection & Response (EDR) system that includes advanced mechanisms for detecting, investigating and responding to potential security incidents in real time. The system is monitored by a Security Operation Centre (SOC) active 24/7;
- Adoption of a Security Information & Event Management (SIEM), to monitor, analyse and manage security events within the IT infrastructure in real time. Through the centralised collection and analysis of data from different sources (e.g. firewalls, servers, applications, and network devices), the SIEM identifies potential threats, guaranteeing timely responses to security incidents, and improving the protection of critical company data. The system is monitored by a Security Operations Centre (SOC), active 24/7; Adoption of an E-mail Security (Anti-spam) solution that protects the organisation from spam, phishing and other threats conveyed by e-mail. It uses advanced Threat Intelligence technologies, content filtering and the application of policies to ensure the security of both incoming and outgoing e-mail traffic;
- Adoption of a password generation and management solution;
- For a specific perimeter, adoption of immutable backups;
- Web filtering: monitoring and managing access to potentially harmful websites or sites that

are not relevant to work. Web filtering makes it possible to prevent access to content that could pose a threat to network security and limits exposure to malware, ransomware and other forms of cyber attack;

- Penetration testing, which entails simulating an attack with the goal of identifying potential vulnerabilities and better understanding potential weaknesses in the infrastructure. Adoption of corrective measures in response to penetration testing.

Among the latest policies adopted are: the **Generative Artificial Intelligence Tool Use Policy**, providing guidelines on the responsible use of generative artificial intelligence tools (Generative AI), to protect the F.I.L.A. Group's confidential information and intellectual property rights, and to guarantee compliance with current regulations, and corporate culture, and a reasonable and secure use of such technologies. The use of generative AI tools within the F.I.L.A. Group must follow the following general principles:

- *Human judgement and creativity;*
- *Checking and reliability of contents;*
- *Data privacy and security,*
- *Transparency,*
- *Regulatory compliance.*

In 2024, there were no cases of the attempted acquisition of Office 365 credentials (4 during 2023). Thanks to the more extensive use of the KnowBe4 tool, which allows users to report potential phishing attempts, we received the following numbers of possible phishing reports:

- Dixon (US & Canada): 663 (469 in 2023)
- Daler Rowney: 229 (141 in 2023)
- Canson SaS and F.I.L.A. Benelux: 160 (80 in 2023)
- F.I.L.A. S.p.A.: 150 (73 in 2023)
- Bridesore: 11 (8 in 2023)
- F.I.L.A. Arches: 5 (2 in 2023)
- Lyra: 36 (Phish Reporting System not active in 2023)
- Fila Iberia: 2 (Phish Reporting System not active in 2023)

The growing number reported does not necessarily mean it faced a higher number of threats, but suggests that users are actively using the Phish Reporting System.

As far as the F.I.L.A. Group is concerned, to date there have been no cases of ransomware or infection by malware worms.

The management of IT security is entrusted to qualified personnel who, thanks to their experience,

ability and reliability, provide the guarantee of full compliance with internal and external regulations on the subject. The **Team** includes the Group Cybersecurity Management Lead, the Group Infrastructure Management Lead, Regional Infrastructure Management Specialists, and various local IT contact people for local interventions. Security Operation Centre (SOC) activities have been outsourced.

Targets related to own workforce

In 2022, the F.I.L.A. Group set two medium-term targets related to its own workforce, the first regarding occupational **Health and Safety** (“ISO 45001 health and safety management certification for all production plants by 2025”), and the second regarding **Training** (“10% increase in average hours of training provided to employees in the 2023-2025 period, compared to 2022”). The monitoring plan for achieving these targets is supported by the half-year internal sustainability report.

Currently, the Group has not set specific targets for collective bargaining, freedom of association, or human rights, although it is committed monitor any cases using the Tagetik tool on a half-year and end-of-year basis. In the long-term, the Group will undertake to research and evaluate strategies in these areas.

Regarding the occupational health and safety target, at the end of 2024, 13 out of 22 production plants had a of health and safety management certification (ISO 45001): F.I.L.A. S.p.A. (at the Pero plant and Rufina offices), Canson France (Grand Murier, Moulin du Roy, and St. Germain), St. Cuthberts, F.I.L.A. Argentina, Lyra Germany, Dixon Kunshan, Canson Brazil, F.I.L.A. Arches, Canson Art & Craft Yixing Co., Ltd, and Dixon Mexico (Tultitlan and Oaxaca).

Considering the importance of occupational health and safety, the Group has set the goal of certifying all its production plants by 2025. Currently, 2,134 employees (2,121 employees in 2023), equal to 65% of the personnel of the whole Group, work in ISO 45001 certified production plants. These employees were engaged in the certification process.

Regarding the second target of a “10% increase in average hours of training provided to employees in the 2023-2025 period, compared to 2022”, the following table shows Group-level training hours somewhat behind this target. Considering that, in 2022, the high increase of hours was due to the Daler Rowney and Bridesore SAP Roll-Out, for the last two years the Group has decided to focus on more specific business efficiency initiatives such as Extended Warehouse Management in Canson France and Dixon USA.

TRAINING - OBJECTIVE MONITORING			
	2024	2023	2022
Training hours	83.069	58.111	109.973

More training was provided in 2024 than 2023 for the following main reasons: the launch of the DC System in Dixon Ticonderoga Company; the increase in safety and hygiene training in Dixon Mexico, in line with the path to ISO 45001 certification; training provided via the KnowBe4 platform to raise employee awareness regarding Information Technology Security.

In 2025, IT training will increase particularly in Dixon Mexico for the SAP Roll-Out and training via the KnowBe4 platform. For further details on IT security and the KnowBe4 platform, see the section “*Information Technology Security*”.

Over the coming years, the Group will carefully assess innovative and strategic proposals, with the primary objective of enhancing corporate welfare quality and fostering the overall well-being of its employees. Regarding collective bargaining, freedom of association and human rights, targets have not been declared, although the Group is committed to researching and evaluating strategies in these areas over the long-term.

The Group has a monitoring plan in place for achieving the set targets, which is supported by the half-year internal sustainability report.

Characteristics of the undertaking's employees

The reporting on employee numbers concerns only the organisation's own workforce. In line with the Consolidated Financial Statements, the data on F.I.L.A. employees reflects the situation at December 31, 2024, rounded up to the nearest unit.

The F.I.L.A. Group had, at the end of 2024, 3,263 employees (3,371 at the end of 2023), made up of 4% managers, 27% white-collar employees, and 69% blue-collar workers. Regarding the gender mix, 48% of the workforce was female (49% in 2023). The following tables present, for 2024 and 2023, the workforce by gender, employee category and geographical segment.

The total “personnel expenses” amounted to Euro 135,037 thousand as of 31 December 2024 (Euro 157,139 thousand in 2023). For further information, see “*Note 25 – Labour Costs*” of the consolidated financial statements.

COMPOSITION OF WORKFORCE BY CATEGORY, GENDER, AND GEOGRAPHICAL AREA

2024									
Number of employees	White Collar			Blue Collar			Management		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	190	218	408	389	136	525	52	31	83
North America	48	94	142	256	88	344	11	7	18
Central/ South America	135	102	237	436	699	1,135	9	8	17
Asia	37	49	86	100	133	233	9	4	13
Rest of the world	3	8	11	6	1	7	2	2	4
Total	413	471	884	1,187	1,057	2,244	83	52	135

COMPOSITION OF WORKFORCE BY CATEGORY, GENDER, AND GEOGRAPHICAL AREA

2023									
Number of employees	White Collar			Blue Collar			Management		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	188	225	413	419	157	576	53	35	88
North America	47	96	143	256	108	364	12	7	19
Central/ South America	130	98	228	456	689	1,145	11	7	18
Asia	48	72	120	95	123	218	11	6	17
Rest of the world	3	9	12	5	1	6	2	2	4
Total	416	500	916	1,231	1,078	2,309	89	57	146

The following tables present, for the years 2024 and 2023, the workforce by age group and geographical segment. 25% of employees were under 30 years of age, while 24% were over 50. The <30 age group includes those who had turned 30 by 31/12/2024, and the next age group includes employees from 31 to 40. In 2025, the Group is committed to refining the reporting by age group in compliance with ESRS disclosure requirements.

COMPOSITION OF WORKFORCE BY AGE AND GEOGRAPHICAL AREA

Number of employees	2024				2023			
	< 30	31-50	>50	Total	< 30	31-50	>50	Total
Europe	146	382	488	1,016	147	436	494	1,077
North America	112	234	158	504	158	243	125	526
Central/South America	497	788	104	1,389	496	763	132	1,391
Asia	66	239	27	332	84	252	19	355
Rest of the world	2	14	6	22	1	14	7	22
Total	823	1,657	783	3,263	886	1,708	777	3,371

Regarding type of contract, most of the workforce (96%) had full-time contracts, of which 48% were women. The following tables present the workforce in terms of full- and part-time contracts, by gender and geographical segment.

COMPOSITION OF WORKFORCE BY GEOGRAPHICAL AREA, GENDER, AND TYPE OF CONTRACT

2024									
	Full-time contract employees			Part-time contract employees			Total		
<i>Number of employees</i>	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	604	323	927	27	62	89	631	385	1,016
North America	310	184	494	5	5	10	315	189	504
Central/South America	571	796	1,367	9	13	22	580	809	1,389
Asia	146	186	332	0	0	0	146	186	332
Rest of the world	11	9	20	0	2	2	11	11	22
Total	1,642	1,498	3,140	41	82	123	1,683	1,580	3,263

COMPOSITION OF WORKFORCE BY GEOGRAPHICAL AREA, GENDER, AND TYPE OF CONTRACT

2023									
	Full-time contract employees			Part-time contract employees			Total		
<i>Number of employees</i>	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	639	360	999	21	57	78	660	417	1,077
North America	308	203	511	7	8	15	315	211	526
Central/South America	586	786	1,372	11	8	19	597	794	1,391
Asia	154	200	354	0	1	1	154	201	355
Rest of the world	10	10	20	0	2	2	10	0	10
Total	1,697	1,559	3,256	39	76	115	1,736	1,623	3,359

Again regarding type of contract, most of the workforce (91%) were full-time employees, of which 47% were women. The following tables present the workforce in terms of permanent contract employees, temporary contract employees, employees without guaranteed hours, and interns, by gender and geographical segment.

COMPOSITION OF WORKFORCE BY GEOGRAPHICAL AREA, GENDER, AND TYPE OF CONTRACT

2024															
	Permanent employees			Temporary employees			Employees with non-guaranteed hours			Internship			Total		
<i>Number of employees</i>	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	621	378	999	8	4	12	0	2	2	2	1	3	631	385	1,016
North America	311	183	494	0	0	0	4	6	10	0	0	0	315	189	504
Central/South America	495	674	1,169	76	125	201	0	0	0	9	10	19	580	809	1,389
Asia	130	165	295	16	21	37	0	0	0	0	0	0	146	186	332
Rest of the world	11	11	22	0	0	0	0	0	0	0	0	0	11	11	22
Total	1,568	1,411	2,979	100	150	250	4	8	12	11	11	22	1,683	1,580	3,263

COMPOSITION OF WORKFORCE BY GEOGRAPHICAL AREA, GENDER, AND TYPE OF CONTRACT

2023															
	Permanent employees			Temporary employees			Employees with non-guaranteed hours			Internship			Total		
<i>Number of employees</i>	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Europe	656	408	1,064	0	5	5	1	2	3	3	2	5	660	417	1,077
North America	302	198	500	3	2	5	10	11	21	0	0	0	315	211	526
Central/South America	520	703	1,223	66	87	153	0	0	0	11	4	15	597	794	1,391
Asia	149	200	349	5	1	6	0	0	0	0	0	0	154	201	355
Rest of the world	10	12	22	0	0	0	0	0	0	0	0	0	10	12	22
Total	1,637	1,521	3,158	74	95	169	11	13	24	14	6	20	1,736	1,635	3,371

In 2024, 957 people left the company for various reasons (1,332 in 2023), resulting in a turnover of 0.28 (*total departures as of 31/12/2024 - total employees as of 31/12/2023*), compared to 0.34 in 2023.

In the Group workforce, there are 4 non-employee workers, of whom 3 male and 1 female. This data was not collected in 2023.

Collective bargaining coverage and social dialogue

In the F.I.L.A. Group, Collective bargaining affects employees within the European Economic Area (EEA), in which 70% of employees are covered by collective bargaining agreements. Outside the European Economic Area, 39% are covered by collective bargaining agreements.

The following table presents the workforce in terms of collective bargaining coverage, by gender and geographical segment, for 2024 and 2023.

COLLECTIVE BARGAINING BY GEOGRAPHICAL AREAS						
Number of employees	2024			2023		
	Male	Female	Total	Male	Female	Total
Europe	446	268	714	452	272	724
North America	186	56	242	195	67	262
Central/South America	201	569	770	203	536	739
Asia	95	143	238	100	148	248
Rest of the world	0	0	0	0	0	0
Total	928	1,036	1,964	950	1,023	1,973
Total workforce	1,683	1,580	3,263	1,736	1,635	3,371

For employees not covered by collective agreements, the employment relationships are regulated by applicable local legislation.

Within the European Economic Area, 66% of employees are represented by workers' representatives.

The following table presents a general overview of the Group collective bargaining and social dialogue coverage.

Coverage of collective bargaining			Social dialogue
Coverage rate	Employees - EEA	Employees - non EEA	non-EEA Workplace representatio
0-19%		Domenican Republic	
20-39%			
40-59%		USA	
60-79%		Mexico	
80-100%	Italy, France, Germany	Brasil, China	Italy, France, Germany

Training and skills development metrics

In 2024, in the F.I.L.A. Group, 2,912 employees received training to improve their skills (3,031 in 2023). The following table shows the average training hours by gender, for 2024 and 2023.

AVERAGE NUMBER OF TRAINING HOURS BY GENDER						
Hours	2024			2023		
	Male	Female	Total	Male	Female	Total
Total average number of training hours	26	31	29	20	19	19

As previously noted in the section “*Training and skills development*”, 792 Group employees participated in periodic performance reviews and career development, aimed at helping them grow in their professional careers. The following tables show the percentage participation by gender and employee category in 2024 and 2023.

Annual formal evaluation of individual performance by gender						
%	2024			2023		
	Male	Female	Total	Male	Female	Total
Employees with annual formal evaluation of individual performance	24%	24%	24%	26%	26%	26%

Annual formal evaluation of individual performance by professional category		
%	2024	2023
	87%	86%

Annual formal evaluation of individual performance by professional category

%	2024	2023
White Collar	40%	68%
Blue Collar	14%	15%

The bonuses received by F.I.L.A. Group Managers in the year are set out in the following table:

In 2024, as in previous years, F.I.L.A. Group personnel undertook training and upskilling courses, particularly in the administrative areas in order to maintain appropriate professional standards, in line with the “Group policy”.

Benefits and other incentives for managers

value in thousands of Euros	December 2024	December 2023	Nature
Bonus	3,719	3,721	Performance bonus
Total value	3,719	3,721	

Health and safety metrics

The F.I.L.A. Group records work-related accidents and injuries using the definitions of the Occupational Health and Safety Assessment international standards (OHSA).

The percentage of the organisation’s own workforce covered by occupational health and safety systems refers to the percentage of employees working on sites that have obtained the ISO 45001 Occupational Health and Safety System certification. 65% of the organisation’s own workforce works at these sites (63% in 2023). For further details, see the sections “*Health and Safety*” and “*Targets related to own workforce*”.

In 2024, as in 2023, there were no fatalities due to work-related injuries or ill health.

The following table details types of work-related injury by gender for 2024 and 2023, the related number of sick leave days, and the work-related accident injury rate for all employees.

TYPES OF INJURIES AND WORKPLACE INJURY RATE

Number	2024			2023		
	Male	Female	Total	Male	Female	Total
High-risk injuries (with prognosis over 120 days)	2	1	3	0	1	1
Injuries with prognosis between 40 and 120 days	10	7	17	7	2	9
Injuries with prognosis up to 40 days	45	27	72	49	29	78
Total	57	35	92	56	32	88
Total Absence days	1,317	615	1,932	1,085	454	1,539
Injury rate	N/A	N/A	14	N/A	N/A	12

The following table details types of work-related ill health by gender for 2024 and 2023, along with the related number of sick leave days.

WORK-RELATED ILL HEALTH						
Numbers	2024			2023		
	Male	Female	Total	Male	Female	Total
Work related ill health with prognosis over 120 days	3	1	4	5	1	6
Work related ill health with prognosis between 40 and 120 days	0	2	2	0	1	1
Work related ill health up to 40 days	0	2	2	0	1	1
Total	3	5	8	5	3	8
Absence days	0	452	452	365	81	446

Work-life balance metrics

2,644 Group employees are entitled to parental leave, equal to 81% of total employees. The following table details those who made use of parental leave in 2024, by gender. The data were reported only from this year, making a comparison with 2023 impossible.

EMPLOYEES WHO HAVE TAKEN PARENTAL LEAVE		
Numbers	2024	
	Male	Female
	71	101
%	Male	Female
	3%	4%

Incidents, complaints and severe human rights impacts

Potential cases of non-compliance of the F.I.L.A. Group include all issues documented through its reporting and complaint channels. The reporting of substantiated cases concerns events that occurred during the year, and therefore these events may have been reported in the current or previous financial year.

The metrics relating to incidents and complaints cover cases of workplace discrimination and other reports regarding the Group's own workforce.

In 2024, based on information gathered by the Group's central team, as of December 31, 2024, no risk areas for human rights violations were identified, but there were a limited number of reports: 17 at Dixon Ticonderoga (United States) and 2 at F.I.L.A. Dixon Group, S.A. de C.V. (Mexico) of harassment or alleged harassment between colleagues. Each of these events was dealt with and managed by those

responsible with the maximum possible care.

In 2024, no significant human rights issues or related incidents, penalties or fines were substantiated. Therefore, no reconciliation item is recorded in the consolidated financial statements.

ESRS S2 Workers in the value chain

The double materiality assessment, as described in the “*Double Materiality*” section, enabled the identification of the following IROs:

ESRS S2 - WORKERS IN THE VALUE CHAIN							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/own operations	Positive or negative	Actual or potential
Workers in the value chain	Working conditions		Impact	The use of suppliers that fail to adequately respect working conditions, equal treatment and opportunities for all, and other work-related rights – particularly in developing countries – can lead to negative impacts on stakeholders, specifically in terms of the working conditions experienced by those employed along the supply chain.	Own operations and value chain	Negative	Potential

Workers in the value chain that are mainly impacted by the Group are protected by the **Code of Conduct for Suppliers and Business Partners**, the **Ethics Code**, and the **Human Rights and Labour Policy**.

The F.I.L.A. Group continuously identifies potential negative impacts relating to human rights, and defines preventive and mitigating actions accordingly. For further details, see the section “*Incidents, complaints and severe human rights impacts*”. The F.I.L.A. Group considers child and forced labour a material risk, since any effective violation would have a severe impact on the individuals involved, and would entail significant financial repercussions for the Group. In this regard, the Group has not identified any area of significant risk of child or forced labour. However, there are operations in areas where the risk is higher (e.g. developing countries; for further details, see the section “*A global presence*”).

As previously stated in the section “*Double materiality*”, the impact did not result in a modification of the strategy and business model. The Group has, however, defined a target to include workers in the value chain. For further details, see the section “*Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*”.

Regarding the safety of non-employee workers (4 people) on production sites, the same procedures used with employees are applied, as described in the section “*Health and Safety*”.

Policies related to value chain workers

The **Code of Conduct for Suppliers and Business Partners** sets out the guidelines and general principles to be followed by suppliers, business partners, consultants, contractors, professionals, and any subcontractors. For further information, see the section “*Management of relationships with suppliers, including payment practices*”.

The Group ensures that all those who work with it respect the values and principles of the Ethics Code, as described in the section “*Purpose, Mission, Vision and Values*”.

The F.I.L.A. Group’s **Human Rights and Labour Policy** establishes general principles of conduct regarding human rights, diversity, discrimination, working conditions, forced labour, human trafficking, working hours, wages and benefits, child labour, occupational health and safety, freedom of association, collective bargaining, privacy, relations with local communities, and stakeholder engagement. The policy is inspired by the Ten Principles of the United Nations Global Compact and by international standards, including the United Nations Universal Declaration of Human Rights and Convention on the Rights of the Child, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the European Convention on Human Rights.

The codes and policies mentioned above concern all workers in the value chain, and therefore the Group undertakes to work with its commercial partners and encourage them to respect the principles of the Human Rights and Labour Policy, and to adopt similar policies within their organisations.

For further details, see the section “*Policies adopted to manage sustainability matters*” and the website www.filagroup.it.

Processes for engaging with value chain workers about impacts

As part of the activities under the 2021-2025 and 2025-2029 Strategic Plans, from 2021, the Parent Company F.I.L.A. S.p.A. launched a series of initiatives, including structured stakeholder engagement activities, to involve its suppliers. In particular, dialogue with suppliers highlighted their interest and willingness to collaborate on sustainability initiatives in partnership with the F.I.L.A. Group, both from an environmental standpoint and with regard to people and the community.

In 2023, in line with the related objective “*Adoption of a Code of Conduct for Suppliers and Business Partners and Green Procurement for 90% of suppliers of goods with a turnover of more than Euro 10,000 by 2024*”, supplier engagement activities were extended to 21Group companies via the questionnaire entitled “Green Procurement”, with a focus on environmental and business sustainability topics. This questionnaire was sent by the Parent Company in 2022, with a limited scope, to more than

200 strategic suppliers. Over the past two years, the questionnaire has been sent to more than 1,000 suppliers.

Analysis was conducted to evaluate the results in aggregated form and by company type (manufacturing and trading). The scope of analysis is divided into three primary product sectors for manufacturing companies, as follows:

- ✈ Paper for the fine arts and school use: Dixon Ticonderoga Company, Dixon Ticonderoga ART ULC (Canada), Canson Sas, Arches, Canson Brazil, St. Cuthberts
- ✈ Tools for writing, drawing, colouring, and modelling clay: F.I.L.A., Dixon Mexico, Lyra, F.I.L.A. Argentina, Dixon Kunshan
- ✈ Paints for the fine arts and tempera for school use: Industria Maimeri, Daler-Rowney, F.I.L.A. Dixon Yixing Art & Craft, Daler-Rowney Bridesore
- ✈ Sales branches: Lyra Akrelux, F.I.L.A. Polska, F.I.L.A. Nordic, F.I.L.A. Iberia, F.I.L.A. Chile, F.I.L.A. Art and Craft Israele

The objective of the 25-question survey was an in-depth examination of some of the main issues within the F.I.L.A. S.p.A. procurement process, including:

- adoption of environmental policies
- appointment of an Environmental Management Officer
- main environmental issues suppliers are facing
- episodes of pollution and/or environmental problems
- energy sources used
- waste management.

Subsequently, in line with the path undertaken by the Group, in 2024, the Parent Company F.I.L.A. S.p.A., launched a pilot project on the methodology to assess suppliers. The Supplier assessment guarantees high quality standards, considering technical, qualitative and quantitative criteria, and company reputation and business stability. Additionally, the ability to meet supply deadlines, the quality/price ratio, and the respect for the environment and workers' rights are verified, avoiding favoritism or discrimination. The assessment methodology considers 3 main topics:

- Environment and ethics;
- Compliance;
- Supply quality and price.

The questions and criteria relating to the topic “environment” include exclusively the relevant questions of the Green Procurement questionnaire, which are answered directly by the suppliers. The “ethics”, “compliance” and “supply quality and price” aspects derive from the supplier selection and assessment

procedure already in place and from policies adopted by the Company, and are assessed internally by the Purchasing and Compliance departments when the relevant data becomes available. The score is also based on evidence obtained from suppliers (e.g. the application of policies and ethics codes) and from third-party organisations (e.g. public reports).

The results of the supplier assessment will allow the implementation of strategies and remedial actions engaging with suppliers who have obtained lower scores.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

For workers in the value chain and other stakeholders, in the contact section of the corporate website ([Contact F.I.L.A. - Fabbrica Italiana Lapis ed Affini | Office and Information](#)), the Group has created a contact method for expressing concerns, making requests, and asking for information. In a first stage, the communications are managed centrally, sorted and forwarded to the various competent departments. In a second stage, contact is made with the worker. The communications made via this channel may not be made anonymously, as the form requires the entry of personal details.

The Parent Company has established an independent whistleblowing channel in the contact section of the corporate website ([Whistleblowing report start | Whistlelink](#)) for the reporting of various forms of misconduct, which provides greater protections for both the reporter and reported parties. In particular, this channel guarantees that the individual case and identity of the reporter will be treated confidentially and protected from any form of retaliation.

Workers in the value chain have not been involved in training on these channels, nor have communication campaigns been conducted in this regard.

For further information, see the sections “*231 Model and Supervisory Board*” and “*Protection of whistleblowers*” below.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

In line with the target addressed in the following section “*Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*”, the Group has undertaken to make suppliers and business partners sign its Code of Conduct for Suppliers and Business Partners, including not only suppliers with turnovers over Euro 10,000, but also all new suppliers.

In addition, in its selection of suppliers, the Group also takes into consideration social aspects. Indeed, in 2024, 30% of new suppliers assessed and selected were assessed based on both environmental and

social criteria. As detailed in the section “*Processes for engaging with value chain workers about impacts*”, suppliers are attributed a higher assessment score also on the basis of ISO 45001, ISO 14001 and other relevant certifications.

In selecting suppliers regarding the use of raw materials deriving from wood (for further insights, see the section “*Resource inflows*”), the Group privileges those with PEFC and FSC certifications, in addition to considering, in the last two years, social criteria.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.

In 2022, the F.I.L.A. Group defined a number of short- and medium-term targets, including the “*Adoption of a Code of Conduct for Suppliers and Business Partners and Green Procurement for 90% of suppliers of goods with a turnover of more than Euro 10,000*”. In 2023, as detailed in the 2023 Sustainability Report, which includes the Consolidated Non-Financial Statement, 91% of suppliers had adopted a code of conduct, 85% had signed the F.I.L.A. Code of Conduct and 6% had sent F.I.L.A. their own code. The Group has continued to require that all new suppliers sign its own Code of Conduct. In the last two years, the Green Procurement questionnaire has been sent to over 950 suppliers, of which 87% filled out and returned the questionnaire, and the remaining 4%, , filled out the questionnaire partially or incorrectly, sent supporting documentation, or their own questionnaire. Regarding the Code of Conduct, the Group companies have continued to send out the questionnaire to all new suppliers.

In the short to medium-term, the Group will continue applying the supplier assessment methodology, as detailed in the section “*Processes for engaging with value chain workers about impacts*”, while gradually developing actions to mitigate impacts for those suppliers with low scores.

ESRS S4 Consumers and end-users

The Double Materiality Assessment, as described in the section “*Double Materiality*”, made it possible to identify the following IROs:

ESRS S4 - Material IROs							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/own operations	Positive or negative	Actual or potential

Consumers and End-Users	Personal safety of consumers and/or end-users	Child protection	Impact	The qualitative characteristics (chemical composition, shape, etc.) of certain product lines for children, which affect their safety, can have an impact on the safety of this worker category.	Own operations and value chain	Negative	Potential
Consumers and End-Users	Personal safety of consumers and/or end-users	Health and Safety	Risk	The qualitative characteristics (chemical composition, shape, etc.) of certain product lines, which affect consumer safety, can have negative impacts on the Group's finances in terms of fines, compensation claims, reputational damage and loss of competitiveness.	Own operations	Negative	Potential
Consumers and End-Users	Inclusion of consumers and/or end-users	Responsible marketing practices	Risk	The growing demand for the use of renewable and/or recycled raw materials can have a negative impact on the Group if it fails to align with these expectations.	Own operations	Negative	Potential

For the F.I.L.A. Group, providing safe products to consumers is a priority involving analyses of all safety issues concerning individual items, throughout the stages of ideation, development, production, use, and disposal. The management of product safety control procedures is a fundamental activity in all of the Group's operations, also in view of the fact that most of the products marketed are intended for consumers of pre-school and school age. Specifically, the categories of Group consumers are as follows (for further details on business segments, product categories and consumers, see the section “*A global presence*”): schools (young children and teenagers), teachers, art schools, hobbyists, artists, offices, and industries.

Given their qualitative characteristics (e.g. form or chemical composition), incorrect use of certain products by young children or teenagers - including involuntary ingestion of product parts (e.g. caps) or the product itself (e.g. modelling clays) or use of the product (e.g. pencils, brushes) not in line with its intended use or recreational purpose - may generate negative impacts in terms of personal safety. Even adults, such as teachers, artists, hobbyists, office staff, art schools and industrial users, may be negatively impacted by incorrect use of the Group's products, which could lead to claims for compensation, fines, reputational damage and affect competitiveness.

The impacts that F.I.L.A. assessed in the materiality analysis of product quality and safety were:

- The speed of adapting to regulatory changes, in order to improve consumer product safety;
- Environmental and social impacts related to uncoordinated supply chain management.

The supply of quality products is a fundamental value under the **Group's Ethics Code** and is one of the pillars of the **Sustainability Plan**, which seeks to promote policies to maintain and increase product quality and safety.

Policies related to consumers and end-users

The **Product and Process Development Policy** commits the Group to providing safe products that meet quality and safety expectations, that are designed to comply with all legal requirements, and that also take into account the related environmental and social impacts. In particular, regarding product safety, the Group's strategies, operations and leadership are strongly committed to guaranteeing product safety and dedicating adequate time and resources to make sure that this priority is always at the centre of our activities. We constantly communicate the importance of safety, and makes sure that everyone understands their responsibilities in this regard. We develop and market products that can be used safely and ensure strict compliance with all regulatory requirements regarding testing and labelling. We continuously evaluate every aspect of our products, from packaging through to raw materials, to guarantee everyone's health and safety, including the public, consumers, and our own employees. We apply uniform safety standards across all the geographical regions in which we operate, disclose accurate and updated information on the safety of our products to governmental, professional, commercial and customer organisations, and follow a responsible marketing policy.

The **Responsible Marketing and Communication Policy** outlines the components of ethical, truthful and responsible communication, paying specific attention to communications for children, and to the risks of greenwashing, transparent labelling regulations, and the protection of consumer privacy.

The activities of the F.I.L.A. Group are regulated by our Ethics Code and Strategic Plan, which includes our Sustainability Plan, and are inspired by the Ten Principles of the United Nations Global Compact (UNGC). Through its **Human Rights and Labour Policy**, in addition to ensuring that all employees are treated with dignity and respect, the Group acts to protect the fundamental human rights established by the laws and regulations of each country in which we operate. In particular, the policy is inspired by international standards, including:

- The United Nations Convention on the Rights of the Child;
- The International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work and the relative applicable conventions.
- The European Convention on Human Rights.

The sustainability-related policies are scheduled to be updated in 2025, in order to refine the management of material impacts, risks and opportunities related to consumers and end-users.

For further details, see the section "*Policies adopted to manage sustainability matters*" and the website www.filagroup.it.

Processes for engaging with consumers and end-users about impacts;

The F.I.L.A. Group continuously considers the views of consumers and end-users in decision-making processes, in order to adequately manage and monitor impact areas deemed strategic. This commitment is articulated through structured direct consumer engagement initiatives. The responsibility for engaging consumers and end-users is entrusted to competent corporate functions, including, in particular, the Marketing and Sales department at the Group Parent Company level.

Between March and April 2024, a DOXA opinion survey was carried out, to collect consumer data and views. This involved 810 children between the ages of 5 and 13 and their parents, in Italy. The results showed extremely sound loyalty to the brand: Giotto is among the favourite brands for pencils and markers for children aged 5 to 13, followed by Giotto Bebè, and Lyra. DAS, Didò and Pongo are modelling clays that are very well-known among both children and parents. The product Tratto is one of the most used highlighters, while the erasable pen Cancellik is among the best-known and most-used.

Among additional data collected by the survey, it emerged that the products are perceived to perform well and last a long time, that we are scrupulous regarding the non-toxicity of our products, that we pay attention to the packaging of products from an environmental perspective, and that we care about the raw material composition of our products and our selection of suppliers. The results of this survey help us not only identify improvement actions and opportunities, but also measure the degree of consumer satisfaction.

The effectiveness of the engagement is assessed on the basis of the survey response rate and consistency of responses in the various segments.

In order to engage out consumers, we also remain committed to initiatives that promote culture and education, including university conferences, museum support, assistance for schools and teachers, scientific research, healthcare, sustainable fashion, and partnerships with volunteer organisations.

In particular, in 2024, an amount of Euro 1,981,020 was donated (in 2023, Euro 1,273,228). The following tables detail some of the initiatives of the main Group companies:

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

In 2024, engagement activities involving children, schools, and families continued, with the goal of creating shared value guided by creative growth.

The company therefore continued to develop quality projects and both video and text contents on its **Diario Creativo** (Creative Diary) platform, in addition to supporting its partners in numerous workshop projects. This hybrid digital-physical approach was taken to schools, children and families, to explore cross-cutting topics related to education, teaching, sustainability and inclusion. Specifically, the following main initiatives were carried out in the year:

- Sustainability education continued again this year, hence both F.I.L.A.'s project for schools "**Second Life Non ti Butto ti Riuso**" (Second Life: Don't Throw It Away, Reuse It), featured in **Diario Creativo**, and the renewed partnership with the Venice Biennale. This centred on the theme, which runs through all of the art exhibition's educational activities, of recovering and reusing discarded objects to make art, and was in collaboration with GIOTTO, the Biennale's Official Colour of Educational Activities. In Venice, 1,000 schools and more than 79,000 total participants, including children, young people and teachers, attended the workshops.
- Giotto and Didò were partners in several national educational projects: **The Venice Biennial**; the **MUBA (Milan Children's Museum)**, where support continued

for educational activities focusing on exhibitions and programmes for schools and families, including the newly established HUB 0/6 at Parco Trotter in 2023; **MUS.E in Florence**, the **Città della Scienza in Naples** and the **Museo del Fumetto in Milan, Spazio-WOW**.

- On the occasion of the **art exhibition dedicated to Paul Cézanne and Pierre Auguste Renoir** and celebrating 150 years of impressionism, in Milan from March 19 to June 30, 2024, at the **Royal Palace of Milan**, workshops were created for schools and families using materials provided free of charge by Giotto and Canson.
- F.I.L.A. S.p.A. funded a research grant established by the **Fondazione Veronesi**, to develop new treatment protocols for childhood cancers. The grant was awarded to Dr Michela Rossi, a researcher at the Bambino Gesù Children's Hospital in Rome. Her research focuses on osteosarcoma – a cancerous bone tumour that primarily affects children and adolescents. As part of its collaboration with the Fondazione Veronesi, F.I.L.A. S.p.A. launched a special initiative on International Childhood Cancer Day, distributing creative kits to children and teenagers hospitalised in oncology departments across Italy.
- F.I.L.A. promoted and supported, through the Giotto brand, the non-profit association **Associazione Un Sorriso in Più Onlus**, as part of the project **Nipoti di Babbo Natale**, to bring joy and affection to the elderly in nursing homes during the Christmas holidays. In addition to its donation to the non-profit, F.I.L.A. created a special project entitled **“Un disegno sotto l'albero con Giotto”** (“A drawing under the tree with Giotto”), which involved thousands of families and teachers in creating a bridge between generations through simple drawings. The project collected 847 drawings, which were published in the online gallery at www.diariocreativo.it. In January 2025, at the end of the initiative, F.I.L.A. created a large poster design with the collected drawings to send to 306 participating nursing homes, together with free supplies of Giotto products for the guests.

The Maimeri Foundation was established in 1997 in the name of Gianni Maimeri (1884-1951), an artist from Lombardy, with the aim of promoting art and culture in all its expressions. The Foundation organises exhibitions targeted at highlighting the personality, style and research of Gianni Maimeri. In 2024, the Foundation supported a number of events in various fields.

Festivals and cultural activities

- On March 1, 2024, at the **Milano Paint Academy**, the **second edition** of the **“Concetti disegnati”** (“Drawn Concepts”) show, entitled **Arte incompleta e incompiuta** (“Incomplete and Unfinished Art”), took place. This explored the work of Stefano Boeri and his studio in the recovery and conservation of the cartoon used to prepare the fresco of “The School of Athens” at the historic Milanese library Biblioteca Ambrosiana. On the same occasion, Stefano Boeri, as Councillor for Culture of the Municipality of Milan, also addressed the change of location of Michelangelo's Rondanini Pietà to the Sforzesco Castle in Milan.
- On April 17, 2024, at the **Milano Paint Academy**, the **third edition** of the **“Concetti disegnati”** (“Drawn Concepts”) show, entitled **Arte incompleta e incompiuta** (“Incomplete and Unfinished Art”), took place. This explored the work and imagination of Stefano Boeri and his studio, and hosted a discussion on the connection between art, architecture and research on the Mediterranean as one of the world's “robust coastal” areas.
- As part of its promotion of contemporary art, the Fondazione Maimeri foundation sponsored the 2024 prize entitled **I Colori del Mercato** (“The Colours of the Market”), organised by **Milano Painting Academy**, in partnership with the central Milanese market Mercato Centrale Milano. The prize, curated by Silvia Basta, is aimed at students of the Milano Painting Academy, and had as its main subject the central Milanese market, and its stories, trades, crafts and colours. A very select jury of experts was put together to evaluate the works of art. This jury included: Angelo Crespi (Director and Curator of the Pinacoteca di Brera gallery); Gianni Maimeri (CEO of Industria Maimeri and President of Fondazione Maimeri); Maddalena Mazzocut-Mis (Professor of Aesthetics at the University of Milan); Maria Vittoria Baravelli (art curator and art influencer); Paolo Manazza (journalist, art critic, painter, and Director of Arslife); Nicola Verlatto (painter). The competition was open for submissions from March 5 to May 5, 2024, the judging took place from May 5 to May 15, and the award ceremony took place on June 10.

Research in collaboration with institutions and universities

- 11/03/2024, **“An analytical survey of zinc white historical and modern artists' materials”**. A study was published on white zinc by Nicoletta Palladino, a doctoral student at Paris-Saclay University. It was a first systematic study of a large corpus of zinc white containing artists' materials, including pictorial works, historical and modern white zinc pigment powders and painting materials from the main European and American colour product manufacturers. Fondazione Maimeri contributed by sending historical material from the Maimeri Foundation Archive (including from the Company and Artist series). The aim of the study was to describe the properties of zinc oxide and colouring products derived from it, and to create an unprecedented database for the analysis of works of art and zinc white based pigments.

Exhibitions and conventions

- 11/10/2024. The photographic exhibition and conference entitled **“Idee, creatività, fotografia”** (“Ideas, Creativity, Photography”) were sponsored by the Department of Cultural and Environmental Heritage of the University of Milan and organised in partnership with Fondazione Maimeri. The initiative included the exhibition of the work by winners of the European photographic prize entitled **“Idee Photo Contest”** (“Ideas Photo Contest”), which was conceived and curated by Anna Mola to promote young talents exploring new photographic concepts and techniques. The exhibition and conference were part of the project entitled **“Obiettivo immagine: estetica della fotografia e cultura del territorio”** (“Image Objective/Lens: Aesthetics of Local Area Photography and Culture”), organised by Professor Maddalena Mazzocut-Mis, in partnership with the UNIMI Giovanni degli Antoni Department of Computer Science, and the Academy of Fine Arts of Brera. The events were also integrated in the Aesthetics Laboratory of the Photographic Image, run by the Department of Cultural and Environmental Heritage of the University of Milan.
- From 02/11/2024 to 09/11/2024, Fondazione Maimeri sponsored **Art is Young**, the third edition of an initiative to bring visibility to young artists. The review, promoted by the cultural association Young View and supported by the Fondazione di Comunità Milano foundation, presented 43 Italian and foreign artists, selected from the best universities and academies of Italy and Europe, to offer the public a programme full of immersive art experiences, accompanied by live

music, live painting, and food trucks.

- From 04/10/2024 to 20/10/2024, Fondazione Maimeri, together with the Metropolitan City of Milan and the Lombardy Region, sponsored the initiative entitled **"Magenta Colora!"** ("Magenta Colours!"). **"Aspettando la Biennale del Colore"** ("In anticipation of the "Biennial of Colour"), a cultural review featuring a rich programme of events dedicated to the rediscovery of the colour magenta, and its relation with the town of Magenta, in the Metropolitan City of Milan. The event, also promoted by Fucsina, the Maxentia Big Band association and the Fondazione per Leggere ("Reading Foundation"), proposed exhibitions, talks, music and workshops that animated the town of Pontenuovo di Magenta, together with guided tours of the SAFFA industrial village organised by Fondo Ambiente Italiano (FAI). Fondazione Maimeri participated in the exhibition entitled **"Colore: "Arte, Scienza, Tecnologia e Gianni Maimeri"** ("Art, Science, Technology and Gianni Maimeri", in honour of the Fondazione Maimeri President), and organised a talk with Emanuela Previde Massara on **"Blu oltremare/Il colore perfetto"** ("Ultramarine/The perfect colour"). Among the technological partners were MPA and Punto sull'Arte.
- From 14/11/2024 to 17/11/2024, Fondazione Maimeri, in partnership with Antonio Colombo Arte Contemporanea and Milano Painting Academy, presented a **double personal exhibition of the work of Michela Gibillini and Alessio Sala, at the gallery Galleria Antonio Colombo**. The two artists had been among the first students to complete the three-year drawing and painting course at Milano Painting Academy: Michela Gibillini presented her work under the title **"The poetry of the face and the gesture focused on the face and the human gesture"**, while Alessio Sala presented his work under the title **"The body as a structure of time reinterpreted in a contemporary key as the body as a measure and structure of time"**. The exhibition was curated by Angelo Crespi, and included a piano and voice performance by Fiamma Vello.

Further Group initiatives are summarised below:

<p>Canson, France:</p> <ul style="list-style-type: none"> since 2006, has sponsored the Louvre Museum in Paris, with whom it has also collaborated on the restoration of works of art. The sponsorship of goods in kind (artist notebooks with high quality paper) are part of the educational and social support programmes for artistic learning. supports Musée En Herbe, Action Contre la Faim or Dons Solidaires by donating drawing products; donates paper and drawing products to the Musée en Herbe or Action contre la Faim or Dons Solidaires for educational programmes for schools and individuals; regularly donates stock materials to schools or associations that organise events, such as competitions or end-of-year parties. 	<p>Lyra, Germany:</p> <ul style="list-style-type: none"> supported several independent social institutions, such as nursery and elementary schools, with their creative projects; sent products in support of the Munich International Youth Library; sponsors projects to combat racism with our inclusive skin tone sets; supported several aid projects for children all over the world; provided products to nearly 100 small artists for creative workshops or to support their projects; participated in projects by creative organisations such as Urban Sketching Dortmund, by providing sponsored products; helped Ukrainian refugee children with equipment to continue their education in schools in Germany (pencils, rulers, erasers, paintbrushes and much more)
<p>Dixon Ticonderoga Company, United States:</p> <p>aims to use creativity and inspiration in art and education in order to ignite the imagination, encourage enjoyment and enhance lives through shared creative expression. Supports causes, both local and national, that use its artistic and educational products to make a difference in people's lives. Supported 88 organisations, specifically:</p> <ul style="list-style-type: none"> since 2021, it has strengthened its partnership with the Kids in Need Foundation (KINF). KINF is a non-profit organisation whose mission is to help ensure that every child in America has equal opportunity and access to a Quality Education As the presenting sponsor of their national network of resource centres, it provides the necessary support so teachers can teach and students can learn in under-resourced schools across the country. It supported hurricane victims in the United States, through the Resource Depot for Students and Artists. 	<p>Daler-Rowney, United Kingdom:</p> <ul style="list-style-type: none"> donated art materials to support a series of workshops organised by the Saatchi Gallery; donated products to schools through the In Kind Direct project, for its summer campaign and other occasions; collaborates in the fashion industry with eco-pioneers VIN + OMI to raise awareness of sustainability matters and explore new ways of using art materials to reduce waste and recycle art materials used in the fashion industry. The VIN + OMI project won the 2019 Peta Fashion Innovation Award for research, development and design and was named among the top five design studios by the Dezeen Awards 2022 in the "International Design Studio" category (www.vinadomi.com); "Have Your Say" was a textile artwork crowd-sourced to reflect the voices of our time, and decorated by hand over two days, on the occasion of the Great Exhibition Road Festival. Daler-Rowney generously sponsored and supported this event with equipment and supplies; sponsored and participated in various creative events, competitions, tutorials, workshops, and support for veterans' associations; it also participated in several government and university projects; with its own products, it supported the children and teachers of numerous schools; is a partner in the Certified Sustainable initiative (www.certified-sustainable.co.uk); is an active member of the European Council of the Paint, Printing Ink and Artists' Colours Industry, CEPE (www.cepe.org), the International Art Materials Association, NAMTA (www.namta.org), and the Fine Art Trade Guild (www.fineart.co.uk), to promote the exchange of ideas, standards and best practices in the art materials industry. <p>For further information, see the company's website.</p>
<p>Dixon Kunshan, China:</p> <ul style="list-style-type: none"> Supported several initiatives at rural schools through the donation of products; Provided support to the Wudu District, in North-West China, to allow an increasing number of students to benefit from using our products in writing and drawing. 	<p>Dixon Ticonderoga Mexico:</p> <ul style="list-style-type: none"> provided support to over 500 children in various schools; organises workshops and sponsors events in the following museums and public institutions: Museo de la Acuarela and Department of Culture of Mexico City

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The F.I.L.A. Group undertakes to understand societal changes in order to always offer products and services that are up-to-date with the times. The trust of consumers, built up over time, testifies to the robustness of the Group, its brands and its products (for further insights relating to brands and products, see the section “*A global presence*”). Our vision, mission, purpose and values reflect our strong consumer-oriented culture (for further insights, see the section “*Purpose, vision, mission and values*”).

Communication channels

The F.I.L.A. Group generally does not entertain direct relations with consumers, except on rare occasions, since it mainly operates a B2B trade. Nonetheless, consumers can make direct contact via two channels:

- The **corporate website**, through which it is possible to send an e-mail to various departments ([Contact F.I.L.A. - Fabbrica Italiana Lapis ed Affini | Office and Information/](#)). In a first stage, the communications are managed centrally, sorted and forwarded to the various competent departments. In a second stage, contact is made with the consumer in order to manage any reported issues. The communications made via this channel may not be made anonymously, as the form requires the entry of personal details.
- **Social media**, in particular through the posting of comments or direct messages. Direct interactions via social media are entrusted to third parties, in particular, to specialist consultancy companies, which regularly report to the Group on prevalent contents and critical issues raised by consumers and end-users. In the event of issues, the company makes direct contact with those concerned.

In the F.I.L.A. Group, **Customer Care** refers to relations with direct customers (the Group mainly sells to businesses, and not to final consumers), which are managed locally by the various branches and Sales Office. At many branches, figures in the sales department take comprehensive care of the customer, that is, from the acquisition of each order through to its fulfilment, customer care and the management of any complaints. A strong integration of logistics, accounting and customer care allows the Company to effectively manage direct relations between internal figures and customers. Each sales area manager is responsible for a portfolio of customers, and for facilitating a direct communications channel, also by means of e-mail. At certain branches, sales agents handle specific contracts and coordination with the Company.

Any complaints from customers are managed directly by the sales area manager, recorded in the SAP management system, and managed in a timely and efficient way in order to guarantee a high quality service and customer experience. The customer care process is designed to guarantee efficiency and

timeliness, and offers various communication channels to collect feedback from customers, listen to needs, and manage any complaints. Through e-mails, telephone discussions and meetings at trade fairs, the Group does not merely solve issues, but undertakes to establish a relationship of trust with customers, in order to guarantee a quality service focused on listening and continuous improvement. Given the continuous contact and good relations with customers, the Group has not carried out structured surveys on the question of customer care. Nonetheless, using a consolidated methodology, it regularly carries out engagement activities addressing stakeholders, and treasures the feedback it receives. More details are provided in the section “*Stakeholders and their engagement*”.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

It is essential that in the conduct of its business operations there is complete and timely knowledge of the **standards applicable to product safety** overall, and more specifically to the safety of toys/cosmetic toys, both in terms of their production and their sale. At the Group Parent Company level, the Quality Assurance and Product Safety and Compliance functions continuously monitor the evolution of standards and legislation applicable to products and research and development activities of the Group, for example, through subscriptions to specialist newsletters, consultation of regulatory and standard source materials, and participation in dedicated events, in coordination with the offices of relevant manufacturing companies. No relevant issues were reported in 2024, and no actions are currently planned in the coming years to make changes to production processes or rethink the composition of products marketed by the Group.

All products manufactured by the Group are extensively assessed for safety and compliance before their market launch and monitored regularly and in any cases of non-compliance or reports. For further information in this regard, see the section “*Research & Development and Quality Control Activities*”.

Regarding product safety, the competent functions, with additional support from external specialist consultants, carry out continuous assessments to identify deficiencies and areas for improvement. This involves analyses not only of applicable laws and regulations, but also of voluntary product safety codes, and any incidents related to product safety issues are monitored and managed by each company at the local level. Through the collection of sustainability information at the end of the year, and at the half-year mark for internal use, in 2024, 2 products were the subject of specific safety assessments and improvements (4 in 2023). The first involved some watercolour paints produced by Dixon Ticonderoga Company in which a high level of barium was found. The products were taken off the market and the supplier made improvements to guarantee conformity and compliance, and now continues to test the

products both internally and via third-party laboratories. At Fila Arches, an alternative is being studied to formalin for the reticulation of gelatin, used in the production of watercolours. This product is subject to governmental emissions limits, also in order to limit personnel exposure to such emissions.

The management of product safety-related topics takes into account the type of product, such as products classified as toys or as cosmetic toys (e.g. Giotto Make-up), and products not classified as toys or as cosmetics (e.g. all products related to writing, including rulers, pens, highlighters, permanent markers, and art items). For further information, see the related section “*Research & Development and Quality Control activities*”.

The following table summarises the main regulations applicable at Group level regarding “cosmetic toys”, toys and non-classified products including toys and cosmetics:

TOYS

Launching any generic product on the market and launching products that come under the **standards required for toys**, requires, specifically, that they are designed and manufactured to avoid:

- exposure to hazards due to physical/mechanical properties. (e.g. pointed and sharp edges for all toys; small parts and dangerous conditions as above after misuse testing procedures, which are applicable to toys for children under 36 months) or
- chemical risks due to restricted substances that might cause adverse health effects to in the consumer, such as heavy metal, phthalates and allergens.

The main factors taken into account to ensure product quality and safety are the production processes, the products’ physical and mechanical characteristics, their packaging and labelling, non-flammability, as well as their chemical and hygiene specifications.

Toy safety is standardised across European to comply with essential requirements required to be implemented during the manufacturing process prior to the products’ market launch. The **Directive on toy safety** (2009/48/EC) requires that the manufacturer, prior to the market launch of a toy, applies specific procedures to assess its safety. Moreover, the manufacturer must provide a technical sheet for each toy detailing all the information required to demonstrate the toy's compliance with regulatory standards. The toy or similar product compliant with these requirements will bear the CE conformity marking. All products classified as toys by the F.I.L.A. Group and sold on the European market are compliant in relation to the relevant standards and bear the “CE” conformity marking.

Products launched on the US market are also required to be CPSA-compliant (Consumer Product safety Act), specifically in terms of their total lead content (under 100 ppm), as well as for the presence of phthalates. On the US market, the AP-seal can only be applied once a Toxicological Risk Assessment complemented by a formula review, as well as documentation on the components and specific analyses based on the CPSA requirements have been carried out by the certifying entity.

For all other markets, reference is generally made to any potential specific requirements by local distributors, in addition to the European standards.

"COSMETIC TOYS"

For products classified as "cosmetic toys" (mainly sold on the European market), Regulation 1223/2009/EC ("Cosmetics Regulation") applies, in addition to the toy regulation.

This Regulation requires a toxicological assessment of the product's safety, as well as compliance with good manufacturing practices (GMP), established under UNI EN ISO 22716:2008 for cosmetic products.

PRODUCTS NOT CLASSIFIED AS TOYS OR COSMETICS

The safety of Group products not classified as toys or cosmetics is guaranteed by compliance with the general standards applicable to products or miscellaneous products launched on the market (i.e. REACH Regulation (EC) No. 1907/2006, CLP Regulation (EC) No. 1272/2008, Regulation 528/2012 BPR and Regulation (EU) 988/2023 on General Product Safety). In particular, the General Product Safety Regulation (GPSR) requires a risk prevention assessment for each product placed on the market, to guarantee the safety of the product according to its uses and the types of consumer it is marketed to, without neglecting plausible improper uses, such as by children. Production and design measures also guarantee product safety by mitigating risks to consumers in products where no specific standards apply, in addition to the product safety assured by Parent F.I.L.A. and the Group itself through its application of British Standard 7272, a non-harmonised, and therefore, non-binding standard that defines safety for caps and back

plugs in writing tools. Finally, product safety is also covered by the correct and timely identification of hazards, both in order to comply with applicable standards and to provide correct consumer information.

The Group has always allocated various resources to raising the awareness of consumers and end-users on negative impacts of products in terms of personal safety. In addition to the research, development and quality assurance activities conducted by dedicated functions, as described above, an essential aspect is the clarity, completeness and readability of product labelling. There are numerous aspects that concern the labelling requirements of the F.I.L.A. Group's products, in compliance with local regulations. These include component supply, composition, specifically in terms of substances potentially harmful to the environment and/or to the local communities, the safe use of the product, and product disposal requirements once the product has been used. An increasing number of Group companies have drawn up specific internal procedures for the management of health and safety topics, product information, labelling and marketing, in compliance with applicable regulations.

In 2024, a case of non-compliance in marketing involved Dixon Ticonderoga Company, following an assessment of the company's website, which evidenced non-compliance with the Americans with Disabilities Act (ADA) standards for accessible design in relation to the captions of images. An assessment was then made of all corporate web pages, and plans were put in place not only to ensure compliance with the standards, but also to assess further corporate sites and to allocate a dedicated contact person for questions regarding web accessibility and to guide our Customer Care team.

In 2024, the Group saw a limited number of cases of non-compliance with laws and regulations, partly of a voluntary nature, concerning product safety and labelling, all of which had modest impacts that did not generate concrete effects on people's health. Some involved the language of the instructions in the label, the description of the origin or the composition of certain components; all situations were handled and resolved promptly.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The F.I.L.A. Group continues to be committed to the protection of children and the health and safety of all consumers as a Group priority from the development of products right through to their production.

As per various initiatives and projects outlined in the 2025-2029 Sustainability Plan, the Group is planning for long-term targets in relation to consumers and end-users.

Governance information

The F.I.L.A. Group has always been committed to strengthening its governance system in line with the best national and international practices. The Group's governance system is based on principles of transparency, integrity and sustainability, in line with international best practices and current regulations in the markets in which it operates. The governance of F.I.L.A. Group, as a market-listed Parent Company with a global presence, is structured as per the traditional system of a Board of Directors in charge of strategic and operational management, and a Board of Statutory Auditors that performs supervisory functions regarding organisational, administrative and accounting adequacy.

ESRS	DISCLOSURE REQUIREMENT	REFERENCE SECTION
<i>Governance information</i>		
ESRS G1	GOV-1 - The role of the administrative, management and supervisory bodies	The administrative, management and supervisory bodies
ESRS G1	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Double Materiality, ESRS G1 Business conduct
ESRS G1	G1-1 Corporate culture and business conduct policies	Corporate culture and business conduct policies, 231 Model and Supervisory Board
ESRS G1	G1-2 Management of relationships with suppliers	Management of relationships with suppliers, including payment practices
ESRS G1	G1-6 Payment practices	Management of relationships with suppliers, including payment practices

ESRS G1 Responsible business conduct

The double materiality assessment, as described in the “*Double Materiality*” section, enabled the identification of the following IROs:

ESRS G1 - Material IROs							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/own operations	Positive or negative	Actual or potential
Business conduct	Corporate culture		Impact	An effective Group organisational model has positive impacts on internal stakeholders in terms of well-being, human capital development, employee health and safety, diversity and equal opportunities.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	An effective Group organisational model has positive impacts on skill retention within the Company, reduced turnover (recruitment costs) and operating costs, and avoids disruption in production/activities.	Own operations	Positive	Actual

ESRS G1 - Material IROs							
Topic	Sub-topic	Sub-sub-topic	Impacts, Risks and Opportunities (IROs)	Description	Value chain/own operations	Positive or negative	Actual or potential
Business conduct	Corporate culture		Impact	Coordinating subsidiaries on sustainability matters could make the management of ESG aspects more effective, thereby reducing negative impacts on the environment through greener practices and enhanced resource efficiency.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	The effective management of sustainability matters at Group level could also strengthen the Company's reputation, improving relationships with stakeholders, attracting investors and contributing positively to financial performance, with the potential to acquire new clients and reduce the risk of business losses.	Own operations	Positive	Potential
Business conduct	Corporate culture		Impact	Developing and communicating a strategic sustainability plan to stakeholders creates opportunities for mitigating ESG impacts by engaging internal and external stakeholders in projects defined by the Group.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	Developing and communicating a strategic sustainability plan to stakeholders also has positive impacts on corporate image and reputation.	Own operations	Positive	Actual
Business conduct	Corporate culture		Opportunities	Overseeing and monitoring key ESG regulations, particularly on sustainability reporting (CSRD), at the Parent Company level could have positive impacts on the efficacy of ESG disclosures while also strengthening the Group's reputation.	Own operations	Positive	Actual
Business conduct	Corporate culture	Management of relationships with suppliers, including payment practices	Opportunities	Comprehensive supply chain management integrated with ESG aspects can have positive impacts on supplier environmental management.	Own operations	Positive	Potential
Business conduct	Corporate culture	Management of relationships with suppliers, including payment practices	Opportunities	Comprehensive supply chain management integrated with ESG aspects can have positive impacts on workers in the value chain.	Own operations	Positive	Potential

Corporate culture and business conduct policies

This section describes the ways in which the F.I.L.A. Group is committed to promoting its own corporate culture and in managing the negative impacts of behaviours that do not comply with regulations and standards, or of the failure of ethics and integrity safeguards.

The provisions refer to the perimeter of the Group, and, where specified, apply differently to the subsidiaries.

The administrative, management and supervisory bodies, each according to its own competence and

responsibilities (for further details on the competences of the administrative, management and supervisory bodies, please refer to the section “*Administrative, management and supervisory bodies*”), guarantee the responsible management of the Company, protect whistleblowers and reporters of issues, and manage relations with suppliers, in compliance with the Group’s ethics and values. For more information on the corporate governance system, see the section “*Corporate governance model*”. If necessary, further duties are assigned to specific corporate functions.

For further details, see the section “*Policies adopted to manage sustainability matters*” and the website www.filagroup.it.

Business conduct

The F.I.L.A. Group promotes a responsible business model according to the principles enshrined in its Ethics Code on the assumption that “doing business” cannot be separated from **business ethics**.

The F.I.L.A. Group’s **Ethics Code** defines a set of values and elements to improve decision-making and promote transparency and ethics. This document outlines the principles, values and rules of conduct observed by the Group, in addition to the ethical commitments and responsibilities which it undertakes and complies with in the course of business operations and which govern the conduct of all those working within or on behalf of the Group.

The provisions of the Ethics Code are an integral part of the contractual obligations of contractors, and their violation constitutes contractual non-fulfilment.

The **Code of Conduct for Suppliers and Business Partners** also sets out the guidelines and general principles to be followed by suppliers, business partners, consultants, contractors, professionals, and any subcontractors. Specifically, the Code of Conduct states that: “*The Group prohibits any type of corruption. This includes dealings with private citizens. Addresses, in turn, may not allow or undertake any form of corruption, including payments or other types of benefit conferred personally on Directors, employees or representatives of the Group, when said conferral aims to inappropriately influence company decisions.*” Believing in the importance of business conduct based on shared values, the Group has identified as a sustainability goal the adoption of its Code of Conduct for Suppliers and Business Partners. For further information in this regard, see the section on “*Workers in the value chain*”.

231 Model and Supervisory Board

To prevent the commission of the relevant crimes as per Legislative Decree No. 231 of 2001 (“Legislative Decree No. 231/2001”) and in compliance with the regulation adopted by Consob and the Corporate Governance Code, F.I.L.A. S.p.A.’s Board of Directors adopted its **Organisation, Management and Control Model** (“231 Model”), which is subject to routine updates in relation to

regulatory or organisational changes.

The 231 Model was drawn up to respond to the following requirements:

- identify at-risk activities
- set out protocols for the prevention of the relevant crimes
- identify the means for the management of financial resources and the prevention of relevant crimes
- establish disclosure obligations to the body checking the functioning and compliance of the models (Supervisory Board)
- introduce an internal disciplinary system to sanction failure to comply with the measures indicated in the 231 Model.

The criteria for the prevention of the commission of offenses is based on “acceptable risk” i.e. the residual *“possibility to commit an offence only by fraudulently violating a preventative protocol”*. The key objective of the 231 Model is to ensure that all recipients are fully aware that the Group’s operations are based on strict compliance with applicable laws and regulations and that such compliance is undertaken to ensure that the physical persons and the companies of the F.I.L.A. Group do not run the possibility of committing offences.

Compliance with the 231 Model is mandatory and any violations thereof constitute a breach of the mandate between the members of the administrative and control bodies and, for employees, a violation of the obligations arising from the employment relationship, resulting in the application of the sanctions established by the disciplinary system.

Except for application of the Ethics Code and the Group policies and procedures, the subsidiaries are not direct recipients of the Model adopted by F.I.L.A., but are required by the Parent to adopt adequate management and control systems to ensure the legal and regulatory compliance and correctness of the respective activities. In 2021 the Parent Company also prepared and in 2022 distributed a Group Organisational Model to its production companies, formally including subsidiaries in the activities to control and reduce of risk of the offences outlined in Legislative Decree No. 231.

A key element of the 231 Model is the **Ethics Code**, which is a key point of reference that lies at the heart of all Group policies and outlines the general principles on which should be based the conduct of the Directors and Statutory Auditors, all employees of the Parent company F.I.L.A. S.p.A. and of the subsidiaries, as well as all those who undertake contractual relations with the Company.

The **Supervisory Board** - appointed by the Board of Directors, to whom it reports periodically - oversees the updating and correct functioning of the 231 Model. The Supervisory Board comprises external professionals and the Internal Audit Manager, with a view to a comprehensive management of

risks. The tasks and duties of the Supervisory Board, as per applicable standards, are:

- overseeing compliance with the Model's requirements;
- evaluating, in relation to the corporate structure, the effectiveness and capacity of the Model to prevent the offences provided under the Legislative Decree No. 231/01;
- proposing any necessary updates to the Model to adapt it to changes in corporate conditions, or directly making updates that do not fall under the competence of the Board of Directors;
- supervising the effectiveness of the Model by checking its consistency with real behaviours.

Reports can be submitted to the Supervisory Board by the following methods:

- e-mail: odv@fila.it
- postal address: OdV - c/o Fila S.p.A., Pero (MI), via XXV Aprile, n. 5 - 20016, Italy

By law, the Supervisory Board has the task of guaranteeing the confidentiality of the reporter and the content of the report. The reports are also verified, when appropriate, by business functions or external consultants, in full compliance with confidentiality obligations. If the only evidence to support the reported event is the whistleblower's own word, the Supervisory Board may ask the reporter for authorisation to forward it to the relevant company departments or the competent authorities.

Protection of whistleblowers

The F.I.L.A. Group actively undertakes to guarantee a corporate environment marked by the principles of integrity, transparency and responsibility, and to promote the reporting of illicit conduct or behaviours not compliant with ethical and regulatory standards.

Furthermore, as per Article 4 of Legislative Decree No. 24/2023, implementing Directive (EU) 2019/1937 on the protection of individuals who report breaches of European Union legislations or national law, the Group has strengthened its reporting system and the Board of Directors of F.I.L.A. S.p.A., adopted a specific Whistleblowing Policy and Procedure.

The scope of whistleblowing concerns: violations of European Union law (including in relation to public contracts, financial services, banking and insurance products, money laundering, terrorism financing, product safety and compliance, transport safety, environmental protection, radiation and nuclear safety, food and animal feed safety, animal welfare, public health, consumer protections, privacy and personal data protections, and network and information system security); violations of the EU Whistleblowing Directive 2019/1937; acts or negligence that harm the financial interests of the European Union, as per Article 325 of the Treaty on the Functioning of the European Union (TFEU); acts or behaviours that go against European Union competition, state aid and company tax rules; violations of national legislation, if pertinent to the above listed topics; and illicit conduct or

irregularities regarding public and private bodies (including corruption and fraud, conflicts of interest, abuse of office, violation of occupational safety regulations, discrimination, and violations of gender equality regulations). Excluded from the scope of whistleblowing are disputes or claims of a personal nature involving workers (e.g. contractual relationship disputes) and information covered by professional, medical or legal confidentiality, apart from specific exceptions.

Specifically, a **whistleblowing channel** has been established, which guarantees confidentiality for the reporting person, the person involved, and the person mentioned for any reason in the report, in addition to the content of the report and related documentation.

The addressees of the Whistleblowing Policy are:

- employees;
- self-employed workers who carry out work at F.I.L.A.;
- workers or contractors who carry out work for public or private companies that supply goods or services or carry out work for F.I.L.A.;
- freelancers and consultants who work at F.I.L.A.;
- volunteers and interns, whether paid or unpaid, who work at F.I.L.A.;
- natural persons who hold F.I.L.A. shares

In addition to this channel, legislation provides for another tool, which is managed by the National Anti-Corruption Authority (ANAC). In exceptional circumstances, and only when there is imminent danger to the public, or the reporter has well-founded reasons to believe that the internal or external report will not be adequately followed-up, the possibility of public dissemination through the media is envisaged.

The management of reports, as per Article 4 of Legislative Decree No. 24/2023, is entrusted to a Reporting Manager, that is, the Supervisory Board, which operates independently, impartially, and confidentially. For relevant reports as per legislation, the outcome of investigations is communicated to the reporter within three months of the receipt of the report, thus guaranteeing a timely and transparent response.

The F.I.L.A. Group does not tolerate any form of retaliation towards the reporter or anyone involved in the reporting process. To protect those who make reports in good faith, every discriminatory action is prohibited, including layoffs, demotions, penalisation in the workplace, and any other direct or indirect retaliatory measure. A rigorous disciplinary system is also in place against those who hinder reports, take retaliation action or violate confidentiality in the management of reports. Disciplinary action is also taken against those who make unfounded and intentionally harmful or grossly negligent reports.

In November, in F.I.L.A. S.p.A., training was delivered to employees on the 231 Model and Whistleblowing. The Group does not currently have any set targets in terms of training frequency or

content detail.

In 2024, one report was received in the dedicated report postal box. Following the investigations and assessments of the outcomes of analyses carried out by the supervisory bodies and lawyers of the Group Parent Company, the Supervisory Board considered that the only report received in 2024 was not pertinent to the adequacy of Fila S.p.A.'s Organisation, Management and Control Model, and did not fall within the cases provided for by current whistleblowing legislation.

Management of relationships with suppliers, including payment practices

The Group has a central purchasing department that supervises and monitors the costs of its supply chain, primarily for international suppliers. Even though our business model entails the verticalisation of production operations (for further information, see the section “*Vertically integrated business model*”) involving a high degree of inter-company exchanges, the Group undertakes relations with various outside suppliers, always based on legality, correctness, transparency and equal treatment.

The **Sustainable Procurement Policy** makes it clear that the Group expects suppliers and business partners to adhere to specific principles in terms of working conditions, health and safety, respect for the environment, and in dealings with the Public Administration and Institutions, consistent with those adopted by the Group. In order to guarantee commercial relations with suppliers and business partners based on transparency, fairness and business ethics, the Group has defined a “**Code of Conduct for Suppliers and Business Partners**”, which is adopted by suppliers in line with the Group's strategy and business model. For further details, please refer the section “*Consumers in the value chain*”.

For raw materials, packaging and finished product components, the F.I.L.A. Group relies on a limited number of suppliers. In particular, the Group procures the highest volumes of raw materials and the most important components from one main supplier, though it has also identified at least one or two alternatives. Although the F.I.L.A. Group has long-standing business relations with its suppliers, they are generally not governed by fixed-term contracts. Raw materials and components are therefore mainly procured via individual purchase orders, and any issues concerning their quality, quantity or specifications are raised on delivery.

In order to maintain high product quality standards, **supplier screening** is based on the technical, qualitative and quantitative requirements of the purchased products as ordered, the reputation and the reliability of the third-party company (including an ability to comply with the supply-plan so as to avoid delays in production schedules), as well as finding the best quality/price ratio and avoiding any form of favouritism or discrimination. Selected suppliers are regularly monitored to assess their production efficiency, delivery times, financial stability, and compliance with quality standards and social and

environmental regulations. In particular, in 2024, 30% of new suppliers were assessed considering environmental and social aspects.

The F.I.L.A. Group has standard terms for payments to suppliers, regardless of their size. These terms are included in contracts, in order to ensure timely payments, and methods, terms and conditions are also indicated in purchase orders. In line with the 2025-2029 Strategic Plan, in the short to medium term, it has and is developing guidelines for all the Group companies regarding payment practices.

The Group pays goods purchased and services received approximately 35 days from the invoice issue date.

The calculation was carried out considering the days between the date the invoice has been issued and the payment date, and the monetary value of the invoice. We note that, for the calculation of this indicator, it was possible to consider a representative sample of approximately 70% of the entire cost of sales in 2024. The Group commit, to consider in the future a sample as close as possible to 100%.

Moreover, it is noted that in 2024, there were no ongoing legal proceedings regarding late invoice payments.

Appendices

Appendix A - Companies included in the reporting scope by reporting topic:

F.I.L.A. Group Company	Country
F.I.L.A. Argentina S.A.	Argentina
Canson Australia PTY LTD	Australia
F.I.L.A. Benelux SA	Belgium
Canson Brasil I.P.E. LTDA	Brazil
Canadian Holding	Canada
Dixon Ticonderoga Art	Canada
F.I.L.A. Chile Ltda	Chile
Canson Qingdao Ltd	China
Beijing F.I.L.A.-Dixon Stationery Company Ltd.	China
F.I.L.A. Dixon Stationery (Kunshan) Co., Ltd.	China
F.I.L.A. Canson Art & Craft Yixing Co. Ltd	China
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd.	China
Canson SAS	France
Lodi 12 SAS	France
F.I.L.A. Arches	France
Daler Rowney GmbH	Germany
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG	Germany
Lyra Bleistift-Fabrik Verwaltungs GmbH	Germany
F.I.L.A. Hellas SA	Greece
Princeton Hong Kong	Hong Kong
PT. Lyra Akrelux	Indonesia
F.I.L.A. Art and Craft Ltd.	Israel
Canson Italy	Italy
F.I.L.A. S.p.A.	Italy
Industria Maimeri S.p.A.	Italy
Grupo F.I.L.A.-Dixon, S.A. de C.V.	Mexico
Grupo FILA Peru S.a.c.	Peru
F.I.L.A. Polska Sp.Z.o.o	Poland
Daler Rowney Ltd	United Kingdom
St.Cuthberts Mill Limited Paper	United Kingdom
St.Cuthberts Holding Limited	United Kingdom
Renoir Topco Ltd	United Kingdom
Renoir Midco Ltd	United Kingdom

F.I.L.A. Group Company	Country
Renoir Bidco Ltd	United Kingdom
Creative Art Products Limited	United Kingdom
Brideshore srl	Dominican Republic
F.I.L.A. Stationary O.O.O.	Russia
F.I.L.A. Hiberia S.L.	Spain
Dixon Ticonderoga Company	USA
F.I.L.A. SPECIALTY PAPERS LLC	USA
F.I.L.A. SA PTY LTD	South Africa
F.I.L.A. Nordic AB	Sweden
F.I.L.A. Art Products AG	Switzerland
F.I.L.A. Stationary and Office Equipment Industry Ltd. Co.	Turkey

Appendix B - Exemptions applied

The following table indicates the exemptions applied by F.I.L.A. Group in the Consolidated Sustainability Statement, in compliance with the CSRD and ESRS.

ESRS	Exemptions
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Exemption applied
E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Exemption applied
E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Exemption applied

Appendix C - ESRS disclosure requirements in the Consolidated Sustainability Statement

ESRS DISCLOSURE REQUIREMENTS IN THE STATEMENT		
ESRS	DISCLOSURE REQUIREMENT	REFERENCE SECTION
<i>General disclosures</i>		
ESRS 2	BP-1 - General basis for preparation of sustainability statements	Methodology, Appendix A
ESRS 2	BP-2 - Disclosures in relation to specific governance circumstances	Methodology, Appendix C
ESRS 2	GOV-1 - The role of the administrative, management and supervisory bodies	Administrative, management and supervisory bodies; A global presence
ESRS 2	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability governance
ESRS 2	GOV-3 - Integration of sustainability-related performance in incentive schemes	Integrating sustainability into incentive schemes
ESRS 2	GOV-4 - Statement on due diligence	Due diligence
ESRS 2	GOV-5 - Risk management and internal controls over sustainability reporting	Risk management and internal controls over sustainability reporting; Sustainability governance
ESRS 2	SBM-1 - Strategy, business model and value chain	A global presence; 2025-2029 Sustainability Plan; The F.I.L.A. Group's objectives; Value chain
ESRS 2	SBM-2 - Interests and views of stakeholders	Stakeholders and their engagement; Double materiality
ESRS 2	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality
ESRS 2	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality
ESRS 2	IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	Double materiality
<i>Environmental information</i>		
ESRS E1	GOV-3 - Integration of sustainability-related performance in incentive schemes	Integrating sustainability into incentive schemes
ESRS E1	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information
ESRS E1	E1-1 - Transition plan for climate change mitigation	Transition plan for climate change mitigation
ESRS E1	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Environmental information
ESRS E1	E1-2 - Policies related to climate change mitigation and adaptation	Policies related to climate change mitigation and adaptation
ESRS E1	E1-3 - Actions and resources in relation to climate change policies - metrics and targets	Actions and resources in relation to climate change policies
ESRS E1	E1-4 - Targets related to climate change mitigation and adaptation	Targets related to climate change mitigation and adaptation
ESRS E1	E1-5 - Energy consumption and mix	Energy consumption
ESRS E1	E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions	Scope 1, 2 and 3 GHG emissions
ESRS E3	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Environmental information
ESRS E3	E3-1 - Policies related to water and marine resources	Policies related to water and marine resources
ESRS E3	E3-2 - Actions and resources related to water and marine resources	Actions and resources related to water and marine resources
ESRS E3	E3-3 - Targets related to water and marine resources	Targets related to water and marine resources
ESRS E3	E3-4 - Water consumption	Water consumption
ESRS E3	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Environmental information
ESRS E5	E5-1 Policies related to resource use and circular economy	Policies related to resource use and circular economy

ESRS E5	E5-2 - Actions and resources related to resource use and circular economy	Actions and resources related to resource use and circular economy
ESRS E5	E5-3 Targets related to resource use and circular economy	Targets related to resource use and circular economy
ESRS E5	E5-4 Resource inflows	Resource inflows
ESRS E5	E5-5 - Resource outflows	Resource outflows
<i>Social information</i>		
ESRS S1	SBM-2 Interests and views of stakeholders	S1 Own workforce
ESRS S1	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	S1 Own workforce
ESRS S1	S1-1 - Policies related to own workforce	Policies related to own workforce
ESRS S1	S1-2 Processes for engaging with own workers and workers' representatives about impacts	Processes for engaging with own workers and workers' representatives about impacts
ESRS S1	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches
ESRS S1	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets related to own workforce
ESRS S1	S1-6 Characteristics of the undertaking's employees	Characteristics of the undertaking's employees
ESRS S1	S1-7 Collective bargaining coverage and social dialogue	Collective bargaining coverage and social dialogue
ESRS S1	S1-13 Training and skills development metrics	Training and skills development metrics
ESRS S1	S1-14 Health and safety metrics	Health and safety metrics
ESRS S1	S1-15 Work-life balance metrics	Work-life balance metrics
ESRS S1	S1-17 Incidents, complaints and severe human rights impacts	Incidents, complaints and severe human rights impacts
ESRS S2	S2-1 Policies related to value chain workers	Policies related to value chain workers
ESRS S2	S2-2 Processes for engaging with value chain workers about impacts	Processes for engaging with value chain workers about impacts
ESRS S2	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Processes to remediate negative impacts and channels for value chain workers to raise concerns
ESRS S2	S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions.
ESRS S2	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
ESRS S4	SBM-2 Interests and views of stakeholders	ESRS S4 Consumers and end-users;
ESRS S4	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS S4 Consumers and end-users
ESRS S4	S4-1 Policies related to consumers and end-users	Policies related to consumers and end-users
ESRS S4	S4-2 Processes for engaging with consumers and end-users about impacts	Processes for engaging with consumers and end-users about impacts;
ESRS S4	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
ESRS S4	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
<i>Governance information</i>		
ESRS G1	GOV-1 - The role of the administrative, management and supervisory bodies	The administrative, management and supervisory bodies
ESRS G1	IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	Double Materiality, ESRS G1 Business conduct

ESRS G1	G1-1 Corporate culture and business conduct policies	Corporate culture and business conduct policies, 231 Model and Supervisory Board
ESRS G1	G1-2 Management of relationships with suppliers	Management of relationships with suppliers, including payment practices
ESRS G1	G1-6 Payment practices	Management of relationships with suppliers, including payment practices

Appendix D - List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Material/Not material	Reference section
ESRS 2 GOV-1 Board's gender diversity, paragraph 21(d)	Annex I, table 1, indicator no. 13		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	Administrative, management and supervisory bodies; A global presence
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	Administrative, management and supervisory bodies; A global presence
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Annex I, table 3, indicator no. 10				Material	Due diligence
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	Annex I, table 1, indicator no. 4	Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk	Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	A global presence; 2025-2029 Sustainability Plan; The F.I.L.A. Group's objectives; Value chain
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40(d)(ii) (d)(ii)	Annex I, table 2, indicator no. 9		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	A global presence; 2025-2029 Sustainability Plan; The F.I.L.A. Group's objectives; Value chain
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii) (d)(iii)	Annex I, table 1, indicator no. 14		Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Material	A global presence; 2025-2029 Sustainability Plan; The F.I.L.A. Group's objectives; Value chain
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)			Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Material	A global presence; 2025-2029 Sustainability Plan; The F.I.L.A. Group's objectives; Value chain
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				Article 2, paragraph 1 of Regulation (EU) 2021/1119	Material	Transition plan for climate change mitigation

ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16(g)		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Article 12(1)(d) to (g), and paragraph 2, of Delegated Regulation (EU) 2020/1818		Material	Transition plan for climate change mitigation
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, table 2, indicator no. 4	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		Material	Targets related to climate change mitigation and adaptation
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	Annex I, table 1, indicator no. 5 and Annex I, table 2, indicator no. 5				Material	Energy consumption
ESRS E1-5 Energy consumption and mix, paragraph 37	Annex I, table 1, indicator no. 5				Material	Energy consumption
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Annex I, table 1, indicator no. 6				Material	Energy consumption
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Annex I, table 1, indicators no. 1 and 2	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Article 5, paragraph 1, Article 6 and Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	Scope 1, 2 and 3 GHG emissions
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Annex I, table 1, indicator no. 3	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	Scope 1, 2 and 3 GHG emissions
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Article 2, paragraph 1 of Regulation	Not material	

				(EU) 2021/1119		
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Not material	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66(c)		Article 449a of Regulation (EU) No. 575/2013; paragraphs 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; template 5: Banking book - Potential climate change transition risk indicators: exposures subject to physical risk			Not material	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)		Article 449a of Regulation (EU) No. 575/2013; Item 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book - Potential climate change transition risk indicators: loans collateralised by immovable property – Energy efficiency of the collateral			Not material	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Annex II of Delegated Regulation (EU) 2020/1818		Not material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Annex I, table 1, indicator no. 8; Annex I, table 2, indicator no. 2; Annex I, table 2, indicator no. 1; Annex I, table 2, indicator no. 3				Not material	
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, table 2, indicator no. 7				Material	Policies related to water and marine resources
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, table 2, indicator no. 8				Material	Policies related to water and marine resources
ESRS E3-1 Sustainable oceans and seas paragraph 14	Annex I, table 2, indicator no. 12				Material	Policies related to water and marine resources
ESRS E3-4 Total water recycled	Annex I, table 2, indicator no. 6.2				Material	Water consumption

and reused, paragraph 28(c)						
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations, paragraph 29	Annex I, table 2, indicator no. 6.1				Material	Water consumption
ESRS 2 IRO-1 - E4 paragraph 16(a) i	Annex I, table 1, indicator no. 7				Not material	
ESRS 2 IRO-1 - E4 paragraph 16(b)	Annex I, table 2, indicator no. 10				Not material	
ESRS 2 IRO-1 - E4 paragraph 16(c)	Annex I, table 2, indicator no. 14				Not material	
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24(b)	Annex I, table 2, indicator no. 11				Not material	
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24(c)	Annex I, table 2, indicator no. 12				Not material	
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	Annex I, table 2, indicator no. 15				Not material	
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Annex I, table 2, indicator no. 13				Material	Resource outflows
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, table 1, indicator no. 9				Material	Resource outflows
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour, paragraph 14(f)	Annex I, table 3, indicator no. 13				Material	ESRS S1 Own workforce
ESRS 2 - SBM3 - S1 Risk of incidents of child labour, paragraph 14(g)	Annex I, table 3, indicator no. 12				Material	ESRS S1 Own workforce
ESRS S1-1 Human rights policy commitments, paragraph 20	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Material	Policies related to own workforce
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	ESRS S1 Own workforce

ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Annex I, table 3, indicator no. 11				Material	ESRS S1 Own workforce; Policies related to own workforce
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Annex I, table 3, indicator no. 1				Material	ESRS S1 Own workforce; Policies related to own workforce
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	Annex I, table 3, indicator no. 5				Material	Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88, (b) and (c)	Annex I, table 3, indicator no. 2		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	Health and safety metrics
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness, paragraph 88(e)	Annex I, table 3, indicator no. 3				Material	Health and safety metrics
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Annex I, table 1, indicator no. 12		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Not material	
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	Annex I, table 3, indicator no. 8				Not material	
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	Annex I, table 3, indicator no. 7				Material	Incidents, complaints and severe human rights impacts
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD, paragraph 104(a)	Annex I, table 1, indicator no. 10 and Annex I, table 3, indicator no. 14		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	Incidents, complaints and severe human rights impacts
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain, paragraph 11(b)	Annex I, table 3, indicators no. 12 and 13				Material	S2 Workers in the value chain
ESRS S2-1 Human rights policy commitments, paragraph 17	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Material	Policies related to value chain workers

ESRS S2-1 Policies related to value chain workers, paragraph 18	Annex I, table 3, indicators no. 11 and 4				Material	Policies related to value chain workers
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	Policies related to value chain workers
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	Policies related to value chain workers
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Annex I, table 3, indicator no. 14				Material	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions.
ESRS S3-1 Human rights policy commitments, paragraph 16	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Not material	
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Not material	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, table 3, indicator no. 14				Not material	
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Material	Policies related to consumers and end-users
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	Policies related to consumers and end-users

ESRS S4-4 Human Rights Issues and Incidents, paragraph 35	Annex I, table 3, indicator no. 14				Material	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
ESRS G1-1 United Nations Convention against corruption, paragraph 10(b)	Annex I, table 3, indicator no. 15				Material	Corporate culture and business conduct policies, 231 Model and Supervisory Board
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Annex I, table 3, indicator no. 6				Material	Corporate culture and business conduct policies, 231 Model and Supervisory Board
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24(a)	Annex I, table 3, indicator no. 17		Annex II of Delegated Regulation (EU) 2020/1816		Not material	
ESRS G1-4 Standards of anti- corruption and anti-bribery, paragraph 24(b)	Annex I, table 3, indicator no. 16				Not material	

Appendix E - Independent Auditors' Report



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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
F.I.L.A. S.p.A.

Conclusion

Pursuant to artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of the FILA Group (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the FILA Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");
- the information included in the paragraph "Taxonomy Regulation" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement. Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The comparative information for the year ended on December 31, 2023 presented in the consolidated sustainability statement has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of F.I.L.A. S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the “double materiality assessment process”) and for disclosing this process in paragraph “Double materiality” of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS
- compliance of the information included in the paragraph “Taxonomy Regulation” with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.



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Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions of the Group. Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as indicated in the paragraph “Basis for preparation”.

Auditor’s responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;
- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;
- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.



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Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;
- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;
- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;
- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the estimates and to the complexity of the related calculation methods, as well as qualitative and quantitative factors related to the nature of such information;
- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;
- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;
- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

Deloitte.

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- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, including the information related to the materiality assessment process;
- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Raffo
Partner

Milan, Italy
March 28, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Statement of the Executive Officer for Financial Reporting and the Corporate Bodies

GIOTTO GOTTOLÉ-bé TRITTO DAS GLOBE LYRA MAIMERI DALER ROWNEY LUKAS PRINCESTON ST CUTHBERTS MILL CANSON Strathmore



Fabbrica Italiana Lapis ed Affini

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

March 21, 2025

Certification of sustainability reporting pursuant to Art. 81-ter, paragraph 1, of Consob Regulation No.11971 of May 14, 1999, as subsequently amended and supplemented

The undersigned Massimo Candela, as Chief Executive Officer, and Cristian Nicoletti, as Manager in Charge of Financial Reporting of F.I.L.A. S.p.A., confirm, and also in consideration of Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of February 24, 1998, that the sustainability reporting included in the Director's Report was prepared:

- In accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024; and
- With the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020.

The Chief Executive Officer
Massimo Candela

Manager in Charge of Financial Reporting
Cristian Nicoletti

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

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**CONSOLIDATED FINANCIAL STATEMENTS OF THE F.I.L.A.
GROUP AND SEPARATE FINANCIAL STATEMENTS OF F.I.L.A.
S.p.A. AT DECEMBER 31, 2024**

III - Consolidated Financial Statements as at and for the year ended December 31, 2024

Consolidated Financial Statements

Statement of Financial Position

<i>Euro thousands</i>		December 31, 2024	December 31, 2023
Assets		1,179,702	1,191,009
Non-current assets		645,545	687,245
Intangible assets	Note 1	375,746	378,031
Property, plant and equipment	Note 2	108,667	123,325
Biological assets	Note 11	-	1,241
Non-current financial assets	Note 3	1,032	746
Equity-accounted investments	Note 4	139,476	160,377
Other equity investments	Note 5	26	26
Deferred tax assets	Note 6	20,598	23,454
Other assets	Note 9	-	45
Current assets		534,157	503,764
Current financial assets	Note 3	1,137	1,162
Current tax assets	Note 7	4,346	12,556
Inventories	Note 8	257,353	264,375
Trade receivables and other assets	Note 9	94,978	99,821
Cash and cash equivalents	Note 10	176,344	125,851
Liabilities and equity		1,179,702	1,191,009
Equity	Note 12	632,803	573,953
Share capital		46,986	46,986
Negative reserve for treasury shares in portfolio		(2,966)	(2,966)
Reserves		144,782	130,426
Retained earnings		359,914	224,775
Profit for the year		81,767	170,648
Equity attributable to the owners of the parent		630,483	569,870
Equity attributable to non-controlling interests		2,320	4,082
Non-current liabilities		390,212	429,490
Non-current financial liabilities	Note 13	316,766	356,642
Financial instruments	Note 17	1,260	877
Employee benefits	Note 14	8,493	10,078
Provisions for risks and charges	Note 15	994	895
Deferred tax liabilities	Note 16	62,567	60,803
Other liabilities	Note 19	131	195
Current liabilities		156,686	187,566
Current financial liabilities	Note 13	40,533	72,905
Current provisions for risks and charges	Note 15	1,132	926
Current tax liabilities	Note 18	4,220	8,080
Trade payables and other liabilities	Note 19	110,801	105,656

The notes from pages 231 to 292 are an integral part of these consolidated financial statements

Statement of Comprehensive Income

		2024	2023
<i>Euro thousands</i>			
Revenue	Note 20	612,583	779,183
Income	Note 21	10,877	8,732
Total revenue and other Income		623,461	787,914
Raw materials, consumables, supplies and goods	Note 22	(257,725)	(348,661)
Services and use of third party assets	Note 23	(103,996)	(128,449)
Other costs	Note 24	(6,553)	(11,288)
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(11,104)	(20,024)
Personnel expense	Note 25	(135,037)	(157,139)
Amortisation and depreciation	Note 26	(34,876)	(41,919)
Net impairment losses on trade receivables and other assets	Note 27	1,008	(617)
Net other impairment losses	Note 28	(11,309)	(1,358)
Total operating costs		(559,594)	(709,457)
Operating profit		63,867	78,458
Financial income	Note 29	77,919	7,522
Financial expense	Note 30	(38,041)	(45,195)
Gain on loss of control of subsidiary	Note 34	-	167,594
Share of profit of equity-accounted investments	Note 32	3,063	941
Net financial expense		42,941	130,863
Pre-tax profit		106,808	209,321
Income taxes		(24,080)	(31,993)
Deferred taxes		(1,881)	1,309
Total taxes	Note 33	(25,962)	(30,684)
Profit for the year		80,846	178,637
<i>Attributable to:</i>			
Non-controlling interests		(921)	7,988
Owners of the parent		81,767	170,648
Other comprehensive income which may be reclassified subsequently to Profit or Loss		11,259	140
Net exchange gains		11,498	3,971
Hedging reserve		(375)	(4,029)
Taxes		136	198
Other comprehensive expense which may not be reclassified subsequently to Profit or Loss		1,340	(744)
Net actuarial gains (losses)		1,755	(905)
Taxes		(414)	160
Other comprehensive income/(expense), net of tax effect		12,600	(604)
Comprehensive income		93,446	178,033
<i>Attributable to:</i>			
Non-controlling interests		(734)	12,604
Owners of the parent		94,180	165,428
Earnings per share:			
	<i>basic</i>	<i>1.61</i>	<i>3.36</i>
	<i>diluted</i>	<i>1.57</i>	<i>3.29</i>

The notes from pages 231 to 292 are an integral part of these consolidated financial statements

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
Euro thousands														
December 31, 2022	46,986	(1,794)	9,396	154,614	(975)	(21,818)	(17,874)	205,562	25,271	399,369	23,280	5,004	28,284	427,653
Profit for the year									170,648	170,648		7,988	7,988	178,637
Share Base Premium														
Other comprehensive income					(694)	(3,831)	(695)			(5,220)	4,616		4,616	(604)
Other changes		(1,172)				1,669	10,634	47		11,178	(34,915)		(34,915)	(23,737)
Profit for the year and gains (losses) recognised directly in equity	-	(1,172)	-	-	(694)	(2,162)	9,939	47	170,648	176,606	(30,300)	7,988	(22,311)	154,295
Allocation of the 2022 profit								25,271	(25,271)	-	5,004	(5,004)	-	-
Dividends								(6,105)		(6,105)	(1,890)		(1,890)	(7,995)
December 31, 2023	46,986	(2,966)	9,396	154,614	(1,670)	(23,980)	(7,935)	224,775	170,648	569,870	(3,906)	7,988	4,082	573,953
	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
Euro thousands														
December 31, 2023	46,986	(2,966)	9,396	154,614	(1,670)	(23,980)	(7,935)	224,775	170,648	569,870	(3,906)	7,988	4,082	573,953
Profit for the year									81,767	81,767		(921)	(921)	80,846
Other comprehensive income					1,339	(239)	11,312			12,412	187		187	12,600
Other changes						1,942				1,942	(7)		(7)	1,935
Profit for the year and gains (losses) recognised directly in equity	-	-	-	-	1,339	1,704	11,312	-	81,767	96,122	180	(921)	(741)	95,381
Allocation of the 2023 profit								170,648	(170,648)	-	7,988	(7,988)	-	-
Dividends								(35,509)		(35,509)	(1,021)		(1,021)	(36,530)
December 31, 2024	46,986	(2,966)	9,396	154,614	(331)	(22,276)	3,378	359,914	81,767	630,483	3,242	(921)	2,320	632,803

Note:

For information on the changes in equity, reference should be made to Note 12.

The notes from pages 231 to 292 are an integral part of these consolidated financial statements.

Statement of Cash Flows

<i>Euro thousands</i>		December 31, 2024	December 31, 2023
Profit for the year		80,846	178,637
Non-monetary and other adjustments:		30,369	(46,739)
Amortisation and depreciation of intangible assets and property, plant and equipment	Note 26	24,556	30,271
Amortisation and depreciation of right-of-use assets	Note 26	10,321	11,648
Net impairment losses on intangible assets and property, plant and equipment	Note 28	11,309	1,358
Impairment gains/losses on trade receivables and write-downs of inventories	Note 8 - 27	418	4,361
Accruals for post-employment and other employee benefits	Note 25	1,738	2,154
Net exchange losses on foreign currency trade receivables and payables	Note 31	(912)	3,773
Net gains on the sale of intangible assets and property, plant and equipment	Note 21	(81)	(125)
Net financial expense	Note 29 - 30	(39,878)	37,673
Net gains on equity investments	Note 32 - 34	(3,063)	(168,536)
Taxes	Note 33	25,962	30,684
Additions for:		(14,090)	(25,910)
Income taxes paid		(11,772)	(19,427)
Net unrealised exchange losses on foreign currency assets and liabilities	Note 31	(149)	(4,130)
Net realised exchange gains/losses on foreign currency assets and liabilities	Note 31	(2,169)	(2,352)
Cash flows from operating activities before changes in net working capital		97,125	105,988
Changes in net working capital:		11,489	27,197
Change in inventories		9,679	16,280
Change in trade receivables and other assets		(1,298)	8,803
Change in trade payables and other liabilities		4,050	3,801
Change in other assets and liabilities		223	(236)
Change in post-employment and other employee benefits	Note 14	(1,165)	(1,452)
Net cash flows from operating activities		108,613	133,184
Net increase/decrease in intangible assets		(4,231)	(2,091)
Net increase/decrease in property, plant and equipment		(10,922)	(28,174)
Net increase/decrease in equity investments measured at equity		81,213	55,749
Net increase/decrease in other financial assets		1,071	(1,335)
Interest collected		820	2,408
Net cash flows used in investing activities		67,951	26,557
Change in Equity (Dividend paid and own shares)		(36,529)	(9,167)
Financial expense		(20,388)	(29,754)
Interests paid on right-of-use assets		(3,575)	(5,575)
Net increase/decrease in loans and borrowings and lease liabilities		(64,182)	(91,142)
Net increase/decrease in loans and borrowings and lease liabilities <i>IFRS16</i>		(12,869)	(19,088)
Net cash flows used in financing activities		(137,543)	(154,726)
Net exchange gains/losses		11,498	3,971
Other non-monetary changes		(2,473)	8,275
Net cash flows for the year		48,047	17,261
Opening cash and cash equivalents net of current account overdrafts		124,807	107,546
Closing cash and cash equivalents net of current account overdrafts		172,854	124,807

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".

	December 31, 2024	December 31, 2023
<i>Euro thousands</i>		
Opening cash and cash equivalents	124,807	107,546
Cash and cash equivalents	125,851	111,209
Current account overdrafts	(1,044)	(3,663)
Closing cash and cash equivalents	172,854	124,807
Cash and cash equivalents	176,344	125,851
Current account overdrafts	(3,490)	(1,044)

The notes from pages 231 to 292 are an integral part of these consolidated financial statements

Statement of financial position with indication of related party transactions pursuant to CONSOB Resolution No. 15519 of July 27, 2006

<i>Euro thousands</i>		December 31, 2024	of which: Related Parties	December 31, 2023	of which: Related Parties
Assets		1,179,702	-	1,191,009	-
Non-current assets		645,545	-	687,245	-
Intangible assets	Note 1	375,746		378,031	
Property, plant and equipment	Note 2	108,667		123,325	
Biological assets	Note 11	-		1,241	
Non-current financial assets	Note 3	1,032		746	
Equity-accounted investees	Note 4	139,476		160,377	
Other equity investments	Note 5	26		26	
Deferred tax assets	Note 6	20,598		23,454	
Other assets	Note 9	-		45	
Current assets		534,157		503,764	-
Current financial assets	Note 3	1,137		1,162	
Current tax assets	Note 7	4,346		12,556	
Inventories	Note 8	257,353		264,375	
Trade receivables and other assets	Note 9	94,978		99,821	
Cash and cash equivalents	Note 10	176,344		125,851	
Liabilities and equity		1,179,703	628	1,191,009	286
Equity	Note 12	632,803	-	573,953	-
Share capital		46,986		46,986	
Negative reserve for treasury shares in portfolio		(2,966)		(2,966)	
Reserves		144,782		130,426	
Retained earnings		359,914		224,775	
Profit for the year		81,767		170,648	
Equity attributable to the owners of the parent		630,483		569,870	
Equity attributable to non-controlling interests		2,320		4,082	
Non-current liabilities		390,212	-	429,490	-
Non-current financial liabilities	Note 13	316,766		356,642	
Financial instruments	Note 17	1,260		877	
Employee benefits	Note 14	8,493		10,078	
Provisions for risks and charges	Note 15	994		895	
Deferred tax liabilities	Note 16	62,567		60,803	
Other liabilities	Note 19	131		195	
Current liabilities		156,686	628	187,566	286
Current financial liabilities	Note 13	40,533		72,905	
Current provisions for risks and charges	Note 15	1,132		926	
Current tax liabilities	Note 18	4,220		8,080	
Trade payables and other liabilities	Note 19	110,801	628	105,656	286

The notes from pages 231 to 292 are an integral part of these consolidated financial statements

Income statement with indication of transactions with related parties pursuant to CONSOB motion No. 15519 of July 27, 2006

		2024	of which: Related Parties	of which: Non-recurring expenses	2023	of which: Related Parties	of which: Non-recurring expenses
<i>thousands</i>							
Revenue	Note 20	612,583			779,183	14	
Income	Note 21	10,877		1,527	8,732		
Total revenue and other income		623,461	-	1,527	787,915	14	-
Raw materials, consumables, supplies and goods	Note 22	(257,725)	(1,796)	(1,443)	(348,661)	(1,080)	(1,864)
Services and use of third party assets	Note 23	(103,996)	(156)	(6,056)	(128,449)	(155)	(8,625)
Other costs	Note 24	(6,553)		(502)	(11,288)		(1,217)
Change in raw materials, semi-finished products, work in progress and finished goods	Note 22	(11,104)			(20,024)		
Personnel expense	Note 25	(135,037)		(2,702)	(157,139)		(2,007)
Amortisation and depreciation	Note 26	(34,876)			(41,919)		
Net impairment losses on trade receivables and other assets	Note 27	1,008		418	(617)		(585)
Net other impairment losses	Note 28	(11,309)		(10,730)	(1,358)		(874)
Total operating costs		(559,594)	(1,953)	(21,014)	(709,457)	(1,235)	(15,173)
Operating profit		63,867	(1,953)	(19,487)	78,458	(1,221)	(15,173)
Financial income	Note 29	77,919		66,979	7,522		
Financial expense	Note 30	(38,041)		(1,202)	(45,195)		
Gain on loss of control of subsidiary	Note 34	-			167,594		167,594
Share of profits of equity-accounted investees	Note 32	3,063			941		
Net financial expense		42,941	-	65,777	130,863		167,594
Pre-tax profit		106,808	(1,953)	46,290	209,321	(1,221)	152,421
Income taxes		(24,080)		(5,660)	(31,993)		(10,301)
Deferred taxes		(1,881)		107	1,309		(2,417)
Total taxes	Note 32	(25,962)	-	(5,553)	(30,684)		(12,718)
Profit for the year		80,846	(1,953)	40,737	178,637	(1,221)	139,704
<i>attributable to:</i>							
Non-controlling interests		(921)		(97)	7,988		(4)
Owners of the parent		81,767		40,834	170,648		139,708
Other comprehensive income which may be reclassified subsequently to profit or loss		11,259			140		
Net exchange gains		11,498			3,971		
Hedging reserve		(375)			(4,029)		
Taxes		136			198		
Other comprehensive expense which may not be reclassified subsequently to profit or loss		1,340			(744)		
Net actuarial gains (losses)		1,755			(905)		
Taxes		(414)			160		
Other comprehensive income/(expense), net of tax effect		12,600			(604)		
Comprehensive income		93,446			178,033		
<i>attributable to:</i>							
Non-controlling interests		(734)		(97)	12,604		(4)
Owners of the parent		94,180		40,834	165,428		139,708
Earnings per share:							
<i>basic</i>		1.61			3.36		
<i>diluted</i>		1.57			3.29		

The notes from pages 231 to 292 are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements of the F.I.L.A. Group

Introduction

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 Parent F.I.L.A. S.p.A., Fabbrica Italiana Lapis ed Affini (hereafter “the Parent”) is a company limited by shares with registered office in Pero (Italy), Via XXV Aprile, 5. The ordinary shares of the Company were admitted for trading on the EXM - Euronext Milan (former MTA) STAR segment, organised and managed by Borsa Italiana S.p.A. on November 12, 2015.

The consolidated financial statements of the F.I.L.A. Group have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. They include the financial statements of F.I.L.A. S.p.A. and its subsidiaries. For the subsidiaries the financial statements are reported upon in specific financial reporting packages, for the purposes of the consolidated financial statements of the Group, in order to comply with the IFRS.

These consolidated financial statements are presented in Euro, as the functional currency in which the Group operates and comprise the Statement of Financial Position, in which assets and liabilities are classified as current and non-current, the Statement of Comprehensive Income, the Statement of Cash Flows, prepared using the indirect method, the Statement of Changes in Equity, the Notes thereto and are accompanied by the Directors’ Report. All amounts reported in the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and in the Notes are expressed in thousands of Euro, except where otherwise stated and approximate to the nearest whole unit.

It should be noted that due to the rounding of figures used in the tables shown below, the values of the horizontal and/or vertical sums of the captions that make up the tables may not correspond with respect to the subtotals and totals of the tables.

With reference to CONSOB Resolution No. 15519 of July 27, 2006 in relation to the format of the Financial Statements, significant related party transactions and the income components from non-recurring items or transactions are indicated separately.

F.I.L.A. S.p.A., the parent, is in turn directly controlled by Pencil S.r.l., with registered office in Milan, and indirectly by WOOD S.r.l., which prepares the consolidated financial statements for the larger group of companies comprising the F.I.L.A. Group. These consolidated financial statements are available at the Milan Companies Registration Office.

The publication of the F.I.L.A. Group's consolidated financial statements for the year ended December 31, 2024, carried out in accordance with European Commission Delegated Regulation No. 2019/815, as amended, is authorised by motion of the Board of Directors of March 21, 2025, following the relative approval.

The Chairperson of the Board, the Chief Executive Officer and the Executive Director have broad powers to make any formal, non-substantive additions or amendments to the consolidated financial statements, the separate financial statements, the directors' report and other documents related to the draft financial statements, to be submitted to the shareholders' meeting of F.I.L.A. S.p.A. on April 29, 2025.

European Single Electronic Format (ESEF)

Directive 2013/50/EU amended the rules governing the annual financial report of listed issuers by providing that, as from January 1, 2020, the set of documents making up the annual financial report must be prepared in a single electronic communication format.

The European Commission adopted the aforementioned technical standards with Delegated Regulation 1029/815 (published in EU Official Journal No. 143 on May 29, 2019), which imposed the requirement to prepare annual financial reports:

- In XHTML format;
- "marking" certain information in the consolidated financial statements with the Inline XBRL specification.

The scope of first-time adoption (annual periods beginning on January 1, 2020) is limited to the following statements: statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows.

In view of the difficulties that companies have had to face due to the crisis resulting from the pandemic, the entry into force of the regulation has been extended by one year. Extension transposed into Italian law with the law converting Law Decree No. 183/2020 ("Milleproroghe Decree"), published in the Official Gazette and which provided (Article 3, paragraph 11-sexies) that "the provisions of Delegated Regulation No. 2018/815/EU shall apply to the financial reports relating to the financial years started

as from January 1, 2021".

Beginning with the 2022 financial year, the information provided in the IFRS-compliant consolidated financial reports must be marked up with the elements specified in Annex II of the ESEF Delegated Regulation.

It should be noted that, in accordance with Delegated Regulation (EC) 2019/815 of the European Commission of December 17, 2018, the Company now also publishes the consolidated financial report in the European Single Electronic Format (ESEF).

Accounting standards and basis of preparation

The consolidated financial statements of F.I.L.A. Group and the separate financial statements of F.I.L.A. S.p.A. as at and for the year ended December 31, 2024, prepared by the Board of Directors of F.I.L.A. S.p.A., were drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The IFRS were applied consistently for all reporting periods presented in this document. For the consolidated financial statements of the F.I.L.A. Group, the first year of application of IFRS was 2006, while for the separate financial statements of F.I.L.A. S.p.A. the first year of application of IFRS was 2007.

These condensed interim consolidated financial statements are prepared under the historical cost convention, modified where applicable for the measurement of certain financial instruments or for the application of the acquisition method under IFRS 3, as well as on a going concern assumption basis.

As concerns the assumption of going concern, see the paragraph "Going concern" in the Directors' Report.

Accounting standards, amendments and interpretations applicable after January 1, 2024

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and "Non-current Liabilities with Covenants"

On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on October 31, 2022 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the amendments is to clarify how to classify payables and other short or long-term liabilities. The amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least 12 months is subject to meeting certain parameters (i.e. covenants). The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"

On September 22, 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognize income or losses relating to the retained right of use. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements"

On May 25, 2023, the IASB published an amendment entitled "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". This requires an entity to provide additional information on reverse factoring arrangements to enable users of financial statement to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

Accounting standards, amendments and interpretations endorsed by the EU, not yet mandatory and not adopted in advance by the Group.

Amendments to IAS 21 "Lack of Exchangeability"

On August 15, 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to

apply a consistent methodology in order to ascertain whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The amendment will be applicable from 1 January 2025, although advance application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

Accounting standards, amendments and interpretations not yet endorsed by the EU and applicable after January 1, 2024

Amendments to IFRS 9 and IFRS 7 “Amendments to the classification and measurement of financial instruments”

On May 30, 2024, the IASB published the document “Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7”. This clarifies a number of problematic issues emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e., green bonds). Specifically, the changes aim to:

- clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
- determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before transferring liquidity on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with respect to investments in equity instruments designated to FVOCI in particular.

The amendments will be applicable to financial statements for periods beginning January 1, 2026. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

“Annual improvements” Volume 11

On July 18, 2024, the IASB published a document called "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes to improve the consistency of several IFRS Accounting Standards. The modified standards are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments will be applicable from January 1, 2026, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

Amendments to IFRS9 e IFRS7 “Amendments to the classification and measurement of financial instruments”

On December 18, 2024, the IASB published an amendment entitled "Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7". The document seeks to support entities in reporting the financial effects of renewable electricity purchase agreements (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification regarding the application of "own use" requirements to this type of contract;
- the criteria for allowing such contracts to be accounted for as hedging instruments; and,
- the new disclosure requirements to enable financial statement users to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will be applicable from January 1, 2026, although advance application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

Amendments to IFRS 18 “Presentation and Disclosure in Financial Statements”

On April 9, 2024, the IASB published a new standard - IFRS 18 Presentation and Disclosure in Financial Statements - which will replace IAS 1 Presentation of Financial Statements. The new standard seeks to improve the presentation of financial statement formats, with particular regard to the income statement format. Specifically, the new standard requires that:

- revenues and expenses are classified into three new categories (operating section, investment section, and financial section), in addition to the tax and discontinued operations categories already in the income statement;
- Two new sub-totals are presented: operating income and earnings before interest and taxes (i.e., EBIT).

The new standard also:

- requires more information on the Performance Indicators defined by management;
- Introduces new criteria for aggregation and disaggregation of information; and,
- introduces a number of changes to the format of the cash flow statement, including a requirement that operating income is used as the starting point for the presentation of the cash flow statement prepared using the indirect method and that certain classification options are eliminated for some existing items (such as interest paid, interest received, dividends paid and dividends received).

The standard will be effective from January 1, 2027, although advance application is permitted.

Amendments to IFRS 19 - Subsidiaries without public accountability: disclosures

On May 9, 2024, the IASB published a new standard IFRS 19 Subsidiaries without Public Accountability: Disclosures. The new standard introduces a number of simplifications with reference to the disclosure required by IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:

- it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
- it has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The standard will be effective from January 1, 2027, although advance application is permitted. The directors do not expect this amendment to have a significant impact on the Group consolidated financial statements.

With reference to the standards and interpretations applicable from the year beginning January 1, 2024, there is no material impact on the measurement of the Group's assets, liabilities, costs and revenue.

Consolidation Principles

Subsidiaries

The subsidiaries, reported in “Attachment 1 - List of companies included in the consolidation scope and other equity investments”, are companies where the Group, as per IFRS 10, holds control or rather is exposed to variable income streams, possesses rights to such variable returns, based on the relationship with the entity, and at the same time has the capacity to affect such income returns through the exercise of its power over such entities.

The subsidiaries are consolidated line-by-line from the acquisition date, or rather the date in which the Group acquires control and until such control is relinquished. The carrying amount of the subsidiaries is eliminated against the share of equity held, net of the share of the profit or loss for the year. Non-controlling interests in equity and the profit or loss for the year are recorded separately in the statement of financial position and statement of comprehensive income.

In the event of loss of control, the Group eliminates the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity relating to the subsidiaries. Any gain or loss resulting from the loss of control is recognized in net income/(loss) for the year. Any investment retained in the former subsidiary is measured at fair value at the date of loss of control.

Equity-accounted investees

Associates are entities in which the Group exercises a significant influence on the financial and operating policies, although not having direct or joint control. Significant influence is the power to participate in the financial and operating policy decisions of an investee, however not exercising control or joint control.

Joint Ventures are entities in which the Group exercises, with one or more parties, joint control of their economic activities based on a contractual agreement. Joint control assumes that the strategic, financial and operating decisions are taken unanimously by the parties that exercise control.

Investments in associates and joint ventures are carried at cost using the equity method. Based on this method, equity investments are initially recognised at cost, subsequently adjusted according to the changes in the value of the share of the Group in the equity of the associate. The Group's share in the result of associates and joint ventures is recorded in a separate income statement account from the date in which significant influence is exercised and until such ceases to be exercised. Where necessary, the accounting policies of associates and joint ventures are modified in line with the accounting policies adopted by the Group.

Business combinations

Business combinations are recognised using the acquisition method, based on which the identifiable assets, liabilities, and contingent liabilities of the company acquired, which are in compliance with the requirements of IFRS 3, are recognised at their fair value at the acquisition date.

Deferred taxes are recorded on adjustments made to carrying amounts in line with present values.

The application of the acquisition method due to its complexity provides for a first phase which provisionally determines the fair values of the assets, liabilities and contingent liabilities acquired, to permit a recording of the transactions in the consolidated financial statements in the year in which the business combination occurred. The initial recognition is completed and adjusted within 12 months of the acquisition date. Amendments to initial payments which derive from events or circumstances subsequent to the acquisition date are recognised in profit or loss.

Goodwill is recognised as the difference between:

a) the sum of:

- The payment transferred;
- Of the non-controlling interest, measured aggregation by aggregation or at Fair Value (full goodwill) or the share of the net assets identifiable attributable to non-controlling interests;
- In a business combination achieved in stages, the fair value of the interest previously held in the acquisition, recognising any resulting gain or loss in profit or loss; and

b) the carrying amount of the identifiable assets acquired and liabilities assumed.

The costs related to the business combination are not part of the payment transferred and are therefore recognised in profit or loss for the year.

If the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is immediately recognised in the profit or loss. Goodwill is periodically reviewed to verify its recoverability through comparison with the greater of fair value less costs to sell and value in use, based on the future cash flows generated by the underlying investment.

For the sake of the congruity, the goodwill acquired in a business combination is allocated, at the acquisition date, to the Group's cash-generating units, or to the group of cash-generating units which should benefit from the synergies of the business combination, independently of the fact that other assets or liabilities of the Group are allocated to this unit or group of units. Each unit or Group of units to which goodwill is allocated represents the smallest identifiable group of assets generating cash flows that are largely independent of the cash flows generated by other assets or groups of assets.

Is not greater than the operating segments identified based on IFRS 8 Operating segments.

When the goodwill constitutes part of a cash generating unit and part of the internal activities of this unit are sold, the goodwill associated with the activity sold is included in the carrying amount of the activity to determine the gain or loss deriving from the sale. The goodwill sold in these circumstances

is measured on the basis of the relative values of the activities sold and of the portion of the unit maintained.

When the sale relates to a subsidiary, the difference between the sales price and the net assets plus the accumulated translation differences and the residual goodwill is recognised in profit or loss.

On first-time adoption of IFRS, the Group chose not to apply IFRS 3 retrospectively for acquisitions carried out prior to the transition date to IFRS; consequently, the goodwill resulting from the acquisitions prior to this date was maintained at the previous value determined in accordance with Italian GAAP and is periodically tested for “impairment”.

In the event of purchase and sale of non-controlling interests, the difference between the acquisition cost, as determined above and the share of equity acquired from third parties or sold is directly recognised as a decrease/increase in consolidated equity.

Loss of Control

In the event of loss of control, the Group eliminates the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity relating to the subsidiaries. Any gain or loss resulting from the loss of control is recognized in net income/(loss) for the year. Any investment retained in the former subsidiary is measured at fair value at the date of loss of control.

Infragroup transactions

In preparing the consolidated financial statements, inter-company transactions, in addition to unrealised inter-company revenues and costs, are eliminated.

Unrealised gains arising from transactions with equity-accounted investees are eliminated in to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that there is no evidence of impairment.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate at the date of the transaction. The monetary accounts in foreign currencies at the reporting date are translated into the functional currency using the exchange rate at the same date. The non-monetary accounts measured at fair value in foreign currencies are translated using the exchange rate when the fair value was determined. The exchange differences are generally recognised in profit or loss. The non-monetary items measured at historical cost in foreign currencies are translated using the exchange rate at the transaction date.

Exchange differences arising from the translation of financial liabilities designated as hedges of the net investment in a foreign operation, to the extent that the hedge is effective and cash flow hedges to the

extent that the hedge is effective, are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and Fair Value adjustments deriving from their acquisition, are translated into Euro utilising the exchange rate at the reporting date. The revenue and costs of foreign operations are translated into Euro using the average exchange rate for the year. The exchange differences are recorded under other comprehensive income and included in the translation reserve, except for exchange differences attributable to non-controlling interests.

The exchange rates adopted for the translation of local currencies into Euro are as follows:

EXCHANGE RATES		
	Average Exchange Rates December 31, 2024	Closing Exchange Rates December 31, 2024
Argentinean Peso	989.539	1,070.806
Australian Dollar	1.640	1.677
Brazilian Real	5.827	6.425
Canadian Dollar	1.482	1.495
Swiss Franc	0.953	0.941
Chilean Peso	1,020.990	1,033.760
Renminbi Yuan	7.786	7.583
Dominican Peso	64.262	63.484
Euro	1.000	1.000
Pound	0.847	0.829
Indonesian Rupiah	17,154.130	16,820.880
Shekel	4.004	3.789
Indian Rupee	90.531	88.934
Mexican Peso	19.825	21.550
Nuevo Sol	4.061	3.905
Polish Zloty	4.306	4.275
Russian Ruble	100.405	115.680
Swedish Krona	11.431	11.459
Singapore Dollar	1.446	1.416
Turkish Lira	35.565	36.737
US Dollar	1.082	1.039
South Africa Rand	19.832	19.619

Basis of preparation

Intangible assets

An intangible asset is a clearly identifiable non-monetary asset without physical substance, subject to control and capable of generating future economic benefits. They are recognised at acquisition cost where acquired separately and are capitalised at fair value at the acquisition date where acquired through business combinations.

The interest expense on loans required for the purchase and the development of intangible assets, which would not have been incurred if the investment had not been made, is not capitalised.

Intangible Assets with Indefinite Useful Lives

Intangible assets with indefinite useful lives mainly consist of assets which do not have limitations in terms of useful life as per contractual, legal, economic and competitive conditions. This category includes only “goodwill”. Goodwill is represented by the excess of the purchase cost incurred compared to the net fair value at the acquisition date of assets and liabilities or business units. The goodwill relating to equity-accounted investees is included in the carrying amount of the equity investments.

This is not subject to amortisation but an impairment test is made at least annually on the carrying amount. This test is made with reference to the “cash generating unit” to which the goodwill is allocated.

A “cash generating unit” is “the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets” (IAS 36). For an asset that does not generate sufficient independent cash flows from other assets or groups of assets, the realizable value is determined in relation to the cash-generating unit to which the asset belongs.

Any reduction in value of the goodwill is recorded where the recoverable value of the goodwill is lower than the carrying amount; the carrying amount is the higher between the fair value of a cash generating unit, less costs to sell, and the value in use, represented by the present value of the estimated cash flows of the cash generating units.

The principal assumptions adopted in the determination of the value in use of the “cash generating units”, or rather the present value of the estimated future cash flows which are expected to derive from the continuing use of the activities, relates to the discount rate and the growth rate.

In particular, the F.I.L.A. Group used discount rates which it considers correctly expresses the market valuations, at the date of the estimate, of the time value of money and the specific risks related to the individual cash generating units.

The operating cash flow forecasts derive from the most recent budgets and long-term plans prepared by the F.I.L.A. Group.

The cash flow forecasts refer to current business conditions, therefore they do not include cash flows related to future investments.

The forecasts are based on reasonableness and consistency relating to future general expenses, financial conditions, as well as macro-economic assumptions, with particular reference to increases in product prices, which take into account expected inflation rates.

In the event of an impairment loss, the carrying amount of goodwill may not be restated.

Reference should be made to Note 1 to the separate and consolidated financial statements of the Company and the Group for further information on the indicators used for the impairment test at December 31, 2024.

Intangible assets with definite useful life

Intangible assets with finite useful lives are amortised on a straight-line basis over their useful life to take account of the residual possibility of use.. Amortisation commences when the asset is available for use.

The amortisation policies adopted by the Group provide for:

- Trademarks: based on the useful life;
- Concessions, Licences and Patents: based on the duration of the right under concession or license and based on the duration of the patent;
- Other intangible assets: 3 years.

Amortisation methods, useful lives, and residual values are reviewed at each year-end and modified as necessary.

Research and development costs

Research and development costs are recognised in profit or loss in the year they are incurred, with the exception of development costs recorded under “Intangible assets”, when they satisfy the following conditions:

- The project is clearly identified and the related costs are reliably identifiable and measurable;
- The technical feasibility of the project is demonstrated;
- The intention to complete the project and sell the assets generated from the project are demonstrated;
- A potential market exists or, in the case of internal use, the use of the intangible asset is demonstrated for the production of the intangible assets generated by the project; the intangible asset is demonstrated for the production of the intangible assets generated by the project;
- The technical and financial resources necessary for the completion of the project are available;
- The intangible asset will generate probable future economic benefits.

Amortisation of development costs recorded under intangible assets begins from the date in which the outcome of the project is commercialised. Amortisation is calculated, on a straight-line basis, over the

estimated useful life of the project.

For more information on research and development costs, see the paragraph “Research and development and Quality Control” of the Directors’ Report.

Property, plant and equipment

Property, plant and equipment are measured at purchase cost, net of accumulated depreciation and any impairment losses. The cost includes all charges directly incurred for the purchase and/or production. The interest expense on loans for the purchase and the construction of Property, Plant and Equipment, which would not have been incurred if the investment had not been made, are not capitalised but expensed in the year it is incurred. Where a caption of property, plant and equipment is composed of various components with differing useful lives, these components are recorded separately (significant components) and depreciated separately. Property, plant and equipment acquired through business combinations are recognised in the financial statements at fair value at the acquisition date.

The expense incurred for maintenance and repairs is directly charged to profit or loss in the year in which it is incurred. The costs for improvements, modernisation and transformation are recognised in the statement of financial position as an increase to the carrying amount of Property, Plant and Equipment.

The purchase price or construction cost is net of public grants which are recognised when the conditions for their granting are confirmed. At the reporting date, there are no public grants recorded as a decrease of “Property, Plant and Equipment”.

The initial carrying amount of property, plant and equipment is adjusted for depreciation on a systematic basis, calculated on a straight-line basis monthly, when the asset is available and ready for use, based on its estimated useful life.

The estimated useful lives for the current and previous years are as follows:

➤ Buildings	25 years
➤ Plant and machinery	8.7 years
➤ Equipment	2.5 years
➤ Other assets:	
➤ Office equipment:	8.3 years
➤ Furniture and EDP:	5 years
➤ Transport vehicles:	5 years
➤ Motor vehicles:	4 years
➤ Other:	4 years

Depreciation methods, the useful lives and the residual values are assessed at the reporting date and adjusted where necessary.

Biological Assets

Biological assets are measured at initial recognition and at each reporting date at its fair value less costs to sell. If the fair value on initial recognition cannot be reliably estimated, in accordance with IAS 41.30, the Group measures the biological asset at its cost less any accumulated depreciation and any accumulated impairment losses.

Leasing

The Group has adopted IFRS 16 using the modified retrospective method.

At the commencement of the contract the Group assesses whether the contract is – or contains – a lease. The contract is, or contains a lease, where in exchange for consideration, it transfers the right to control the use of an identified asset for a period of time. In order to assess whether a contract grants the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This criterion is applicable to contracts for periods beginning on or after January 1, 2019.

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and low value leases. The Group recognises the lease liabilities and the right-of-use asset representing the right to use the asset underlying the contract.

Right-of-use assets

The Group recognises right-of-use assets at the initial lease date (i.e. the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before, net of any incentives received.

Right-of-use assets are depreciated on a straight-line basis from the effective date to the end of the useful life of the asset consisting of the right of use or at the end of the lease term, whichever is earlier.

Leases liabilities

At the lease commencement date, the Group recognises the lease liabilities measuring them at the present value of the future lease payments not yet settled at that date. The payments include the fixed payments net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual amount. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option will be exercised by the Group and the lease termination penalty payments, where the lease duration takes account of the exercise by the Group of the termination option on the lease.

In calculating the present value of the future payments, the Group uses the incremental borrowing rate at the commencement date where the implicit interest rate can not be readily determined. The Group's incremental borrowing rate is calculated on the basis of the interest rates obtained from various external funding sources by making certain adjustments reflecting the terms of the lease and the type of asset leased.

After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease liabilities are restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

Where the lease liabilities are remeasured, the lessee correspondingly alters the right of use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognises the change in profit or loss.

In the statement of financial position, the Group presents right-of-use assets that do not meet the definition of investment property under "Property, plant and equipment" and lease liabilities under "Financial liabilities".

Short-term leases and low value asset leases

The Group applies the exemption for the recognition of leases relating to low value assets such as PCs, printers, electronic equipment and contracts that have a duration of 12 months or less and do not contain purchase options (short-term leases). The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

For contracts entered into before January 1, 2019, the Group determined whether the agreement was or contained a lease by verifying whether (i) performance of the agreement depended on the use of one or more specific assets; (ii) the agreement transferred the right to use the asset. In the comparative year, the Group classified as finance leases those that transferred substantially all the risks and benefits associated with ownership. In this case, assets acquired through lease were initially recognised at their fair value or, if lower, at the present value of the future lease payments. Future lease payments are the payments over the lease term that the lessee is required to make, excluding contingent rent. These assets were subsequently recognised in accordance with the accounting standard adopted for each asset.

Impairment losses on non-financial assets

At each reporting date, the intangible assets and property, plant and equipment are analysed to identify the existence of any indicators, either internally or externally to the Group, of impairment. Where these indications exist, an estimate of the recoverable amount of the above-mentioned assets is made, recording any impairment losses in profit or loss. In the case of goodwill and other intangible assets with indefinite useful lives, this estimate is made annually independently of the existence of such indicators. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use. The fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

For an asset that does not generate sufficient independent cash flows, the realisable value is determined in relation to the cash-generating unit to which the asset belongs. An impairment loss is recognised in profit or loss when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is higher than the recoverable amount.

Impairment losses on cash generating units are firstly allocated as a decrease in the carrying amount of any goodwill allocated to the cash generating unit and, thereafter, as a decrease in other assets, in proportion to their carrying amount. Impairment losses relating to goodwill may not be restated. In relation to assets other than goodwill, where the reasons for the impairment loss no longer exist, the carrying amount of the asset is reversed up to the amount at which the asset would have been recognised if no impairment had taken place and amortisation had been recorded.

Financial receivables and assets

Trade receivables and debt securities issued are recognised as they arise. All other financial assets and liabilities are initially recognised on the trading date, i.e. when the Group becomes a contractual party to the financial instrument.

With the exception of trade receivables without a material financing component, financial assets are initially recognised at fair value, plus or minus, in the case of financial assets or liabilities not at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset. Upon initial recognition, trade receivables without a material financial component are measured at their transaction price.

Upon initial recognition, a financial asset is classified according to how it is measured: at amortised cost, at fair value through other comprehensive income (FVOCI) for debt and equity securities, or at fair value through profit or loss (FVTPL). Financial assets are not reclassified following initial

recognition unless the Group modifies the business model within which the financial assets are held. In such cases, all the affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Loans and receivables are measured at amortised cost, taking the interest to profit or loss according to the effective interest rate method or applying a rate that results in a nil balance of the present values of the net cash flows generated by the financial instrument. Losses are recognised in profit or loss when they become apparent or when the loans and receivables are derecognised. Loans are tested for impairment and then recognised at their estimated realisable value (fair value) by setting aside a specific loss allowance deducted directly from the carrying amount of such assets. Loans are impaired when there is objective evidence of a probable default on the loan and on the basis of past experience and historical data based on expected credit losses. When, in subsequent periods, the reasons for the impairment no longer exist, the carrying amount of the asset is restated up to the amount deriving from the application of the amortised cost as if no impairment loss had been recognised.

Other non-current equity instruments are measured at cost.

Changes in fair value and any gains or losses on disposal of an equity investment are taken to other comprehensive income and never pass through profit or loss. Since this election is irrevocable and may be made on an investment-by-investment basis, any exceptions upon initial recognition will be disclosed in the notes to the caption. All equity instruments must be measured at fair value. The fair value of securities traded in active markets is determined by reference to the exchange prices recorded at the end of trading at the reporting date.

The fair value of investments for which no active market exists is determined on the basis of the price in recent transactions between independent parties of essentially similar instruments or the use of other valuation techniques such as methods based on income or an analysis of discounted cash flows. However, in certain limited circumstances, cost may represent an adequate estimate of fair value if, for example, the most recent information available to assess fair value is insufficient, or if there is a wide range of possible fair values. Cost is never the best estimate of fair value for investments in listed equity instruments. Financial assets designated at fair value through profit or loss upon initial recognition are measured with reference to their market value at the reporting date. The value of non-quoted instruments is determined through generally accepted financial valuation techniques based on market data. Gains or losses deriving from the fair value measurement of assets classified in this category are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents principally include cash, bank deposits on demand and other highly liquid short-term investments (convertible into liquidity within ninety days). These are recorded at their nominal value.

For the purposes of the classification of financial instruments according to the criteria set out in IFRS 9, as required by IFRS 7, cash and cash equivalents have been classified as financial assets at amortised cost for credit risk purposes. Current account overdrafts are classified under “Current Financial Liabilities”.

Inventories

Inventories of raw materials, semi-finished products and finished goods are measured at the lower of purchase or production price, including related charges, determined in accordance with the weighted average cost method, and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs to sell.

Obsolete and slow-moving inventories are written down in relation to their possible use or realisable value.

The purchase cost is used for direct and indirect materials, purchased and used in the production cycle.

The production cost is however used for finished goods or in work in progress.

For the determination of the purchase price, consideration is taken of the actual costs incurred net of commercial discounts.

Production cost includes, in addition to the costs of the materials used, as defined above, the direct and indirect production costs allocated. The indirect costs were allocated based on the normal production capacity of the plant.

Distribution costs were excluded from purchase cost and production cost.

Provisions for risks and charges (current and non-current)

Provisions for risks and charges are recognised where the Company has a current obligation, legal or constructive, deriving from a past event and it is probable that fulfilment of the obligation will result in an outflow of resources and the amount of the obligation can be reasonably estimated.

Provisions are recorded at the value representing the best estimate of the amount that the entity would pay to discharge the obligation or transfer it to a third party. When the time value of money is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. The rate used in the determination of the present value of the liability reflects the current market values and includes the further effects relating to the specific risk associated with each liability. The increase in the provision due to the passage of time is recognised in profit or loss under “Financial income/(expense)”. The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discount rate; the revisions of estimates are recorded in the same profit or loss caption in which the provision was recorded, or when the liability relates to an asset, against the asset caption to which it refers.

The notes illustrate the contingent liabilities represented by: (i) possible obligations (but not probable) deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity; (ii) current obligations deriving from past events whose amount cannot be reliably estimated or whose fulfilment will likely not generate an outflow of resources.

Restructuring provisions are recognised where a detailed formal programme has been approved which has raised a valid expectation among third parties that the entity will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Employee benefits

All employee benefits are measured and reflected in the financial statements on an accruals basis.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and will not have a legal or constructive obligation to pay further contributions. The contributions to be paid to defined contribution plans are recognised as costs in profit or loss when incurred. Contributions paid in advance are recognised under assets to the extent the advance will determine a reduction in future payments or a reimbursement.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net obligation of the Group deriving from defined benefit plans is calculated separately for each plan estimating the amount of the future benefit which the employees matured in exchange for the services provided in the current and previous years; this benefit is discounted to calculate the present value, while any costs relating to past services not recorded in the financial statements and the fair value of any plan assets is deducted from liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of the Group and which are expressed in the same currency in which it is expected the benefits will be paid. The calculation is made by an independent actuary using the projected credit unit method. Where the calculation generates a benefit for the Group, the asset recognised is limited to the total, net of all costs relating to past service not recognised and the present value of all economic benefits available in the form of refunds from the plan or curtailments in future contributions to the plan. Where improvements are made to the plan benefits, the portion of increased benefits relating to past service is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the cost is recognised immediately in the statement of comprehensive income.

The Group records all actuarial gains and losses from a defined benefit plan directly and immediately under other comprehensive income.

In relation to Post-Employment Benefits, following the amendments to Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations (“Pension Reform”) issued in the first months of 2007, the Parent F.I.L.A. S.p.A. adopted the following accounting treatment:

- The Post-Employment Benefits, accrued to December 31, 2006 are considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, in the form of Post-Employment Benefits, paid on the termination of employment, are recognised in the period the right vests;
- The Post-Employment Benefits accruing from January 1, 2007 are considered a defined contribution plan and therefore the contributions accrued in the period were fully recognised as a cost and recorded as a liability in the caption “Post-Employment Benefits”, after deduction of any contributions already paid.

Other long-term employee benefits

The net obligation of the Group for long-term employee benefits, other than those deriving from pension plans, corresponds to the amount of the future benefits which employees accrued for service in current and previous years. This benefit is discounted, while the Fair Value of any assets is deducted from the liabilities. The discount rate is the return, at the reporting date, on the primary obligations whose maturity date approximates the terms of the obligations of the Company. The obligation is calculated using the projected unit credit method. Any actuarial gains or losses are recorded in the statement of financial in the year in which they arise.

Short-term employee benefits

Short-term employee benefits are recognised as undiscounted expenses when the services that generate them are provided.

The Group records a liability for the amount that it expects will be paid in the presence of a present obligation, legal or constructive, as a consequence of past events and for which the obligation can be reliably estimated.

Financial liabilities

Financial liabilities are initially recognised at fair value, which essentially coincides with the sum received, less directly attributable transaction costs. Management determines the classification of financial liabilities according to the criteria laid down in IFRS 9 and cited in IFRS 7 on initial recognition.

Subsequent to initial recognition, these liabilities are measured at amortised cost by applying the effective interest rate method, i.e. applying a rate that results in the sum of the present value of the net cash flows generated by the financial instrument as equal to zero. Nominal value is used as an approximation of amortised cost for instruments maturing within twelve months.

When there is a change in the expected cash flows, the value of the liabilities are recalculated to reflect this change, based on the present value of the new expected cash flows and on the internal yield initially determined.

A financial liability is derecognised from the financial statements when the underlying liability is settled or cancelled.

Financial instruments

Financial instruments are initially recognised at fair value and, subsequent to initial recognition, are measured on the basis of their classification, as per IFRS 9.

IFRS 9 classifies financial assets into three principal categories: at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). According to the Standard, classification is usually based on the entity's business model for the financial assets and the contractual cash flow characteristics of each financial asset.

IFRS 9 essentially maintains the provisions of IAS 39 for the classification and measurement of financial liabilities.

Derivatives are classified in the category "Hedging derivatives" if they satisfy the requisites for the application of so-called hedge accounting, otherwise, although in place in order to manage exposure to risk, they are recognised as "Non-hedging derivatives".

Financial instruments are only accounted for under the hedge accounting methods adopted by the Company when the relationship between the derivative and the hedged item is formally documented

and the hedge is highly effective (effectiveness test).

The effectiveness of hedges is documented both at the inception of the transaction and periodically (at least at the annual or interim reporting dates).

When the hedging derivatives cover the risk of change in the fair value of the instruments subject to the hedge (fair value hedge), the derivatives are recorded at fair value with the effects recorded through profit or loss.

When the derivatives hedge the risk of changes in the cash flows of the hedged instrument (cash flow hedge), the effective part of the changes in the fair value of the derivatives is recognised in the statement of comprehensive income and presented in the hedging reserve. The ineffective part of the changes in the fair value of the derivative instrument is immediately recognised in profit or loss.

Trade payables and other liabilities

Trade payables and other liabilities are initially recognised at fair value, normally equal to the nominal amount, net of discounts, returns or invoice adjustments, and are subsequently measured at amortised cost. When there is a change in the cash flows and it is possible to estimate them reliably, the liabilities are recalculated to reflect this change, based on the present value of the cash flows and on the internal rate of return initially determined.

Current, deferred and other taxes

Income taxes for the year includes current and deferred taxes recognised in profit or loss, with the exception of those on business combinations or amounts recorded directly under equity or under other items of comprehensive income.

Income taxes include all the taxes calculated on the taxable income of the Group Companies applying the tax rates in force at the reporting date.

Other taxes not related to income, such as taxes on property and capital gains, are included under other operating costs (“Services”, “Use of third party assets” and “Other charges”). The liabilities related to indirect taxes are classified under “Other Liabilities”.

The Group has determined that interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 Provisions, contingent liabilities and contingent assets as they do not meet the definition of income taxes.

Current taxes include the estimated amount of income taxes due or receivable, calculated on the taxable income or tax loss for the year, as well as any adjustments to previous years' taxes. The amount of taxes due or receivable, determined on the basis of the tax rates in force or substantially in force at the reporting date, also includes the best estimate of the amount to be paid or received, if any, which is

subject to factors of uncertainty. Current taxes also include any taxes relating to dividends.

Current tax assets and liabilities are only offset when certain criteria are met.

Deferred tax assets and liabilities are determined in accordance with the global assets/liability method and are calculated on the basis of the temporary differences arising between the carrying amounts of the assets and liabilities and the corresponding amounts recognised for tax purposes, taking into account the tax rate under current tax legislation for the years in which the differences will reverse, with the exception of goodwill at the initial recognition date and those differences deriving from investments in subsidiaries which are not expected to be reversed in the foreseeable future, and on the tax losses to be carried forward.

“Deferred Tax Assets” are classified under non-current assets and are recognised only when there is a high probability of future taxable profit to recover these assets.

The valuation of deferred taxes reflects the tax effects arising from the manner in which the Group expects to recover or extinguish the carrying amount of assets and liabilities at year-end.

Deferred tax assets and liabilities are only offset when certain criteria are met.

Treasury shares

Treasury shares are recognised as a deduction from equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognised as equity movements.

Revenues and costs

Revenue recognition

The revenue and income are recorded, as per IFRS 15, net of returns, discounts, rebates and premiums as well as direct taxes related to the sale of products and services. In particular, revenue is measured taking into account the consideration specified in the contract with the customer and is recognised when control of the good or service is transferred. As it concerns the sale of goods, revenue is recognised at a point in time, i.e. when control of the goods is transferred to the buyer, which generally coincides with their physical delivery.

Recognition of costs

Costs are recognised when relating to goods and services acquired or consumed in the year or when there is no future utility.

The costs directly attributable to share capital transactions are recorded as a direct reduction of equity. Commercial costs relating to the acquisition of new customers are expensed when incurred.

Financial income and expense

Financial income includes interest income on liquidity invested, dividends received and income from the sale of available-for-sale financial assets. Interest income is recorded in profit or loss on an accruals basis using the effective interest method. Dividend income is recorded when the right of the Group to receive the payment is established which, in the case of listed securities, corresponds to the coupon date.

Financial income include interest on loans, discounting of provisions, dividends distributed on preference shares reimbursable, changes in the fair value of financial assets recorded through profit or loss and losses on financial assets. Borrowing costs are recognised in profit or loss using the effective interest method. Gains and losses on currency transactions are shown in financial income if positive and in financial expenses if negative.

Dividends

Dividends to be paid to shareholders are recognised on the date of the shareholders' resolution.

Earnings per share

The basic earnings/(loss) per share are calculated by dividing the Company's profit or loss by the weighted average shares outstanding during the year.

In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilutive effect.

The profit or loss for the year is also adjusted to account for the effects of the conversion, net of taxes. The diluted earnings/(loss) per share are calculated by dividing the Company's profit or loss for the year by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

Share-based payment arrangement

2022-2026 Performance Shares Plan

In accordance with IFRS 2 - Share-based payments, the key data regarding the “2022-2026 Performance Shares Plan” approved by the shareholders of F.I.L.A. S.p.A. in their meeting of April 27, 2022 in replacement of the 2019-2021 Performance Shares Plan closed and based on the free allocation of shares of the parent F.I.L.A. S.p.A to managers and senior executives of the F.I.L.A. Group, is presented below.

The Plan is for the Executive Directors, Senior Executives and Key Management, as identified individually by the Board of Directors of F.I.L.A. S.p.A..

The “2022-2026 Performance Shares Plan” represents a medium/long-term incentive system based on the free allocation of company shares and subject to the achievement of specific performance objectives, in addition to continued employment with the Group. In particular, the free allocation of shares is linked (i) partly to the achievement of the performance objectives calculated for all beneficiaries of the “2022-2026 Performance Shares Plan” with reference to the scope of the F.I.L.A. Group, and (ii) partly to the achievement of certain individual or organisational strategic objectives defined specifically for each beneficiary of the “2022-2026 Performance Shares Plan”, by reason of the role and position held.

It is a rolling share-based incentive plan, with 3 successive allocation cycles, each with its own three-year Vesting Period (January 1, 2022 - December 31, 2024 for the first cycle; January 1, 2023 - December 31, 2025 for the second cycle; and January 1, 2024 - December 31, 2026 for the third cycle). The maximum total number of shares to be allocated to beneficiaries of the “2022-2024 LTI first cycle” was set at 183,000 shares, that of the “2023-2025 LTI second cycle” was 167,750 shares, while that of the “2024-2026 LTI third cycle” is 169,500 shares. These shares shall derive from the treasury shares from purchases made pursuant to Articles 2357 and 2357-ter of the Civil Code. Against a maximum 183,000 ordinary F.I.L.A. S.p.A. shares for the “2022-2024 LTI first cycle”, 167,750 ordinary F.I.L.A. S.p.A. shares for the “2023-2025 LTI second cycle” and 169,500 ordinary F.I.L.A. S.p.A. shares for the “2024-2026 LTI third cycle” to be allocated to beneficiaries where achieving the maximum performance objectives set out under the Plan, the Board of Directors, on conclusion of the three-year Vesting period (January 1, 2022 - December 31, 2024 for the first cycle; January 1, 2023 - December 31, 2025 for the second cycle; and January 1, 2024 - December 31, 2026 for the third cycle) shall establish the effective number of shares to be allocated to the beneficiaries of the Plan, which shall be made available to each, according to the deadlines and methods established by the Plan and, in particular, not beyond 60 calendar days from the approval of the consolidated financial statements for the final year of each Vesting period.

For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. Where the entity cannot estimate reliably the fair value of the goods or services received, it shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments allocated.

The F.I.L.A. Group calculated the fair value of the benefit received against options on shares allocated referring to the fair value of the options granted, calculated on the grant date and using the binomial options pricing model.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used for the “2022-2024 first LTI cycle”:

Expected share price at the allocation date: Euro 9.14

Risk free interest rate (based on iBoxx Euro Sovereign): 0.50%;

Expected volatility (expressed as average weighted volatility): 34.6%;

Duration of the option: 3 years;

Expected dividends: 1.10% per year.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used for the “2023-2025 second LTI cycle”:

Expected share price at the allocation date: Euro 7.08

Risk free interest rate (based on iBoxx Euro Sovereign): 3.1%;

Expected volatility (expressed as average weighted volatility): 32.6%;

Duration of the option: 3 years;

Expected dividends: 1.45% per year.

In calculating the fair value at the allocation date of the share-based payment, the following parameters are used for the “2024-2026 LTI third cycle”:

- Expected share price at the allocation date: Euro 7.95
- Risk free interest rate (based on iBoxx Euro Sovereign): 3.2%;
- Expected volatility (expressed as average weighted volatility): 28.8%;
- Duration of the option: 3 years;
- Expected dividends: 2.46% per year.

The expected volatility is estimated according to the historic average price volatility of the shares over the three years since the allocation date.

IAS 29 - Hyperinflationary Economies

The IFRS standard should be applied to the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy. According to International Monetary Fund (IMF) World Economic Outlook (WEO) inflation data released on October 22, 2024, Turkey and Argentina are among the countries with hyperinflationary economies. For this reason, the Company adopts IAS 29 for its Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. and its Argentine subsidiary FILA Argentina S.A..

Fair value measurement

For measuring the fair value of an asset or a liability, the Group as far as possible refers to observable market data. The fair values are broken down into hierarchical levels based on the input data utilised for measurement, as outlined below.

- Level 1: unadjusted asset or liability prices on an active market;
- Level 2: inputs other than prices listed at the previous point, which are directly observable (prices) or indirectly (derived from the prices) on the market;
- Level 3: input which is not based on observable market data.

Where the input data utilised to calculate the fair value of an asset or a liability may be classified to differing fair value hierarchy levels, the entire measurement is included in the lowest hierarchy level of the input which is significant for the entire measurement.

The Group records the transfers between the various fair value hierarchy levels at the end of the period in which the transfer took place.

Use of estimates

The preparation of the consolidated financial statements requires the directors to apply accounting principles and methods that, in some circumstances, are based on judgements and estimates based on experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact the carrying amount of the assets and liabilities and of the costs and revenue and the disclosure on contingent assets and liabilities at the reporting date. Actual results may differ from these estimates.

The captions which require greater judgement by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the combined financial figures are briefly described below.

Recoverable value of non-current assets: Non-current assets include property, plant and equipment, equity investments and receivables from subsidiaries. The Company periodically reviews the carrying value of the non-current assets, when events and circumstances require this review. Investments in subsidiaries, for which estimates are used in a significant manner in order to determine possible impairment and recovery in value, have been carefully analysed by Company's management to identify possible impairment. Specifically, Management's evaluation process (impairment test) was based on the "discounted cash flow - equity side" criterion by estimating the expected cash flows inferable from the most recent business plans approved by the companies' Boards of Directors at an appropriate discount rate (WACC) and long-term growth rate (g-rate), net of their net financial position.

Measurement of receivables: trade receivables are adjusted by the loss allowance, taking into account the effective recoverable amount. The calculation of the impairment losses requires the directors to make judgements based on the documentation and the information available relating to the solvency of the customers, and from market and historical experience.

Measurement of goodwill and intangible assets with indefinite useful life: in accordance with the accounting principles applied by the Company, goodwill and the indefinite intangible assets are subject to impairment testing at least annually in order to verify whether a reduction in value has taken place. This assessment requires the directors to make judgements based on the information available within the Group and from the market, as well as from historical experience; this depends in addition on factors which may change over time, affecting the judgements and estimates made by directors. In addition, when it is determined that there may be a potential impairment loss, the Group determines this through using the most appropriate technical valuation methods available.

Risk provisions: the identification of the existence of a present obligation (legal or constructive) in some circumstances may be difficult to determine. The directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to fulfil the obligation. When the directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.

Measurement of closing inventories: inventories of products which are obsolete or slow moving are periodically subject to impairment testing and written down where the recoverable amount is lower than the carrying amount. The write-downs are made based on assumptions and estimates of management deriving from experience and historic results.

Pension plans and other post-employment benefits: the companies of the Group participate in pension plans and other post-employment benefits in various countries; in particular in Italy, Germany, the United States, France, Canada and Mexico. Management uses multiple statistical assumptions and valuation techniques with the objective of anticipating future events for the calculation of the charges, liabilities and assets relating to these plans. The assumptions relate to the discount rate, the expected return of the plan assets and the rate of future salary increases. In addition, the actuarial consultants of the Group use subjective factors, for example mortality and employee turnover rates.

The transition to IFRS 16 introduces some elements of professional judgment that entail the use of assumptions and estimates with regard to the lease term and the definition of the incremental borrowing rate.

Amortisation & depreciation: The cost of fixed assets is depreciated on a straight-line basis over their estimated useful lives, which for right-of-use assets coincides with the assumed life of the contract. The economic useful life of fixed assets is determined by the Directors at the time of purchase; it is based on historical experience over the years of operation and knowledge on any technological innovations that may render the fixed asset obsolete and no longer economical. The Company periodically evaluates these circumstances to update the remaining useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years.

The calculation of the tax liabilities requires valuations by management upon transactions whose tax implications are not certain at the reporting date. The Company recognizes liabilities, which may arise from future inspections by the tax authority, based on the estimated taxes that will be due. Should the outcome of the above inspections differ from that estimated by management, this could result in significant effects on current and deferred taxes.

The calculation of deferred tax assets is supported by a recoverability plan prepared on the basis of assumptions which the directors consider reasonable.

Segment reporting

In terms of segment reporting, the F.I.L.A. Group has adopted IFRS 8.

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 F.I.L.A. Group's key statement of financial position figures broken down by geographical segment at December 31, 2024 and December 31, 2023, are reported below:

December 31, 2024	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	124,866	222,718	849	49	-	27,264	375,746
Property, plant & equipment	59,844	33,008	13,437	2,120	291	(33)	108,667
Biological Assets	-	-	-	-	-	-	-
Total non-current assets	184,710	255,726	14,286	2,169	291	27,231	484,413
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	108,868	113,465	35,563	11,476	1,560	(13,579)	257,353
Trade receivables and Other assets	55,648	26,699	35,922	9,650	1,340	(34,281)	94,978
Trade payables and Other liabilities	(65,742)	(43,103)	(25,264)	(9,405)	(1,999)	34,712	(110,801)
Other Current Assets and Liabilities	(1,886)	2,222	(212)	24	(22)	-	126
Net Working Capital	96,888	99,283	46,009	11,745	879	(13,148)	241,656
<i>of which Infragroup</i>	<i>(17,544)</i>	<i>(2,536)</i>	<i>6,666</i>	<i>(1,459)</i>	<i>1,726</i>		
Net Financial Position (Debt)	(52,480)	(126,846)	(14,159)	7,992	(5,286)	9,700	(181,079)
<i>of which Infragroup</i>	<i>(37,606)</i>	<i>28,194</i>	<i>13,243</i>	<i>-</i>	<i>5,869</i>		

December 31, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Intangible Assets	131,949	217,114	1,059	63	-	27,846	378,031
Property, plant & equipment	60,788	39,123	20,075	2,878	461	-	123,325
Biological Assets	-	-	-	1,241	-	-	1,241
Total non-current assets	192,737	256,237	21,134	4,182	461	27,846	502,597
<i>of which Infragroup</i>	<i>(76)</i>						
Inventories	109,173	110,164	40,750	13,815	1,648	(11,175)	264,375
Trade Receivables and other assets	62,867	24,982	36,937	7,467	1,246	(33,678)	99,821
Trade payables and other liabilities	(65,494)	(36,589)	(22,710)	(8,892)	(1,495)	29,524	(105,656)
Other Current Assets and Liabilities	337	4,107	(109)	162	(21)	-	4,476
Net Working Capital	106,883	102,664	54,868	12,552	1,378	(15,329)	263,016
<i>of which Infragroup</i>	<i>(19,149)</i>	<i>538</i>	<i>2,456</i>	<i>(428)</i>	<i>1,254</i>		
Net Financial Position (Debt)	(110,949)	(170,912)	(30,742)	9,571	(5,322)	4,942	(303,412)
<i>of which Infragroup</i>	<i>(24,978)</i>	<i>11,244</i>	<i>13,154</i>	<i>-</i>	<i>5,522</i>		

Geographical segments – Statement of comprehensive income

The group's key statement of comprehensive income figures broken down by geographical segment for the year ended December 31, 2024 and December 31, 2023, are reported below:

December 31, 2024	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	295,439	309,749	106,336	34,153	3,868	(136,962)	612,583
<i>of which Intragroup</i>	<i>(79,521)</i>	<i>(10,829)</i>	<i>(25,341)</i>	<i>(21,270)</i>	<i>(1)</i>		
Gross operating profit (loss)	31,267	58,227	18,443	3,623	161	(2,676)	109,045
Operating profit (loss)	4,164	41,770	15,170	764	(72)	2,071	63,867
Net financial income (expense)	62,682	740	(9,497)	4,395	(707)	(14,672)	42,941
<i>of which Intragroup</i>	<i>(1,894)</i>	<i>(9,596)</i>	<i>820</i>	<i>(4,367)</i>	<i>365</i>		
Profit (loss) for the year	54,784	32,168	2,712	4,439	(822)	(12,435)	80,846
Profit (loss) attributable to Non-controlling interests	(1,659)	483	(3)	258	-	-	(921)
Profit (loss) attributable to the owners of the Parent	56,444	31,685	2,715	4,181	(822)	(12,435)	81,767

December 31, 2023	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
<i>Euro thousands</i>							
Revenue	293,841	332,874	116,651	181,587	3,547	(149,317)	779,183
<i>of which Intragroup</i>	<i>(79,667)</i>	<i>(11,319)</i>	<i>(25,479)</i>	<i>(32,849)</i>	<i>(2)</i>		
Gross operating profit (loss)	23,045	54,201	14,281	30,790	124	(89)	122,353
Operating profit (loss)	5,650	40,399	10,456	22,715	(125)	(637)	78,458
Net financial income (expense)	65,707	(8,691)	(7,741)	554	(390)	81,424	130,863
<i>of which Intragroup</i>	<i>88,753</i>	<i>(7,178)</i>	<i>562</i>	<i>(983)</i>	<i>271</i>		
Profit (loss) for the year	54,761	25,081	959	17,969	(513)	80,380	178,637
Profit (loss) attributable to Non-controlling interests	271	303	-	7,414	-	-	7,988
Profit (loss) attributable to the owners of the Parent	54,490	24,778	959	10,555	(513)	80,380	170,648

Business Segments – Other Information

The “Other information”, i.e. the group companies’ property, plant and equipment and intangible assets broken down by geographical segment for the year ended December 31, 2024 and December 31, 2023, is reported below:

December 31, 2024 <i>Euro thousands</i>	Europe	North	Central - South America	Asia	Rest of the World	F.I.L.A. Group
Intangible assets	1,941	2,279	10	-	-	4,231
Property, plant and equipment	6,843	1,950	2,098	79	34	11,004
Net investments	8,783	4,229	2,108	79	34	15,234

December 31, 2023 <i>Euro thousands</i>	Europe	North	Central - South America	Asia	Rest of the World	F.I.L.A. Group
Intangible assets	2,059	-	-	32	-	2,091
Property, plant and equipment	5,551	1,770	1,223	19,699	56	28,299
Net investments	7,610	1,770	1,223	19,731	56	30,390

Note 1 - Intangible assets

Intangible Assets at December 31, 2024 amount to Euro 375,746 thousand (Euro 378,031 thousand at December 31, 2023) and comprise for Euro 139,867 thousand intangible assets with indefinite useful lives – goodwill (“Note 1.B - Goodwill”) and for Euro 235,879 thousand of intangible assets with finite useful lives (“Note 1.C – Intangible Assets with finite useful lives”).

The changes of the year were as follows:

Nota 1.A - ATTIVITA' IMMATERIALI						
	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>						
Historical cost at December 31, 2022	172,808	200	158,498	206,659	3,576	541,741
Increases (Investments)	-	-	63	3,038	(1,010)	2,091
Increases (Investments)	-	-	47	1,163	881	2,091
Transfers from assets under development	-	-	16	1,875	(1,891)	-
Decreases	(35,890)	-	(16,172)	(17,218)	(2)	(69,282)
Change in consolidation scope	(33,263)	-	(16,242)	(13,000)	-	(62,505)
Net exchange gains (losses)	(2,627)	-	70	(4,218)	(2)	(6,777)
Historical cost at December 31, 2023	136,918	200	142,388	192,480	2,565	474,551
Increases (Investments)	4,644	-	5,498	13,989	(501)	23,630
Increases (Investments)	-	-	2,226	1,391	614	4,231
Transfers from assets under development	-	-	2	1,116	(1,118)	-
Reclassifications	-	-	-	1,634	-	1,634
Net exchange gains (losses)	4,644	-	3,270	9,847	3	17,764
Other increases	-	-	-	1	-	1
Decreases	(1,695)	-	(7,821)	(188)	-	(9,704)
Decreases (Disinvestments)	-	-	(1,145)	(126)	-	(1,271)
Write Down	(1,695)	-	(6,676)	(62)	-	(8,433)
Historical cost at December 31, 2024	139,867	200	140,065	206,282	2,063	488,477

	Goodwill	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>						
Accumulated amortisation at December 31, 2022	-	(190)	(45,102)	(49,952)	-	(95,244)
Increases (Investments)	-	(4)	(5,221)	(9,346)	-	(14,572)
Amortisation	-	(4)	(5,147)	(9,346)	-	(14,498)
Other increases	-	-	(74)	-	-	(74)
Decreases	-	-	4,304	8,993	-	13,297
Change in consolidation scope	-	-	4,664	8,279	-	12,943
Net exchange gains (losses)	-	-	(360)	714	-	354
Accumulated amortisation at December 31, 2023	-	(194)	(46,020)	(50,305)	-	(96,519)
Increases (Investments)	-	(3)	(5,038)	(12,419)	-	(17,460)
Amortisation	-	(3)	(4,567)	(8,597)	-	(13,167)
Reclassifications	-	-	-	(1,634)	-	(1,634)
Net exchange gains (losses)	-	-	(471)	(2,187)	-	(2,658)
Other increases	-	-	-	(1)	-	(1)
Decreases	-	-	1,122	126	-	1,248
Decreases (Disinvestments)	-	-	1,145	126	-	1,271
Other decreases	-	-	(23)	-	-	(23)
Accumulated amortisation at December 31, 2024	-	(197)	(49,936)	(62,598)	-	(112,731)
Carrying amount at December 31, 2022	172,808	10	113,396	156,707	3,576	446,497
Carrying amount at December 31, 2023	136,918	6	96,368	142,175	2,565	378,031
Carrying amount at December 31, 2024	139,867	3	90,129	143,684	2,063	375,746
Change	2,949	(3)	(6,239)	1,510	(502)	(2,285)

Intangible Assets with Indefinite Useful Lives

Intangible assets with indefinite useful life are comprised entirely of goodwill for a total amount of Euro 139,867 thousand (Euro 136,918 thousand at December 31, 2023). The movement compared to December 31, 2023 was entirely due to exchange gains of Euro 4,644 thousand, mainly relating to the strengthening against the Euro of the US Dollar for Euro 4,517 thousand, of the main currencies of the Central-South America area for Euro 127 thousand, offset by the Impairment loss on the goodwill concerning the Italian subsidiary Industria Maimeri S.p.A. for Euro 1,695 thousand.

Goodwill is not amortised but subject to an impairment test at least annually and whenever facts or circumstances arise which may indicate the risk of an impairment loss.

In accordance with the provisions of IAS 36, goodwill is allocated to the various cash generating units (CGU's) and at least on an annual basis subject to recoverability analysis through an impairment test.

The cash generating units are in line with the minimum level at which goodwill is monitored for internal management purposes.

The CGU's to which goodwill is allocated are as follows:

NOTE 1.B GOODWILL BY CASH GENERATING UNIT					
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change	Exchange Rate Difference	Change in consolidation scope
North America ⁽²⁾	104,796	100,279	4,517	4,517	-
Canson Group ⁽⁴⁾	17,015	17,015	-	-	-
Daler - Rowney Lukas Group ⁽⁵⁾	5,922	5,922	-	-	-
Fila Arches	5,473	5,473	-	-	-
Dixon Group - Central / South America ⁽¹⁾	2,107	1,980	127	127	-
Fila Hellas (Greece)	1,932	1,932	-	-	-
Industria Maineri S.p.A. (Italy)	-	1,695	(1,695)	-	(1,695)
St. Cuthberts Holding (UK) ⁽⁶⁾	1,323	1,323	-	-	-
Lyra Group ⁽³⁾	1,217	1,217	-	-	-
FILA SA (South Africa)	83	83	-	-	-
Total	139,867	136,918	2,949	4,644	(1,695)

(1) - Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico); F.I.L.A. Chile Ltda (Chile); FILA Argentina S.A. (Argentina).

(2) - Dixon Ticonderoga Company (U.S.A.); Dixon Canadian Holding (Canada); Bridesore srl (Dominican Republic) as CGU North America; Dixon Ticonderoga ART ULC; Princeton Hong Kong (Hong Kong).

(3) - Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany); FILA Nordic AB (Sweden); PT. Lyra Akrelux (Indonesia); Daler Rowney GmbH (Germany).

(4) - Canson SAS (France); Lodi 12 SAS (France); Canson Brasil I.P.E. LTDA (Brazil); Canson Australia PTY LTD (Australia); Canson Qingdao Ltd.(China); Fila Iberia S.L. (Spain); Fila Yixing (China).

(5) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (UK); Bridesore s.r.l. (Dominican Republic) in CGU Daler.

(6) - St. Cuthberts Holding (UK); St. Cuthberts Mill (UK).

The allocation of goodwill was made considering individual CGU's or Groups of CGU's based on potential synergies and similar operating strategies on the various markets.

The annual impairment test undertaken by the Group has the objective to compare the carrying amount of the cash-generating units to which the goodwill was allocated with the relative recoverable amount. This latter is determined as the higher of the fair value less costs to sell and the value in use estimated by discounting cash flows.

The F.I.L.A. Group identifies the recoverable amount as the value in use of the cash generating units, identified (as per IAS 36) as the present value of projected cash flows, discounted at a separate rate for each geographical segment and reflecting the specific risks of the individual CGUs at the measurement date.

The assumptions utilised for the purposes of the impairment test are as follows:

The expected cash flows used to determine the "Value in use" were developed on the basis of the Group's 2025 Budget approved on February 14, 2025 and the 2025-2029 Business Plan approved by the Board of Directors on March 14, 2025, whereas the individual business plans were submitted for approval by the Boards of Directors of the individual Group companies.

In particular, the cash flows were determined taking the assumptions from the budget and applying the growth rate identified for each CGU in line with the long-term assumptions relating to the growth rate of the sector and the specific risk of the country in which each CGU operates. The process to calculate the "Value in use" centres on measurement assumptions influenced by market performances, which in view of the specific social-economic conditions are difficult to predict and tend towards instability, in addition to the assumptions underlying the expected synergies, as reflected in the business plan. The "Terminal Value" was calculated applying the perpetual yield method.

The market capitalisation of F.I.L.A. S.p.A. is an indicator of the recoverability of the value in use of the company's cash generating units. Should this value be lower than the equity of the F.I.L.A. Group and of F.I.L.A. S.p.A., impairment testing is an adequate means of assessing the underlying risk. At December 31, 2024, the stock market capitalisation of F.I.L.A. S.p.A. was higher than the Equity of the F.I.L.A. Group.

As of 2019, the effects of the entry into force of IFRS 16 on Impairment Tests was also taken into account. In particular, the Right-of-Use assets were included within the CGU being valued, gross of the related Lease Liability, and the Value in Use was determined excluding the related lease payments and using an updated discount rate, which reflects the financial leverage attributable to the lease contracts. The discount rate (W.A.C.C.) is the weighted average cost of risk capital and borrowing cost considering the tax effects generated by the financial leverage.

The table below outlines the main assumptions for the impairment test. The discount rate is different from December 31, 2023 to reflect the changed market conditions at December 31, 2024, as commented upon below:

IMPAIRMENT TEST GOODWILL - VALUE IN USE CALCULATION ASSUMPTIONS

<i>Euro thousands</i>	Discount Rate (W.A.C.C.)*	Growth Rate (g rate)*	Cash flow horizon	Terminal Value Calculation Method
Canson Group (France)	8.9%	2.1%	5 years	Perpetuity growth rate
Daler-Rowney Group (UK)	9.0%	2.1%	5 years	Perpetuity growth rate
North America	9.0%	2.2%	5 years	Perpetuity growth rate
Dixon Group - Central / South America	12.8%	3.4%	5 years	Perpetuity growth rate
Industria Maimeri S.p.A. (Italy)	8.6%	1.8%	5 years	Perpetuity growth rate
St. Cuthberts Holding (UK)	9.1%	2.1%	5 years	Perpetuity growth rate
Lyra Group	7.6%	2.1%	5 years	Perpetuity growth rate
Fila Hellas	8.3%	1.4%	5 years	Perpetuity growth rate
Fila Arches	8.1%	2.0%	5 years	Perpetuity growth rate
FILA SA (South Africa)	14.7%	4.6%	5 years	Perpetuity growth rate

* Source: Factset

The main changes to the discount rate used for the impairment test on the previous year were:

- Canson Group - The W.A.C.C. amounted to 8.9% (7.8% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- Daler-Rowney Lukas Group (United Kingdom) - The discount rate is 9.0% (8.9% at December 31, 2023). The increase is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- North America - The W.A.C.C. used is 9.0% (8.9% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- Dixon Group - Central/South America - the discount rate is 12.8% (12.4% at December 31, 2023). The change is due to a decrease in the cost of debt, the cost of capital (Ke) and the risk free rate;
- Industria Maimeri S.p.A. (Italy) – the discount rate is 8.6% (8.9% at December 31, 2023). The change is due to a decrease in the cost of capital (Ke) and the cost of debt;
- St. Cuthberts (United Kingdom) - The discount rate is 9.1% (8.9% at December 31, 2023). The increase is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- Lyra Group (Germany) – the discount rate is 7.6% (7.2% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- Fila Hellas (Greece) - the W.A.C.C. is 8.3% (11.4% at December 31, 2023). The change is due to a decrease in the cost of debt, the cost of capital (Ke) and the risk free rate;

- Fila Arches (France) - The W.A.C.C. is 8.1% (7.8% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- FILA SA (South Africa) – the W.A.C.C. is 14.7% (14.7% at December 31, 2023). There have been no changes in the W.A.C.C.;

Particular importance was given to the impairment tests on the goodwill allocated to the North America cash generating unit of Euro 104,796 thousand (Euro 100,279 thousand at December 31, 2023) and the Canson Group of Euro 17,015 thousand (Euro 17,015 thousand at December 31, 2023).

The goodwill of the above CGUs accounts for 87.1% of the Group's intangible assets with indefinite useful lives of Euro 139,867 thousand. The impairment tests performed indicated headroom of approximately Euro 459 million for the North America CGU (55%) and of Euro 53 million for the Canson CGU (40%).

The application of the DCF (discounted cash flow method) confirms the carrying amounts of the CGUs, except in the case of Industria Maimeri S.p.A., on which an impairment loss of Euro 1,695 thousand was recognized.

In completion of the analyses, the following activities were undertaken:

- A sensitivity analysis to verify the recoverability of goodwill against possible changes in the basic assumptions used to calculate discounted cash flows (the “Growth Rate” and the “WACC”, which would lead to an impairment loss, and identifying the minimum value of the “Growth Rate”, maintaining the “WACC” fixed, and identifying the maximum value of the “WACC”, maintaining the “Growth Rate” fixed):

SENSITIVITY ANALYSIS - Variable Growth Rate		
	Discount Rate (W.A.C.C.)	Growth Rate (g rate)
Canson Group (France)	8.9%	-4.3%
Daler-Rowney Group (UK)	9.0%	0.4%
North America	9.0%	-13.1%
Dixon Group - Central / South America	12.8%	-3.2%
St. Cuthberts Holding (UK)	9.1%	1.6%
Lyra Group	7.6%	-25.7%
Fila Hellas	8.3%	-108.3%
FILA SA (South Africa)	14.7%	-12.1%
Fila Arches	8.1%	-4.2%

SENSITIVITY ANALYSIS - Variable W.A.C.C.

	Discount Rate (W.A.C.C.)	Growth Rate (g rate)
Canson Group (France)	13.4%	2.1%
Daler-Rowney Group (UK)	10.3%	2.1%
North America	17.6%	2.2%
Dixon Group - Central / South America	17.1%	3.4%
St. Cuthberts Holding (UK)	9.5%	2.1%
Lyra Group	21.5%	2.1%
Fila Hellas	29.9%	1.4%
FILA SA (South Africa)	24.2%	4.6%
Fila Arches	12.4%	2.0%

- The testing of the recoverability of goodwill against possible increases and decreases of 0.5 percent in the "Growth Rate" and "WACC";
- The comparison between the value in use of the CGU for 2024 and 2023 with the analysis of the variations (also with Budget 2024);
- Analysis of the impairment result in response to changes in EBITDA over the explicit time horizon.

The above analyses confirmed the full recoverability of the goodwill and the reasonableness of the assumptions used with the exception of the CGU and St. Cuthberts Holding, whose sensitivity analysis shows that at a combined increase of 0.5% in the "WACC" and decrease of 0.5% in the "Growth Rate" there could be an impairment loss albeit of an amount deemed insignificant by the Group.

We have also taken account of the content of the ESMA Report published in October 2024 entitled "European common enforcement priorities for 2024 annual financial reports".

The cash flows and assumptions used for the Impairment Test were approved by the Board of Directors on March 14, 2025.

Intangible assets with finite useful lives

The changes at December 31, 2024 of “Intangible Assets with Finite Useful Lives” are reported below:

Note 1.C - INTANGIBLE ASSETS WITH FINITE USEFUL LIVES					
	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>					
Historical cost at December 31, 2022	200	158,498	206,659	3,576	368,933
Increases (Investments)	-	63	3,038	(1,010)	2,091
Increases (Investments)	-	47	1,163	881	2,091
Transfers from assets under development	-	16	1,875	(1,891)	-
Decreases	-	(16,172)	(17,218)	(2)	(33,392)
Change in consolidation scope	-	(16,242)	(13,000)	-	(29,242)
Net exchange gains (losses)	-	70	(4,218)	(2)	(4,150)
Historical cost at December 31, 2023	200	142,388	192,480	2,565	337,633
Increases	-	5,498	13,989	(501)	18,986
Increases (Investments)	-	2,226	1,391	614	4,231
Transfers from assets under development	-	2	1,116	(1,118)	-
Reclassifications	-	-	1,634	-	1,634
Net exchange gains (losses)	-	3,270	9,847	3	13,120
Other increases	-	-	1	-	1
Decreases	-	(7,821)	(188)	-	(8,009)
Decreases (Disinvestments)	-	(1,145)	(126)	-	(1,271)
Write Down	-	(6,676)	(62)	-	(6,738)
Historical cost at December 31, 2024	200	140,065	206,282	2,063	348,610

	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other	Assets under development	Total
<i>Euro thousands</i>					
Accumulated amortisation at December 31, 2022	(190)	(45,102)	(49,952)	-	(95,244)
Increases	(4)	(5,221)	(9,346)	-	(14,572)
Amortisation	(4)	(5,147)	(9,346)	-	(14,498)
Net exchange gains (losses)	-	(74)	-	-	(74)
Decreases	-	4,304	8,993	-	13,297
Change in consolidation scope	-	4,664	8,279	-	12,943
Exchange gains (losses)	-	(360)	714	-	354
Accumulated amortisation at December 31, 2023	(194)	(46,020)	(50,305)	-	(96,519)
Increases	(3)	(5,038)	(12,419)	-	(17,460)
Amortisation	(3)	(4,567)	(8,597)	-	(13,167)
Reclassifications	-	-	(1,634)	-	(1,634)
Net exchange gains (losses)	-	(471)	(2,187)	-	(2,658)
Other increases	-	-	(1)	-	(1)
Decreases	-	1,122	126	-	1,248
Decreases (Disinvestments)	-	1,145	126	-	1,271
Other decreases	-	(23)	-	-	(23)
Accumulated amortisation at December 31, 2024	(197)	(49,936)	(62,598)	-	(112,731)
Carrying amount at December 31, 2022	10	113,396	156,707	3,576	273,689
Carrying amount at December 31, 2023	6	96,368	142,175	2,565	241,114
Carrying amount at December 31, 2024	3	90,129	143,684	2,063	235,879
Change	(3)	(6,239)	1,510	(502)	(5,235)

“Industrial Patents and Intellectual Property Rights” amount to Euro 3 thousand at December 31, 2024 (Euro 6 thousand at December 31, 2023).

The average residual useful life of the “Industrial Patents and Intellectual Property Rights”, recorded in the financial statements at December 31, 2024, is 5 years.

“Concessions, Licences, Trademarks and Similar Rights” amount to Euro 90,129 thousand at December 31, 2024 (Euro 96,368 thousand at December 31, 2023).

The carrying amount decreased on December 31, 2023 by Euro 6,239 thousand, mainly due to amortisation of Euro 4,567 thousand and impairments of Euro 6,676 thousand concerning the US subsidiary Dixon Ticonderoga Company for Euro 4,271 thousand and the English subsidiary Daler Rowney Ltd for Euro 2,405 thousand. These changes are offset by exchange gains of Euro 2,799 thousand and increases in investments for Euro 2,226 thousand, mainly by the US subsidiary Dixon Ticonderoga Company for Euro 2,166 thousand (following the acquisition of the Strathmore brand).

In addition, a significant amount of the amortisation relates to the “Business combinations” undertaken in 2018 and concerning the brands held by the Pacon Group, merged into the subsidiary Dixon Ticonderoga Company (Euro 31,903 thousand) and with regards to that undertaken in 2016 and relating to the brands held by the English Group Daler Rowney (Euro 40,223 thousand) and by the Canson Group (Euro 32,400 thousand).

The other historic trademarks subject to amortisation refer principally to “*Lapimex*” held by F.I.L.A.-Dixon, S.A. de C.V. (Mexico) and the “*Lyra*” brands held by Lyra KG (Germany).

The average useful life of the “Concessions, Licenses, Trademarks and Similar Rights” recognised at December 31, 2024 is 30 years. Trademarks are amortised on the basis of their useful lives and tested for impairment to below their recoverable amount when there are signs that they may have become impaired.

“Other Intangible Assets” amount to Euro 143,684 thousand at December 31, 2024 (Euro 142,175 thousand at December 31, 2023). The increase on the previous year of Euro 1,510 thousand is mainly due to (i) exchange gains of Euro 7,660 thousand, (ii) net investments of Euro 1,391 thousand and the entry into service of fixed assets under development for Euro 1,116 thousand which mainly involved the parent F.I.L.A. for the implementation and roll-out of the SAP system to certain Group companies, (iii) decreases due to amortisation of Euro 8,597 thousand referring in particular to the value of “Development Technology” recognised by the companies of the Daler-Rowney Lukas Group (Euro 30,532 thousand), the Canson Group (Euro 1,500 thousand) and St. Cuthberts Holding (Euro 2,462 thousand), identified as strategic assets through the “Purchase Price Allocation” within the business combinations undertaken in 2016 and the amount of the “Customer Relationship” determined by the “Purchase Price Allocation” as part of the business combination resulting in the acquisition of the Pacon

Group.

The average useful life of “Other Intangible Assets”, recorded in the financial assets at December 31, 2024, is 30 years.

“Assets under development” totalled Euro 2,063 thousand (Euro 2,565 thousand at December 31, 2023), entirely concerning F.I.L.A. S.p.A. and relating to investments for the installation of the ERP (Enterprise Resource Planning) system at some Group companies.

With regards to intangible assets with finite useful lives, no impairment indicators were identified during the year.

Note 2 - Property, Plant and Equipment

At December 31, 2024, “Property, Plant and Equipment” amounted to Euro 108,667 thousand (Euro 123,325 thousand at December 31, 2023), consisting of Euro 63,683 thousand of Property, Plant and Equipment (“Note 2.A - Property, Plant and Equipment”) and Euro 44,984 thousand of Right-of-Use assets (“Note 2.B - Right-of-Use assets”).

The changes of the year are shown below:

Note 2.A - PROPERTY, PLANT AND EQUIPMENT							
	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Historical cost at December 31, 2022	13,027	68,060	156,022	23,067	11,604	4,131	275,911
Increases (Investments)	8,523	3,597	15,645	144	1,374	1,199	30,482
Increases (Investments)	8,105	2,879	12,036	559	1,292	4,308	29,179
Transfers from assets under development	-	200	2,898	9	31	(3,138)	-
Reclassifications	-	-	-	(281)	281	-	-
Net exchange gains (losses)	418	518	505	(143)	(394)	29	933
Other increases	-	-	206	-	164	-	370
Decreases	(12,315)	(11,343)	(39,758)	(271)	(4,450)	(919)	(69,056)
Decreases (Disinvestments)	-	(11)	(895)	(270)	(185)	(767)	(2,127)
Impairment losses	-	-	(5)	(1)	(5)	-	(11)
Change in consolidation scope	(12,315)	(11,332)	(38,858)	-	(4,260)	(152)	(66,918)
Historical cost at December 31, 2023	9,235	60,315	131,909	22,940	8,528	4,410	237,337
Increases	180	2,535	5,351	1,286	1,021	2,704	13,077
Increases (Investments)	-	1,849	1,670	666	701	6,718	11,604
Transfers from assets under construction	-	905	2,773	268	173	(4,119)	-
Reclassifications	-	-	(8)	8	-	-	-
Net exchange gains (losses)	180	(219)	604	344	(98)	105	916
Other increases	-	-	312	-	245	-	557
Decreases	-	(261)	(3,020)	(650)	(757)	(5)	(4,693)
Decreases (Disinvestments)	-	(189)	(1,931)	(635)	(499)	(5)	(3,259)
Write Down	-	(72)	(1,089)	(15)	(258)	-	(1,434)
Historical cost at December 31, 2024	9,415	62,588	134,239	23,576	8,794	7,110	245,722

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Accumulated depreciation at December 31, 2022	-	(42,130)	(112,748)	(19,029)	(9,079)	-	(182,986)
Increases	-	(2,361)	(11,161)	(1,280)	(1,240)	-	(16,042)
Depreciation	-	(2,403)	(10,961)	(1,500)	(910)	-	(15,774)
Reclassifications	-	-	(25)	219	(194)	-	-
Other increases	-	42	(175)	1	(136)	-	(268)
Decreases	-	2,890	19,692	361	3,356	-	26,299
Decreases (Disinvestments)	-	11	809	269	159	-	1,248
Change in consolidation scope	-	3,048	19,095	-	2,902	-	25,045
Net exchange gains (losses)	-	(169)	(212)	92	295	-	6
Accumulated depreciation at December 31, 2023	-	(41,601)	(104,217)	(19,948)	(6,963)	-	(172,730)
Increases	-	(1,793)	(8,209)	(1,730)	(718)	-	(12,449)
Depreciation	-	(1,848)	(7,597)	(1,390)	(554)	-	(11,389)
Reclassifications	-	2	11	(13)	-	-	-
Net exchange gains (losses)	-	53	(337)	(327)	11	-	(599)
Other increases	-	-	(286)	-	(175)	-	(461)
Decreases	-	177	1,817	633	514	-	3,140
Decreases (Disinvestments)	-	175	1,414	633	436	-	2,658
Write up	-	2	402	-	78	-	482
Accumulated depreciation at December 31, 2024	-	(43,216)	(110,610)	(21,045)	(7,168)	-	(182,038)
Carrying amount at December 31, 2022	13,027	25,930	43,274	4,038	2,526	4,131	92,926
Carrying amount at December 31, 2023	9,235	18,713	27,691	2,991	1,567	4,410	64,607
Carrying amount at December 31, 2024	9,415	19,371	23,629	2,531	1,627	7,110	63,683
Change	180	658	(4,062)	(460)	60	2,700	(924)

“Land” at December 31, 2024 amounts to Euro 9,415 thousand (Euro 9,235 thousand at December 31, 2023) and includes the land relating to the buildings and production facilities owned by the company F.I.L.A. S.p.A. (Rufina Scopeti – Italy), by the subsidiary Lyra KG (Germany), the subsidiary Daler Rowney Ltd (United Kingdom) and the subsidiary Canson SAS (France). The increase in the period of Euro 180 thousand is due entirely to positive currency differences.

“Buildings” at December 31, 2024 amount to Euro 19,371 thousand (Euro 18,713 thousand at December 31, 2023) and principally concern the buildings of the Group’s production facilities. Compared to December 31, 2023, an increase of Euro 658 thousand is reported, mainly concerning net investments for Euro 1,835 thousand and mainly concerning the subsidiary to the parent F.I.L.A. S.p.A. (Euro 1,510 thousand) and the Mexican subsidiary Grupo F.I.L.A.-Dixon S.A. de C.V. (Euro 197 thousand), and relate to the expansion plan for the storage and production sites, while capitalisations of assets under construction totalled Euro 905 thousand and mainly concern the US subsidiary Dixon Ticonderoga Company.

Depreciation of Euro 1,848 thousand particularly concerns Canson SAS (France), Daler Rowney Ltd

(United Kingdom), Fila Arches, F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.), while exchange losses impacted for Euro 166 thousand.

“Plant and Machinery” amount to Euro 23,629 thousand (Euro 27,691 thousand at December 31, 2023). Compared to the previous year, this caption decreased Euro 4,062 thousand. The main movements in this category concern depreciation in the period of Euro 7,597 thousand, net investments of Euro 1,153 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 500 thousand and by Canson SAS (France) for Euro 253 thousand. In addition, assets under construction of Euro 2,773 thousand were capitalised, principally by Dixon Ticonderoga Company (U.S.A.) for Euro 1,745 thousand and exchange gains of Euro 267 thousand.

“Industrial and Commercial Equipment” amounted to Euro 2,531 thousand at December 31, 2024 (Euro 2,991 thousand at December 31, 2023). The decrease of Euro 460 thousand is mainly due to depreciation in the year of Euro 1,390 thousand, partially offset by net investments of Euro 663 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 341 thousand and Canson SAS (France) for Euro 111 thousand, in addition to exchange gains of Euro 17 thousand.

“Other Assets” amount to Euro 1,627 thousand at December 31, 2024 (Euro 1,567 thousand at December 31, 2023) and include furniture and office equipment, EDP and motor vehicles. The increase of Euro 60 thousand principally concerns net investments of Euro 638 thousand, mainly by the parent F.I.L.A. S.p.A. for Euro 244 thousand, in addition to the capitalisation of assets under construction for Euro 173 thousand and exchange gains of Euro 87 thousand. These increases were offset by depreciation of Euro 554 thousand.

“Assets under construction” include internal constructions undertaken by the individual companies of the Group which are not yet up and running. The net carrying amount at December 31, 2024 amounts to Euro 7,110 thousand, increasing on the previous year by Euro 2,700 thousand, due to investments in the year of Euro 6,718 thousand, mainly by Canson SAS (France) for Euro 2,763 thousand, Dixon Ticonderoga Company (U.S.A.) for Euro 1,926 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 1,638 thousand, and offset by the decrease from the transfer of assets for Euro 4,119 thousand, mainly by the American subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 2,724 thousand, to the French subsidiary Canson SAS for Euro 510 thousand and to the Mexican subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. for Euro 448 thousand. Exchange gains amounted to Euro 105 thousand.

There is no property, plant and equipment subject to restrictions.

Right-of-Use assets

Nota 2.B RIGHT-OF-USE ASSETS

	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction	Total
<i>Euro thousands</i>							
Historical cost at December 31, 2022	-	108,208	672	741	4,044	-	113,665
Increases	-	4,015	343	206	1,259	-	5,824
Increases (Investments)	-	4,015	343	206	1,259	-	5,824
Decreases	-	(12,674)	(8)	(87)	(1,227)	-	(13,996)
Decreases (Disinvestments)	-	(442)	(1)	(88)	(1,217)	-	(1,748)
Impairment losses	-	(873)	-	-	-	-	(873)
<i>Change in consolidation scope</i>	-	(11,136)	-	-	-	-	(11,136)
Net exchange gains (losses)	-	(223)	(7)	1	(10)	-	(240)
Historical cost at December 31, 2023	-	99,550	1,006	860	4,076	-	105,493
Increases	-	6,393	97	204	1,192	-	7,886
Increases (Investments)	-	5,426	88	178	1,187	-	6,879
Net exchange gains (losses)	-	967	9	26	5	-	1,007
Decreases	-	(14,021)	(249)	(557)	(1,198)	-	(16,025)
Decreases (Disinvestments)	-	(13,565)	(249)	(433)	(783)	-	(15,030)
Reclassifications	-	-	-	-	(322)	-	(322)
Impairment losses	-	(456)	-	(124)	(93)	-	(673)
Historical cost at December 31, 2024	-	91,922	855	508	4,070	-	97,355
Accumulated depreciation at December 31, 2022	-	(37,070)	(317)	(449)	(2,570)	-	(40,406)
Increases	-	(10,337)	(98)	(171)	(1,042)	-	(11,648)
Depreciation	-	(10,337)	(98)	(171)	(1,042)	-	(11,648)
Decreases	-	3,760	5	87	1,427	-	5,279
Decrease (Disposal)	-	442	1	88	1,411	-	1,942
<i>Change in consolidation scope</i>	-	2,645	-	-	-	-	2,645
Net exchange gains (losses)	-	673	4	(1)	16	-	692
Accumulated depreciation at December 31, 2023	-	(43,647)	(410)	(534)	(2,184)	-	(46,775)
Increases	-	(9,535)	(227)	(206)	(973)	-	(10,941)
Depreciation	-	(8,947)	(228)	(187)	(959)	-	(10,321)
Net exchange gains (losses)	-	(588)	1	(19)	(14)	-	(620)
Decreases	-	3,628	234	407	1,075	-	5,344
Decreases (Disinvestments)	-	3,628	234	407	753	-	5,022
Reclassifications	-	-	-	-	322	-	322
Accumulated depreciation at December 31, 2024	-	(49,554)	(403)	(332)	(2,082)	-	(52,371)
Carrying amount at December 31, 2022	-	71,139	355	292	1,473	-	73,259
Carrying amount at December 31, 2023	-	55,903	596	326	1,892	-	58,718
Carrying amount at December 31, 2024	-	42,368	452	175	1,989	-	44,984
Change	-	(13,535)	(144)	(151)	96	-	(13,734)

The changes of the year are shown below:

The Group adopted IFRS 16 Leasing from January 1, 2019 and recognised in the statement of financial position the right-of-use assets and the lease liabilities, with the exception of short-term contracts (less than 12 months) or low value leases (less than Euro 5 thousand), for which it applied the recognition and measurement exemptions under IFRS 16.

“Buildings” at December 31, 2024 amounted to Euro 42,368 thousand (Euro 55,903 thousand at December 31, 2023), decreasing Euro 13,535 thousand on the previous year. The movement mainly concerns the depreciation in the period of Euro 8,947 thousand, the renegotiation of leasing contracts, which resulted in a decrease of Euro 4,511 thousand, undertaken by the subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 5,247 thousand and the subsidiary Grupo F.I.L.A.- Dixon, S.A. de C.V. (Mexico) for Euro 3,393 thousand. Impairments were recognized on the company Industria Maimeri S.p.A. for Euro 951 thousand following the impairment test.

This movement was offset by exchange gains of Euro 379 thousand.

“Plant and Machinery” amounted to Euro 452 thousand at December 31, 2024 (Euro 596 thousand at December 31, 2023). The decrease of Euro 144 thousand is mainly due to depreciation in the period of Euro 228 thousand, offset by net investments of Euro 73 thousand, mainly concerning the UK subsidiary Daler Rowney Ltd of Euro 65 thousand.

“Industrial and Commercial Equipment” amounted to Euro 175 thousand at December 31, 2024 (Euro 326 thousand at December 31, 2023). The decrease of Euro 151 thousand is mainly due to depreciation of Euro 187 thousand, in addition to the impairments of the company Industria Maimeri S.p.A. for Euro 124 thousand following an impairment test. The decrease is offset by net investments of Euro 152 thousand, mainly concerning the subsidiary Industria Maimeri (Italy) for Euro 170 thousand.

“Other Assets” mainly refer to vehicles at December 31, 2024 and amounted to Euro 1,989 thousand (Euro 1,892 thousand at December 31, 2023). Compared to the previous year, this caption increased Euro 96 thousand, comprising net investments of Euro 1,157 thousand, mainly by the French subsidiary Canson SAS for Euro 717 thousand and by the parent F.I.L.A. for Euro 110 thousand, offset by depreciation of Euro 959 thousand, impairments of the company Industria Maimeri S.p.A. for Euro 94 thousand following an impairment test and exchange losses of Euro 9 thousand.

Note 11 - Biological Assets

"Biological assets" was zero as of December 31, 2024 (Euro 1,241 thousand as of December 31, 2023). The decrease of Euro 1,241 thousand on the previous year concerns for Euro 1,251 thousand impairments, offset by exchange gains of Euro 10 thousand. This exclusively refers to the fair value of the tree plantation of the Chinese company Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. in accordance with "IAS 41 - Biological Assets".

Note 3 – Financial Assets

“Current and Non-Current Financial Assets” amount to Euro 2,169 thousand at December 31, 2024 (Euro 1,908 thousand at December 31, 2023):

Note 3.A - FINANCIAL ASSETS			
	Loans and Financial assets	Other financial assets	Total
<i>Euro thousands</i>			
December 31, 2023	-	1.908	1.908
non-current portion	-	746	746
current portion	-	1.162	1.162
December 31, 2024	16	2.153	2.169
non-current portion	-	1.032	1.032
current portion	16	1.121	1.137
Change	16	245	261
non-current portion	-	286	286
current portion	16	(41)	(25)

Loans and Receivables

The caption amounts to Euro 16 thousand and concerns current financial receivables from third parties of the parent F.I.L.A. S.p.A..

Other Financial Assets

“Other Financial Assets” totalled Euro 2,153 thousand (Euro 1,908 thousand at December 31, 2023), of which Euro 1,032 thousand the non-current portion and Euro 1,121 thousand the current portion, reporting an overall increase of Euro 245 thousand.

They principally concern the deposits paid for guarantee purposes on goods and service supply contracts of the various Group companies, including in particular the Mexican subsidiary Gruppo F.I.L.A.-Dixon, S.A. de C.V. (Euro 431 thousand), short-term financial assets established to protect against a weakening of the currency for the Argentine subsidiary Fila Argentina (Euro 567 thousand), and the financial receivable of the parent F.I.L.A. S.p.A. from the Indian associate DOMS Industries Limited (Euro 554 thousand). The increase in the caption mainly concerns the US subsidiary Dixon Ticonderoga Company for Euro 261 thousand relating to financial assets underlying part of the indemnity plans to be paid to

staff.

“Loans and receivables” and “Other financial assets” are stated at amortised cost in accordance with IFRS 9.

Note 4 - Equity-accounted investments

Note 4.A EQUITY-ACCOUNTED INVESTMENTS	
<i>Euro thousands</i>	Inv. in associates
December 31, 2022	2,144
Increases	169,503
Increases (Investments)	8,185
Changes in equity-accounted investments	161,318
Decreases	(11,268)
Decreases (Disinvestments)	(2)
Change in consolidation scope	(11,255)
Net exchange gains (losses)	(11)
December 31, 2023	160,377
Increases	3,063
Changes in equity-accounted investments	3,063
Decreases	(23,963)
Decreases (Disinvestments)	(23,963)
December 31, 2024	139,476
Change	(20,901)

Equity-accounted investments amount to Euro 139,476 thousand at December 31, 2024 (Euro 160,377 thousand at December 31, 2023) and refer exclusively to the investment held by FILA S.p.A. in the associate DOMS Industries Limited for Euro 139,476 thousand.

The decrease mainly concerns the sale of the 4.57% stake in the associate DOMS Industries Limited for a total of Euro 23,963 thousand. This impact is offset by adjusting the "Carrying amount" of this investment by Euro 5,064 thousand Euro in line with the 26.01% share of the equity of the associate held.

In addition, at December 31, 2024 the Purchase Price Allocation had concluded of the Indian associate DOMS Industries Limited, resulting in a decrease in the investment of Euro 2,002 thousand as a result of the amortisation of the allocated gains.

F.I.L.A. S.p.A. utilized a leading consultancy firm in the Purchase Price Allocation process for the Business Combination.

The details of the calculation of the "Purchase Price Allocation" of the Indian associate company DOMS Industries Limited with respect to the 30.6% stake held by F.I.L.A. S.p.A. at the time of the IPO (December 20, 2023) are shown:

Euro thousands

Net purchase value	<i>A</i>	12
IPO Price	<i>B</i>	166.1
Change between purchase value and net present value	$C = (A - B)$	154.1
Fair value tangible and intangible assets identified	<i>D</i>	51.1
Goodwill	$C - D$	103

The movement in the investment at equity in the associate is due to the progressive amortisation of the gains allocated:

Fair value tangible and intangible assets identified	<i>A</i>	51.1
Average useful life of tangible and intangible assets identified	<i>B</i>	25 Years
Impact of equity-accounted investments	$C = (A - B)$	2.0

Note 5 - Other equity investments

“Other investments”, amounting to Euro 26 thousand, mainly relate to F.I.L.A. S.p.A.’s Euro 23 thousand investment in Maimeri S.p.A. corresponding to 1% of the share capital, and in the consortiums Conai, Energia Elettrica Zona Mugello and Energia Elettrica Milano by F.I.L.A. S.p.A. at December 31, 2024.

Note 6 – Deferred Tax Assets

“Deferred tax assets” amount to Euro 20,598 thousand at December 31, 2024 (Euro 23,454 thousand at December 31, 2023).

The changes in “Deferred tax assets” are illustrated in the table below with indication of the opening balance, changes of the year and the closing balance at December 31, 2024:

Note 6.A - CHANGES IN DEFERRED TAX ASSETS

<i>Euro thousands</i>	
December 31, 2022	24,185
Increase	5,199
Utilisation	(5,417)
Net exchange gains (losses)	88
Increase recognised in equity	251
Change in consolidation scope	(852)
December 31, 2023	23,454
Increase	4,822
Utilisation	(9,018)
Net exchange gains (losses)	(9)
Increase recognised in equity	119
Other decreases	45
Reclassifications	1,183
December 31, 2024	20,598
Change	(2,857)

The decrease in the period mainly concerns the reduction in deferred tax assets of the parent F.I.L.A. S.p.A. for Euro 1,277 thousand, the tax effects of the right-of-use amounting to Euro 939 thousand, the reduction to zero of the deferred tax assets of the subsidiary FILA Stationary O.O.O. (Russia) for Euro 736 thousand and the elimination of inventory margins for Euro 165 thousand.

Deferred tax assets accounted for through an equity reserve of Euro 119 thousand relate to the change in the cash flow reserve for Euro 136 thousand and to the change in the IAS 19 reserve for Euro 17 thousand.

The following table breaks down the balance of deferred tax assets by nature at year-end:

NOTE 6.B - BREAKDOWN OF DEFERRED TAX ASSETS								
	Statement of Financial Position		Profit or Loss		Equity		Other Changes	
	2024	2023	2024	2023	2024	2023	2024	2023
<i>Euro thousands</i>								
Deferred tax assets relating to:								
Intangible Assets	-	-	-	-	-	-	-	-
Property, Plant and Equipment	287	350	(63)	13	-	-	-	(54)
Other Provisions	2,705	1,543	(21)	170	-	-	1,183	-
Trade Receivables and Other Assets	1,040	1,944	(903)	(155)	-	-	-	-
Inventories	6,378	5,343	1,034	240	-	-	-	-
Personnel	3,322	3,259	80	585	(17)	54	-	-
Exchange difference recognised in "Translation Reserve"	-	-	9	(88)	(9)	88	-	-
Cashflow hedge	-	198	(334)	-	136	198	-	-
Prior year tax losses	1,429	2,468	(1,084)	(151)	-	-	45	-
ACE	-	1,217	(1,217)	(1,102)	-	-	-	-
Deferred deductible costs	5,437	7,133	(1,696)	270	-	-	-	(798)
<i>of which: Change in consolidation scope</i>	-	(852)	-	-	-	-	-	-
Total deferred tax assets	20,598	23,454	(4,195)	(218)	110	340	1,228	(852)

Deferred tax assets recognised at the reporting date concerned the benefits of probable realisation on the basis of management estimates of future taxable income.

Note 7 - Current Tax Assets

At December 31, 2024, tax assets relating to corporation tax amounted overall to Euro 4,346 thousand (Euro 12,556 thousand at December 31, 2023) and refer principally to Dixon Ticonderoga Company (U.S.A.) for Euro 2,327 thousand, to Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 816 thousand and the parent F.I.L.A. S.p.A. for Euro 700 thousand. The decrease compared to the previous year principally concerns the US subsidiary Dixon Ticonderoga Company for Euro 6,743 thousand and the French subsidiary Canson SAS for Euro 776 thousand.

Note 8 - Inventories

Inventories at December 31, 2024 amount to Euro 257,353 thousand (Euro 264,375 thousand at December 31, 2023).

Note 8.A - INVENTORIES				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2023	58,437	29,174	176,764	264,375
December 31, 2024	51,334	27,708	178,311	257,353
Change	(7,103)	(1,466)	1,547	(7,022)

The caption decreased by Euro 7,022 thousand, mainly due to the reduction in stock of Euro 9,679 thousand, particularly at the US subsidiary Dixon Ticonderoga Company (Euro 3,539 thousand), the parent F.I.L.A. S.p.A. (Euro 2,889 thousand) and the Chinese subsidiary Fila Dixon (Euro 2,535 thousand). The decrease is offset by exchange gains of Euro 3,691 thousand.

Inventories are presented net of the allowance for inventory write-downs totalling Euro 11,741 thousand relating to raw materials (Euro 2,504 thousand), work-in-progress (Euro 420 thousand) and finished goods (Euro 8,817 thousand).

The provisions refer to obsolete or slow-moving materials for which it is not considered possible to recover their value through sale.

Note 8.B- CHANGE IN THE ALLOWANCE FOR INVENTORY WRITE-DOWN				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2022	2,004	614	4,025	6,643
Accruals	974	253	3,260	4,487
Utilisation	(255)	(320)	(92)	(667)
Release	-	(49)	(28)	(77)
Net exchange gains (losses)	(3)	2	(38)	(39)
December 31, 2023	2,720	500	7,127	10,347
Accruals	521	13	2,337	2,871
Utilisation	(538)	(24)	(42)	(604)
Release	(148)	(69)	(624)	(841)
Net exchange gains (losses)	(51)	-	19	(32)
December 31, 2024	2,504	420	8,817	11,741
Change	(216)	(80)	1,690	1,394

Note 9 – Trade receivables and other assets

Trade and other receivables amount to Euro 94,978 thousand at December 31, 2024 (Euro 99,821 thousand at December 31, 2023):

Note 9.A - TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Trade receivables	83,622	88,527	(4,905)
Trade receivables with associate	213	292	(79)
Tax assets	3,558	2,436	1,122
Other	2,979	3,168	(189)
Prepayments and accrued income	4,606	5,398	(792)
Total	94,978	99,821	(4,843)

Trade receivables decreased on December 31, 2023 by Euro 4,905 thousand, mainly due to exchange losses of Euro 3,090 thousand, in addition to the impairment for direct losses of Euro 2,981 thousand, mainly by the Russian subsidiary Fila Stationary O.O.O. for Euro 2,914 thousand. This decrease is offset by increased trade receivables of Euro 1,100 thousand, mainly of the parent F.I.L.A. S.p.A. for Euro 4,021 thousand.

Trade receivables broken down by country are illustrated below:

Note 9.B: TRADE RECEIVABLES BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Europe	25,310	30,549	(5,239)
North America	20,545	19,763	782
Central - South America	33,411	33,064	347
Asia	3,168	2,110	1,058
Other	1,189	3,042	(1,853)
Total	83,622	88,527	(4,905)

The changes in the loss allowance to cover doubtful positions are illustrated in the table below:

Note 9.C - CHANGES IN THE LOSS ALLOWANCE

Euro thousands

December 31, 2022	8,747
Accruals	1,155
Utilisation	(889)
Release	(609)
Change in consolidation scope	(326)
Net exchange gains (losses)	(18)
December 31, 2023	8,060
Accruals	273
Utilisation	(612)
Release	(4,262)
Net exchange gains (losses)	(66)
December 31, 2024	3,393
Change	(4,667)

The Group measures the loss allowance at an amount reflecting the lifetime expected credit losses of the asset. In order to establish whether the credit risk concerning a financial asset has increased significantly after initial recognition in order to assess expected credit losses, the Group considers reasonable and demonstrable information which is pertinent and available without excessive cost or burden. Quantitative and qualitative information and analysis, based on historic Group experience, to assess the asset - in addition to information indicative of expected developments - is included. In addition, a release from the provision of Euro 4,262 thousand is reported, principally concerning the Russian subsidiary FILA Stationary O.O.O. for Euro 3,684 thousand against the recognition of an impairment on receivables of Euro 2,914 thousand.

The allowance was utilised for Euro 612 thousand, mainly concerning the parent F.I.L.A. S.p.A (Euro 410 thousand) and the English subsidiary Daler Rowney Ltd (Euro 141 thousand).

“Trade receivables from associates” amounted to Euro 213 thousand and refer solely to the trade receivable from the Indian associate DOMS Industries Limited.

“Tax assets” totalled Euro 3,558 thousand at December 31, 2024 (Euro 2,436 thousand at December 31, 2023) and include VAT assets (Euro 2,260 thousand) and other tax assets for local taxes other than direct income taxes (Euro 1,298 thousand). The increase on the previous year mainly relates to the parent F.I.L.A. S.p.A. for Euro 948 thousand.

“Other Assets” amount to Euro 2,979 thousand at December 31, 2024 (Euro 3,168 thousand at December 31, 2023) and mainly concern advances paid to suppliers (Euro 686 thousand), receivables from employees (Euro 184 thousand), and from social security institutions (Euro 15 thousand).

In addition, the item includes receivables for insurance reimbursements related to the French subsidiary Canson SAS amounting to Euro 990 thousand.

The carrying amount of “Other assets” represents the fair value at the reporting date.

All of the above assets are due within 12 months.

Note 10 - Cash and cash equivalents

“Cash and cash equivalents” at December 31, 2024 amount to Euro 176,344 thousand (Euro 125,851 thousand at December 31, 2023):

Note 10 - CASH AND CASH EQUIVALENTS			
<i>Euro thousands</i>	Bank and postal deposits	Cash in hand and other cash equivalents	Total
December 31, 2023	125,645	206	125,851
December 31, 2024	176,237	107	176,344
Change	50,592	(99)	50,493

"Bank and Postal Deposits" consist of temporary liquid funds generated within the treasury management and mainly relating to ordinary current accounts of F.I.L.A. S.p.A. for Euro 97,127 thousand and current accounts of the subsidiaries for Euro 79,110 thousand, in particular: Dixon Ticonderoga Company (U.S.A.) for Euro 46,830 thousand, Daler Rowney Ltd (United Kingdom) for Euro 4,339 thousand, Fila Dixon Stationary Kunshan (China) for Euro 3,980 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 3,752 thousand.

“Cash in hand and other cash equivalents” amount to Euro 107 thousand, of which Euro 6 thousand relates to the parent F.I.L.A. S.p.A and Euro 101 thousand to the various subsidiaries.

Bank and postal deposits are remunerated at rates indexed to inter-bank rates such as Libor and Euribor. There are no bank and postal deposits subject to restrictions.

Reference should be made to the “Statement of Financial Position” section for comments relating to the Net Financial Debt of the F.I.L.A. Group.

Net Financial Debt

The F.I.L.A. Group “Net Financial Debt” at December 31, 2024 was Euro 181,079 thousand, down Euro 122,332 thousand on December 31, 2023. This decrease was partly due to the financial liabilities arising from the application of IFRS 16, included in other current and non-current financial liabilities.

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
A Cash	107	206	(99)
B Cash equivalents	176,237	125,645	50,592
C Other current financial assets	1,137	1,162	(26)
D Liquidity (A + B + C)	177,480	127,012	50,468
E Current bank loans and borrowings	(4,100)	(40,848)	36,748
F Current portion of non-current bank loans and borrowings	(36,433)	(32,057)	(4,376)
G Current financial debt (E + F)	(40,533)	(72,905)	32,372
H Net current financial position (debt) (G - D)	136,948	54,108	82,840
I Non-current bank loans and borrowings	(318,027)	(357,519)	39,492
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(318,027)	(357,519)	39,492
			-
M Net financial debt (H + L)	(181,079)	(303,412)	122,332

Reference should be made to the “Statement of Financial Position” section for comments relating to the Net Financial Debt of the F.I.L.A. Group.

Note 12 - Share Capital and Equity

Share Capital

The subscribed and fully paid-up share capital at December 31, 2024 of the Parent F.I.L.A. S.p.A. comprises 51,058,297 shares, as follows:

- 42,976,441 ordinary shares, without nominal value;
- 8,081,856 class B shares, without nominal value, which attribute 3 votes exercisable at the Shareholders' Meeting (ordinary and extraordinary) of F.I.L.A. S.p.A..

The breakdown of the share capital of F.I.L.A. S.p.A. is illustrated below:

Share capital composition - December 31, 2024	No. of shares	% of share capital	Euro	Listing
Ordinary shares	42,976,441	84.17%	39,548,544	EXM - Euronext STAR
Class B shares (multiple votes)	8,081,856	15.83%	7,437,229	Unquoted Shares

According to the available information, published by Consob and updated at December 31, 2024, the main shareholders of the Parent were:

Shareholders	Ordinary shares	%
Pencil S.p.A.	11,628,214	27.06%
Market investors*	31,348,227	72.94%
Total	42,976,441	

Shareholders	Ordinary shares	Class B shares	Total	Voting rights
Pencil S.p.A.	11,628,214	8,081,856	19,710,070	53.37%
Market investors*	31,348,227		31,348,227	46.63%
Total	42,976,441	8,081,856	51,058,297	

*includes 330,766 treasury shares

Each ordinary share attributes voting rights without limitations.

Each class B share attributes three votes, in accordance with Article 127-*sexies* of Legislative Decree No. 58/1998.

Negative reserve for treasury shares in Portfolio

At December 31, 2024, the Group held 330,776 treasury shares, for a total value of Euro 2,966 thousand (equal to the “Negative reserve for treasury shares in portfolio” deducted from consolidated equity).

Legal reserve

At December 31, 2024, this caption amounted to Euro 9,396 thousand and was unchanged on the previous year.

Share premium reserve

The reserve at December 31, 2024 amounts to Euro 154,614 thousand and did not change on December 31, 2023.

IAS 19 reserve

Following the application of IAS 19, the equity reserve is negative for Euro 331 thousand. The change in the period is positive for Euro 1,339 thousand limited to the share of the F.I.L.A. Group.

Other Reserves

At December 31, 2024, “Others reserves” is negative for Euro 22,276 thousand, increasing Euro 1,704 thousand on December 31, 2023. The changes concern the following events:

- The “Cash Flow Hedge” reserve recognises the fair value of the hedging financial instruments (IRS) entered into by F.I.L.A. S.p.A., Dixon Ticonderoga Company (U.S.A.) and Canson SAS (France); at December 31, 2024 the reserve was negative for Euro 417 thousand, a decrease of Euro 239 thousand compared to December 31, 2023 (negative for Euro 178 thousand) due to the adjustment of the financial instruments. The change in the value of financial instruments relates to the fair value adjustment of the derivative of F.I.L.A. S.p.A. for a negative Euro 431 thousand, of the derivative of Canson SAS (France) for a negative Euro 47 thousand and of the subsidiary Dixon Ticonderoga Company (U.S.A.) for a positive Euro 239 thousand. For further information, reference should be made to Note 17 – Financial Instruments;
- The impact of hyperinflation on hyperinflationary economies for an increase of Euro 923 thousand due to adoption of IAS 29 by the Turkish subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. and the Argentine subsidiary FILA Argentina S.A.;
- “Share-Based Premium” reserve of Euro 1,792 thousand, increasing Euro 1,019 thousand (Euro 773 thousand at December 31, 2023) due to the portion for the period of the 2022-2026 medium-/long-term incentive plan set up for F.I.L.A. Group Management from April 27, 2022. The accounting treatment applied is in line with the accounting standards which establish that for equity-settled share-based payments, the fair value at the vesting date of the share options

granted to employees is recorded under personnel expense, with a corresponding increase in equity under “Other reserves and retained earnings”, over the period in which the employees will obtain the unconditional right to the incentives. The amount recorded as cost is adjusted to reflect the effective number of incentives (options) for which the conditions have matured and the achievement of “non-market” conditions, in order that the final cost recorded is based on the number of incentives which will mature. Similarly, in the initial estimate of the fair value of the options assigned, consideration is taken of the non-vesting conditions. The changes to market value subsequent to the grant date will not produce any financial statement effect.

Translation reserve

The reserve refers to the exchange differences relating to the translation of the financial statements of subsidiaries prepared in local currencies and converted into Euro as the consolidation currency.

The changes in the "Translation Reserve" in 2024 are illustrated below (limited to the equity attributable to the owners of the parent):

TRANSLATION RESERVE	
<i>Euro thousands</i>	
December 31, 2023	(7,935)
Changes	
Difference between the average rate for the year and the closing rate	1,595
Difference between the historical rate and the closing rate	9,717
December 31, 2024	3,378
Change	11,312

Retained earnings

The reserve totalled Euro 359,914 thousand and increased on the previous year by Euro 135,139 thousand, relating to the allocation of the 2023 profit of Euro 170,648 thousand and to the distribution of the dividend allocated by the Shareholders' Meeting of the parent F.I.L.A. S.p.A. of January 22, 2024 and April 23, 2024.

Equity attributable to Non-Controlling Interests

Non-controlling interest equity decreased Euro 1,762 thousand, principally due to:

- Distribution of dividends to non-controlling interests of Euro 1,021 thousand;
- Loss for the period attributable to non-controlling interests of Euro 921 thousand;
- Reclassification of the 0.57% of the non-controlling interest equity to the equity of the subsidiary FILA SA PTY Ltd. (South Africa) following the purchase of treasury shares by the latter for Euro 8 thousand;
- Increase in share capital in Fila Perù amounting to Euro 1 thousand;
- IAS 19 reserve attributable to non-controlling interests of Euro 2 thousand;
- Exchange gains of Euro 185 thousand;

With reference to the "Statement of Changes in Equity", the caption "Reserves" includes the "Legal reserve", the "Share premium reserve", "Actuarial gains and losses", "Other reserves" and the "Translation difference".

Basic and diluted earnings per share

The Basic Earnings/(Loss) per share is calculated by dividing the Profit attributable to the owners of the parent by the average weighted number of outstanding ordinary shares during the period, excluding any treasury shares in portfolio.

The Diluted Earnings/(Loss) per share is calculated by dividing the Profit attributable to the owners of the parent by the average weighted number of outstanding ordinary shares during the period and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

	December 31, 2024	December 31, 2023
<i>Euro thousands</i>		
Earnings of the year, attributable to shareholders	81,767	170,648
	December 31, 2024	December 31, 2023
Average ordinary shares of the year	51,058,297	51,129,643
Treasury shares effect in portfolio	(330,766)	(330,766)
Average weighted number of ordinary shares (basic) at December 31	50,727,531	50,798,877
Earnings of the year per share (basic)	1.61	3.36

	December 31, 2024	December 31, 2023
Average weighted number of ordinary shares (diluted)		
Average ordinary shares of the year	51,058,297	51,129,643
Treasury shares effect in portfolio	(330,766)	(330,766)
Potential shares	1,210,250	1,040,750
Average weighted number of ordinary shares (diluted) at December 31	51,937,781	51,839,627
Earnings of the year per share (diluted)	1.57	3.29

Reconciliation between the Equity of the Parent and Consolidated Equity

The table below illustrates the reconciliation between the equity of the Parent F.I.L.A. S.p.A. and the consolidated equity and the reconciliation between the profit for the period of the Parent F.I.L.A. S.p.A. and the profit for the period shown in the consolidated financial statements:

Reconciliation at December 31, 2024 between the Parent's Equity and F.I.L.A. Group Equity

Euro thousands

F.I.L.A. S.p.A. equity	364,182
Elimination of infragroup profits and other consolidation entries	1,384
Consolidation effect FILA Art and Craft (Israel)	996
Consolidation effect Dixon Ticonderoga Group	123,068
Consolidation effect Lyra Group	6,157
Consolidation effect FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	(2,040)
Consolidation effect FILA Stationary O.O.O. (Russia)	(6,270)
Consolidation effect FILA Hellas (Greece)	1,153
Consolidation effect Industria Maineri S.p.A. (Italy)	(4,270)
Consolidation effect FILA S.A. (South Africa)	(1,614)
Consolidation effect Fila Polska Sp. Z.o.o (Poland)	1,698
Consolidation effect DOMS Industries Pvt Ltd (India)	107,955
Consolidation effect Daler-Rowney Group	(920)
Consolidation effect St. Cuthberts Holding (England)	419
Consolidation effect FILA Iberia S.L. (Spain)	6,993
Consolidation effect Canson Group	20,430
Consolidation effect FILA Art Product AG (Switzerland)	565
Consolidation effect Pacon Group	12,429
Consolidation effect Fila Arches	488
Total equity	632,803
Consolidation effects attributable to non-controlling interests	2,320
F.I.L.A. group equity	630,483

Reconciliation at December 31, 2024 between Parent's Profit and F.I.L.A. Group Profit

Euro thousands

F.I.L.A. S.p.A.'s profit for the year	60,470
Profit for the year of the subsidiaries of the Parent	32,811
Elimination of the effects of transactions between consolidated companies:	
Dividends	(23,376)
Net Inventory Margins	(1,903)
Adjustments to Group accounting policies:	
Stock Option Plan recognised by the Parent to the Subsidiaries	(358)
IFRS 9 effect	3,525
Reversal impairment loss on IC trade receivables toward Fila Russia	972
F.I.L.A. S.p.A. - Sale of 4,57% of DOMS Industries Limited	(18,426)
F.I.L.A. S.p.A. - Revaluation and deconsolidation on investment DOMS Industries Limited	5,064
F.I.L.A. S.p.A. - PPA DOMS	(2,002)
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Industria Maineri S.p.A.	521
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Fila SA	591
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Renoir TopCo Ltd	15,801
F.I.L.A. S.p.A. - Reversal of Impairment loss on investments in Lodi 12	2,559
F.I.L.A. S.p.A. - Reversal of credit gains on intragroup loans granted by F.I.L.A. S.p.A.	4,596
Total profit for the year	80,846
Profit for the year attributable to non-controlling interests	(921)
Profit for the year attributable to the owners of the parent	81,767

Note 13 - Financial Liabilities

The balance at December 31, 2024 amounts to Euro 357,299 thousand (Euro 429,547 thousand at December 31, 2023), of which Euro 316,766 thousand long-term and Euro 40,533 thousand short-term. The account refers to both non-current and current portions of the loans granted by banks, other lenders and bank overdrafts in addition to financial liabilities arising from the application of IFRS 16.

The breakdown at December 31, 2024 is illustrated below:

Note 13.A - FINANCIAL LIABILITIES: Third parties

Euro thousands	Bank loans and borrowings			Other loans and			Current account overdrafts			Lease liabilities			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
December 31, 2023	353,900	(2,191)	351,710	877	(48)	829	1,044	73	1,117	75,891	-	75,891	429,547
non-current portion	292,211	(2,831)	289,380	427	(48)	379	-	-	-	66,883	-	66,883	356,642
current portion	61,690	640	62,330	450	-	450	1,044	73	1,117	9,008	-	9,008	72,905
December 31, 2024	297,846	(4,937)	292,909	450	(24)	426	3,490	176	3,666	60,298	-	60,298	357,299
non-current portion	269,748	(4,957)	264,791	102	(12)	90	-	-	-	51,885	-	51,885	316,766
current portion	28,098	20	28,118	348	(12)	336	3,490	176	3,666	8,413	-	8,413	40,533
Change	(56,055)	(2,746)	(58,801)	(427)	24	(403)	2,446	103	2,549	(15,593)	-	(15,593)	(72,248)
non-current portion	(22,463)	(2,126)	(24,589)	(325)	36	(289)	-	-	-	(14,998)	-	(14,998)	(39,876)
current portion	(33,592)	(620)	(34,212)	(102)	(12)	(114)	2,446	103	2,549	(595)	-	(595)	(32,372)

Bank Loans and Borrowings

With reference to “Bank loans and borrowings”, the total exposure of the Group amounts to Euro 292,909 thousand, of which Euro 28,118 thousand considered as current (Euro 62,330 thousand at December 31, 2023) and Euro 264,791 thousand as non-current (Euro 289,380 thousand at December 31, 2023).

Bank interest liabilities amounting to a positive Euro 4,937 thousand (positive Euro 2,191 thousand at December 31, 2023) include a positive Euro 4,957 thousand (positive Euro 2,831 thousand at December 31, 2023) regarding the amortised cost for the non-current financial liabilities in the period concerning the parent F.I.L.A. S.p.A. and the US subsidiary Dixon Ticonderoga Company, in addition to Euro 20 thousand concerning the interest expense matured on loans and mainly concerning the French subsidiary Canson SAS.

The decrease in the non-current portion of Euro 24,589 thousand mainly concerns:

- Decreases due to reclassifications of the short-term portion of loans of Euro 27,946 thousand, concerning the structured loans recognised by the US subsidiary Dixon Ticonderoga Company (Euro 14,308 thousand), the parent F.I.L.A. S.p.A. (Euro 13,125 thousand) and the French subsidiary Canson SAS (Euro 513 thousand);

- Decreases due to the change in amortised cost, net of currency effects of Euro 2,344 thousand;
- Increases of Euro 513 thousand, due to the signing of a new loan by the French subsidiary Canson SAS.
- Net exchange losses of Euro 5,189 thousand;

Capital bank borrowings at December 31, 2024, amounting to Euro 297,846 thousand (Euro 353,900 thousand at December 31, 2023) mainly comprise the structured loan taken out by F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) for Euro 293,997 thousand, details of which for each facility are provided below:

Note 13.B - BANK LOANS AND BORROWINGS: BREAKDOWN			
	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
<i>Euro thousands</i>			
Facility A1	65,625	-	65,625
Facility A2	-	56,375	56,375
Facility B1	106,846	-	106,846
Facility B2	-	31,751	31,751
Facility B3	-	33,400	33,400
Revolving Credit Facility	-	-	-
Total	172,471	121,526	293,997

* values as in the financial statements converted at the rate for the period

Facility A1 (Euro 65,625 thousand) and Facility A2 (Euro 56,375 thousand) stipulate a residual repayment plan consisting of 5 half-yearly instalments, of which 2 instalments classified as current, as scheduled for June 30, 2025 and for December 31, 2025, Facility B1 (Euro 106,846 thousand) and Facility B2 (Euro 31,751 thousand) and Facility B3 (Euro 33,400 thousand) are Bullet loans, with fixed single repayment respectively on July 23, 2027 and July 25, 2027.

The Revolving Credit Facility stipulates the issue of short-term tranches of 1, 3 or 6 months, for a maximum amount of Euro 75,000 thousand and currently unused.

The repayment plans by Facility are outlined below:

Note 13.C - BANK LOANS AND BORROWINGS: REPAYMENT PLAN

	Facility	Principal F.I.L.A. S.p.A.	Principal Dixon Ticonderoga Company (U.S.A.)*	Total
<i>Euro thousands</i>				
June 30, 2025	Facility A1, A2	6,563	7,154	13,717
December 31, 2025	Facility A1, A2	6,563	7,154	13,717
Current portion		13,125	14,308	27,433
June 30, 2026	Facility A1, A2	10,938	11,924	22,861
December 31, 2026	Facility A1, A2	10,938	11,924	22,861
July 23, 2027	Facility A1, A2	30,625	18,220	48,845
Total - Facility A1, A2		65,625	56,375	122,000
Bullet Loan - July 23, 2027	Facility B1	106,846	-	106,846
Total - Facility B1		106,846	-	106,846
Bullet Loan - July 23, 2027	Facility B2	-	31,751	31,751
Total - Facility B2		-	31,751	31,751
Bullet Loan - July 25, 2027	Facility B3	-	33,400	33,400
Total - Facility B3		-	33,400	33,400
Bullet Loan - July 23, 2027	RCF	-	-	-
Total - RCF		-	-	-
Grand Total		172,471	121,526	293,997

* values as in the financial statements converted at the rate for the period

The loan was initially recognised at fair value, including directly associated transaction costs. The initial carrying amount was subsequently adjusted to account for repayments of principal, any impairment losses and amortisation of the difference between the repayment amount and initial carrying amount. Amortisation is calculated on the basis of the internal effective interest rate represented by the rate equal to, at the moment of initial recognition, the present value of expected cash flows and the initial carrying amount (amortised cost method). The effect in 2024 of the amortised cost method is Euro 2,312 thousand of interest (of which Euro 1,565 thousand concerning F.I.L.A. S.p.A. and Euro 747 thousand concerning Dixon Ticonderoga U.S.A.). The non-current portion, in addition to the loan, includes the fair value of the negotiation charges related to the derivative financial instruments of Euro 673 thousand. In addition to the loan described above, capital bank borrowings, including Euro 3,849 thousand broken down into current (Euro 665 thousand) and non-current (Euro 3,185 thousand), are described below.

The main bank current account exposures of the Group companies to banks concern:

- The current portion of the non-current loan contracted by Canson SAS (France) for Euro 513 thousand;
- Short-term loans granted to Fila Art and Craft Ltd (Israel) by Bank Leumi for Euro 100 thousand;
- Short-term loans granted to Fila Argentina from Banco Provincia for Euro 51 thousand;

Non-current bank debt amounts to Euro 3,185 thousand and principally relates to the non-current portion of the loans granted to:

- Canson SAS (France) from Intesa Sanpaolo and BNP for Euro 2,511 thousand;
- The fair value of the negotiation charges related to the derivative financial instruments subscribed in 2024 by the parent F.I.L.A. S.p.A. of Euro 473 thousand and by the subsidiary Dixon Ticonderoga Company (U.S.A.) of Euro 201 thousand.

The breakdown of current financial liabilities by due date is shown below:

December 31, 2024 <i>Euro thousands</i>	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
Financial liabilities						
Bank loans and borrowings ⁽²⁾	31,784	127,725	136,011	372	683	296,575
Other loans and borrowings	390	36				426
Expected cash flows	32,174	127,761	136,011	372	683	297,001

(2) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 291,618 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 4,957 thousand. The carrying amount in the table is therefore Euro 296,575 thousand.

December 31, 2023 <i>Euro thousands</i>	Within 12 months	Within 1-2 years	Within 2-3 years	Within 3-4 years	Within 4-5 years	Total
Financial liabilities						
Bank loans and borrowings ⁽¹⁾	63,447	24,585	36,022	159,906	68,867	352,827
Other loans and borrowings	450	379	-	-	-	829
Expected cash flows	63,897	24,964	36,022	159,906	68,867	353,656

(1) The principal of Financial Liabilities - Bank loans and borrowings amounts to Euro 349,996 thousand, with an amortized cost adjustment of the medium/long-term portion of Euro 2,831 thousand. The carrying amount in the table is therefore Euro 352,827 thousand.

Covenants

The F.I.L.A. Group, against the debt undertaken with leading credit institutions (BNP Paribas, Intesa Sanpaolo, Banco BPM, BPER, Credit Agricole, Mediobanca, Unicredit, Cassa Depositi e Prestiti, JP Morgan, BNL Paribas), is subject to commitments and “covenants”.

Covenants are verified half-yearly and annually. Specifically, the covenants are calculated taking into account the following indicators: Net Financial Debt (NFD), gross operating profit (loss) and Net Financial expense, calculated on the basis of the F.I.L.A. Group’s half-year and annual consolidated financial statements prepared in accordance with the IFRS.

The criteria for the calculation of the NFD and gross operating profit (loss) are established by the related loan contract.

The “covenants” for the loan undertaken by F.I.L.A. S.p.A. and Dixon Ticonderoga Company (U.S.A.) are outlined below, applied from December 31, 2024:

Leverage Ratio at December 2024: $NFD / EBITDA < 2.50$

As required by CONSOB Communication No. DEM/6064293 of 28/07/2006, we report that the impact of non-compliance with the covenants as established by the underlying contracts essentially concerns the possibility that the lending banks may revoke the loan contract and/or declare forfeiture of the repayment conditions upon all or part of the loans.

At December 31, 2024, the F.I.L.A. Group had complied with the above covenants.

Financial liabilities - Other loans and borrowings

“Financial Liabilities – Other Loans and Borrowings” at December 31, 2024 totalled Euro 426 thousand (Euro 829 thousand at December 31, 2023), with the current portion totalling Euro 336 thousand (Euro 450 thousand at December 31, 2023) and mainly concerning the factoring payables of the parent F.I.L.A. S.p.A..

Financial Liabilities - Current Account Overdrafts

“Current account overdrafts” amounted to Euro 3,666 thousand (Euro 1,117 thousand at December 31, 2023) and mainly concern the overdrafts of the French subsidiary Canson SAS (Euro 3,490 thousand) and the parent F.I.L.A. S.p.A. (Euro 175 thousand).

Financial liabilities as per IFRS 16

“Financial liabilities” at December 31, 2024 include the effects deriving from the adoption by the Group of “IFRS 16” which came into force on January 1, 2019 and which led to a decrease of Euro 15,593 thousand as at December 31, 2024, of which Euro 14,998 thousand as the non-current portion and Euro 595 thousand as the current portion.

Liabilities at fair value at December 31, 2024 and December 31, 2023 are broken down as follows by hierarchy level.

<i>Euro thousands</i>	December 31, 2024	Measurement model	Level 1	Level 2	Level 3
Financial Liabilities					
Bank Loans and Borrowings	292,909	<i>Amortised cost</i>			
Other Loans and Borrowings	426	<i>Amortised cost</i>			
Current account overdrafts	3,666	<i>Amortised cost</i>			
Financial Instruments	1,260	<i>Fair value</i>		1,260	
Trade Payables and Other Liabilities	110,801	<i>Amortised cost</i>			
Total Financial Liabilities	409,062		-	1,260	-

<i>Euro thousands</i>	December 31, 2023	Measurement model	Level 1	Level 2	Level 3
Financial Liabilities					
Bank Loans and Borrowings	351,710	<i>Amortised cost</i>			
Other Loans and Borrowings	829	<i>Amortised cost</i>			
Current account overdrafts	1,117	<i>Amortised cost</i>			
Financial Instruments	877	<i>Fair value</i>		877	
Trade Payables and Other Liabilities	105,656	<i>Amortised cost</i>			
Total Financial Liabilities	460,189		-	877	-

Fair value is divided into the following hierarchy levels:

- Level 1: listed prices (not adjusted) on active markets for identical assets or liabilities;
- Level 2: input data other than listed prices (included in Level 1) which are observable for assets or liabilities, both directly (as in the case of prices) and indirectly (as derived from prices);
- Level 3: input data concerning assets or liabilities which are not based on observable market data.

In accordance with the latest amendments to IAS 7, the following table shows the variations in liabilities (and any related assets) recorded in the statement of financial position, whose cash flows are or will be recorded in the statement of cash flows as cash flows from financing activities.

<i>Euro thousands</i>	Financial Liabilities - Current	Financial Liabilities - Non Current	Total Principal Financial Liabilities	Financial Liabilities IFRS16 - Current	Financial Liabilities IFRS16 - Non Current	Total Principal Financial Liabilities IFRS16
December 31, 2023	(62,140)	(292,637)	(354,778)	(9,008)	(66,883)	(75,891)
Cash Flow	61,705	(167)	61,538 ^(a)	769	15,228	15,997 ^(b)
Changes:						
Translation effect	(65)	(5,310)	(5,375)	(174)	(230)	(404)
Changes in Fair Value	-	-	-	-	-	-
Changes in Amortization costs	-	317	317	-	-	-
Reclassifications	(27,946)	27,946	-	-	-	-
December 31, 2024	(28,446)	(269,851)	(298,297)	(8,413)	(51,885)	(60,298)

^(a) Compared with the value reported in the Statement of Cash Flows under "Total Increase/(Decrease) in Loans and Other Financial Liabilities" of Euro 64,182 thousand, the difference of Euro 2,645 thousand is due to other financial expenses.

^(b) Compared with the value reported in the Statement of Cash Flows under "Total Increase/(Decrease) in Loans and Other Financial Liabilities IFRS 16" of Euro 12,869 thousand, the difference of Euro 3,128 thousand is due to the net investments in Right of Use Property, plant and equipment.

Note 14 - Employee Benefits

The F.I.L.A. Group companies guarantee post-employment benefits for employees, both directly and through contributions to external funds.

The means for accruing these benefits varies according to the legal, tax and economic conditions of each country in which the Group operates. These benefits are based on remuneration and years of employee service.

The benefits recognised to employees of the Parent F.I.L.A. S.p.A. concern salary-based Post-Employment Benefits, governed by Italian legislation and in particular Article 2120 of the Italian Civil Code. The amount of these benefits is in line with the contractually-established remuneration agreed between the parties on hiring.

The other Group companies, particularly Daler Rowney Ltd (United Kingdom), Canson SAS (France), Fila Hellas (Greece), Fila Arches (France) and Dixon Ticonderoga Company (U.S.A.), Industria Maimeri S.p.A. and Grupo F.I.L.A.-Dixon, S.A. de C.V. guarantee post-employment benefits, both through defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the Group companies pay the contributions to public or private insurance institutions based on legal or contractual obligations, or on a voluntary basis. With the payment of contributions, the companies fulfil all of their obligations. The cost is accrued based on employment rendered and is recorded under personnel expense.

The defined benefit plans may be unfunded, or they may be partially or fully funded by the contributions paid by the company, and sometimes by its employees to a company or fund, legally separate from the company which provides the benefits to the employees. The plans provide for a fixed contribution by the employees and a variable contribution by the employer, necessary to at least satisfy the funding requirements established by law and regulation in the individual countries.

Finally, the Group grants employees other long-term benefits, generally issued on the reaching of a fixed number of years of service or in the case of invalidity. In this instance, the amount of the obligation recognised in the financial statements reflects the probability that the payment will be made and the duration for which it will be made. These plans are calculated on an actuarial basis, utilising the “projected unit credit” method.

The amounts at December 31, 2024 were as follows:

Note 14.A - POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS			
	Post-employment benefits	Other employee benefits	Total
<i>Euro thousands</i>			
December 31, 2022	5,287	4,557	9,844
Benefits paid	(952)	(500)	(1,452)
Interest cost	200	200	400
Service cost	972	607	1,579
Actuarial (gains) losses	395	632	1,027
Change in consolidation scope	-	(1,450)	(1,450)
Exchange (gains) losses	-	130	130
December 31, 2023	5,902	4,176	10,078
Benefits paid	(739)	(427)	(1,166)
Interest cost	186	195	381
Past Service Cost	441	277	718
Actuarial (gains) losses	(86)	(1,730)	(1,816)
Exchange (gains) losses	-	261	261
Other	-	(36)	(36)
December 31, 2024	5,705	2,789	8,493
Change	(197)	(1,388)	(1,584)

Actuarial losses accrued during 2024 totalled Euro 1,816 thousand and were recorded, net of the tax effect, in the statement of comprehensive income and are mainly attributable to Daler Rowney Ltd (United Kingdom) for Euro 1,628 thousand and the US subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 151 thousand.

The following table outlines the amount of employee benefits, broken down by funded and unfunded

by plan assets over the last two years:

EMPLOYEE BENEFIT PLANS

1. Employee benefit obligations	December 31, 2024	December 31, 2023
Present value of obligations not covered by plan assets	5,705	5,902
	5,705	5,902
Present value of obligations covered by plan assets	30,304	34,501
Fair value of plan assets relating to the obligations	(27,516)	(30,325)
	2,789	4,176
Total	8,493	10,078

The financial assets at December 31, 2024 invested by the F.I.L.A. Group to cover financial liabilities arising from “Employee benefits” amount to Euro 27,516 thousand (Euro 30,325 thousand at December 31, 2023) and relate to Daler Rowney Ltd (United Kingdom) for Euro 24,042 thousand, Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for Euro 2,691 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 783 thousand. The financial investments have an average return of 5.13% on invested capital. The table below highlights the net cost of employee benefit components recognised in profit or loss in 2024 and 2023:

2. Cost recognised in Profit and Loss	December 31, 2024	December 31, 2023
Service cost	718	1,579
Interest cost	381	400
Cost recognised in Profit and Loss	1,099	1,979

The principal actuarial assumptions used for the estimate of the post-employment benefits were the following:

3. Main actuarial assumptions at reporting date (average amounts)	December 31, 2024	December 31, 2023
Annual technical discount rate	3.7%	3.6%
Increase in cost of living index	3.3%	3.3%
Future salaries increase	1.6%	1.6%
Future pensions increase	2.0%	1.9%

Details of the cash flows of employee benefits at December 31, 2024 are illustrated in the table below.

Nota 14.B - EMPLOYEE BENEFITS: CASH FLOWS SCHEDULE

Nature	Amount	Cash flows schedule				
		2024	2025	2026	2027	After 2027
Italian post-employment benefits (TFR)	5,705	280	322	447	198	4,457
Employee benefits	2,789	48	61	70	47	2,562
Total	8,493					

* Euro thousands

Note 15 - Provision for risks and charges

“Provision for Risks and Charges” at December 31, 2024 amount to Euro 2,127 thousand (Euro 1,821 thousand at December 31, 2023), of which Euro 994 thousand (Euro 895 thousand at December 31, 2023) concerning the non-current portion and Euro 1,132 thousand (Euro 926 thousand at December 31, 2023) concerning the current portion.

Note 15.A - PROVISIONS FOR RISKS AND CHARGES

	Provisions for legal disputes	Pension and similar provisions	Restructuring provisions	Other provisions	Total
<i>Euro thousands</i>					
December 31, 2023	24	805	364	628	1,821
non-current portion	-	805	-	90	895
current portion	24	-	364	538	926
December 31, 2024	-	897	515	715	2,127
non-current portion	-	897	-	97	994
current portion	-	-	515	617	1,132
Change	(24)	91	151	87	306
non-current portion	-	91	-	8	99
current portion	(24)	-	151	80	206

The change in the "Provisions for Risks and Charges" at December 31, 2024 was as follows:

Note 15.B - PROVISIONS FOR RISKS AND CHARGES: CHANGES

	Provisions for Pension and similar legal disputes	Provisions	Restructuring provisions	Other provisions	Total
<i>Euro thousands</i>					
December 31, 2022	157	711	255	976	2,099
Utilisation	(154)	-	(122)	(262)	(538)
Accruals	14	58	231	77	380
Release	-	-	-	(156)	(156)
Discounting	-	37	-	-	37
Net exchange (gains) losses	6	-	-	(6)	-
December 31, 2023	24	805	364	628	1,821
Utilisation	-	(30)	(237)	(860)	(1,127)
Accruals	-	60	367	950	1,377
Release	(24)	-	-	-	(24)
Discounting	-	61	-	-	61
Net exchange (gains) losses	-	-	20	(1)	19
December 31, 2024	-	897	515	714	2,127
Change	(24)	91	151	87	306

Provisions for legal disputes

The provision is zero and compared to the previous year decreased by Euro 24 thousand due to the releases of the German subsidiary Lyra KG.

The provision until December 31, 2023 referred to accruals in connection with:

- Legal proceedings arising from ordinary operating activities;
- Legal proceedings concerning disputes with employees, former employees and agents.

Pension and similar provisions

The caption includes the agent supplementary indemnity provision at December 31, 2024 of the parent F.I.L.A. S.p.A. and of the Italian subsidiary Industria Maimeri S.p.A.. The actuarial gains for 2024 totalled Euro 61 thousand. The actuarial changes in the year, net of the tax effect, are recognised directly in equity.

Restructuring provisions

For the integration and reorganisation of the Group structure following the corporate transactions of recent years, a number of companies established provisions for risks and charges concerning personnel mobility plans for a total at December 31, 2024 of Euro 515 thousand and increased by Euro 151 thousand. The plans involve in particular the reorganisation of the North American strategic segment

beginning in 2019 and recorded utilizations for Euro 237 thousand, mainly by the subsidiary Dixon Ticonderoga Company (U.S.A.). In addition, an accrual of Euro 310 thousand is reported by the English subsidiary Daler Rowney Ltd.

Other provisions

The provision totalled Euro 715 thousand and increased by Euro 87 thousand. The main movement in the year is due to the accrual of Euro 109 thousand of the French subsidiary Canson SAS and the utilisation of the US subsidiary Dixon Ticonderoga Company (U.S.A.) for Euro 22 thousand.

Note 16 - Deferred Tax Liabilities

“Deferred Tax Liabilities” amount to Euro 62,567 thousand at December 31, 2024 (Euro 60,803 thousand at December 31, 2023).

Note 16.A CHANGES IN DEFERRED TAX LIABILITIES	
<i>Euro thousands</i>	
December 31, 2022	70,846
Increase	286
Utilisation	(1,813)
<i>Change in consolidation scope</i>	<i>(7,097)</i>
Net exchange gains (losses)	(1,025)
Decrease recognised in equity	(179)
Other decreases	(213)
December 31, 2023	60,803
Increase	455
Utilisation	(2,769)
Net exchange gains (losses)	2,519
Increase recognised in equity	397
Other decreases	(23)
Reclassifications	1,183
December 31, 2024	62,567
Change	1,763

The increase on the previous year was Euro 1,763 thousand and mainly concerned exchange losses of Euro 2,519 thousand. Against the gradual amortisation of the assets so calculated, the Parent gradually releases the related deferred taxes.

The change in Equity (Euro 397 thousand) represents the tax effect of the “Actuarial gains/losses”

calculated on the “Post-employment benefits and employee benefits” and recognised, in accordance with IAS 19, as an Equity reserve.

The table below shows the deferred tax liabilities by nature:

NOTE 16.B - BREAKDOWN OF DEFERRED TAX LIABILITIES								
	Statement of Financial Position		Profit or loss		Equity		Other Changes	
	2024	2023	2024	2023	2024	2023	2024	2023
<i>Euro thousands</i>								
Deferred tax liabilities relating to:								
Intangible Assets	55,963	53,911	2,052	(1,665)	-	-	-	-
Deferred tax liabilities on inventories	401	502	(101)	(109)	-	-	-	-
Deferred tax liabilities personnel	(60)	-	(60)	-	-	-	-	-
Property, Plant and Equipment	3,435	3,654	(219)	(1,154)	-	-	-	(7,097)
Personnel - IAS 19	29	(43)	(325)	167	397	(179)	-	-
Translation difference accounted for as "Translation Rese	-	-	(2,519)	1,025	2,519	(1,025)	-	-
Other	2,798	2,779	(1,140)	209	-	-	1,160	(213)
Total deferred tax liabilities	62,567	60,803	(2,313)	(1,527)	2,916	(1,204)	1,160	(7,310)

Note 17 - Financial instruments

“Financial Instruments” amount to Euro 1,260 thousand at December 31, 2024 (Euro 877 thousand at December 31, 2023) and concern the fair value of the derivatives on the loan (hedged instrument) issued in favour of F.I.L.A. S.p.A. for Euro 1,391 thousand and Dixon Ticonderoga Company (U.S.A.) for Euro 98 thousand. Canson SAS (France) also entered into a derivative to hedge borrowings (hedged instrument) agreed by the company in support of investments relating to the implementation of the Annonay logistics hub for a positive Euro 32 thousand.

The accounting treatment adopted for the hedging instruments, based on IFRS 9, is based on hedge accounting and in particular that concerning “cash flow hedges” and involving the recognition of a financial asset or liability and an equity reserve net of the tax effect.

Reference should be made to the “Directors’ Report - Risk Management” section with regards to the nature and extent of financial instrument risk, in accordance with IFRS 7.

Nota 18 - Current Tax Liabilities

“Current Tax Liabilities” total Euro 4,220 thousand at December 31, 2024 (Euro 8,080 thousand at December 31, 2023), relating mainly to the parent F.I.L.A. S.p.A. (Euro 1,591 thousand), the German subsidiary Lyra KG (Euro 434 thousand), the Brazilian subsidiary Fila Canson do Brasil (Euro 413 thousand) and the Chilean subsidiary Fila Chile (Euro 311 thousand).

Note 19 - Trade payables and other liabilities

“Trade Payables and Other Liabilities” at December 31, 2024 amount to Euro 110,801 thousand (Euro 105,656 thousand at December 31, 2023). The breakdown of “Trade payables and other liabilities” of the F.I.L.A. Group is reported below:

Note 19.A - TRADE PAYABLES AND OTHER LIABILITIES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Trade payables	72,895	69,009	3,886
Trade payables to associate	1,887	1,439	448
Tax liabilities	8,483	9,059	(576)
Other	22,854	22,685	169
Accrued expenses and deferred income	4,682	3,464	1,218
Total	110,801	105,656	5,145

The increase in “Trade Payables” was Euro 3,886 thousand and principally concerned the French subsidiary Canson SAS for Euro 3,187 thousand, in addition to exchange losses of Euro 369 thousand.

The geographical breakdown of trade payables is shown below:

Note 19.B - TRADE PAYABLES BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Europe	32,445	30,631	1,813
North America	27,510	25,377	2,133
Central - South America	10,954	10,965	(11)
Asia	1,897	1,967	(70)
Other	89	68	21
Total	72,895	69,009	3,886

The carrying amount of trade payables at the reporting date approximates their “fair value”.

The trade payables reported above are due within 12 months.

“Trade payables from associates” solely includes the trade payable from the associate DOMS Industries Limited for Euro 1,887 thousand (Euro 1,439 thousand at December 31, 2023).

“Tax Liabilities” to third parties amounts to Euro 8,483 thousand at December 31, 2024 (Euro 9,059 thousand at December 31, 2023), of which Euro 3,915 thousand VAT liabilities and Euro 4,569 thousand concerning tax liabilities other than current taxes, primarily recognized by the parent F.I.L.A. S.p.A. (Euro 485 thousand) and relating to liabilities in connection with independent contractors. The residual amount mainly concerns Dixon Ticonderoga Company U.S.A. (Euro 2,610 thousand), Fila Canson do Brasil (Euro 346 thousand) and Canson SAS (Euro 377 thousand).

“Other Payables” amounts to Euro 22,854 thousand at December 31, 2024 and principally include:

- Employee salaries of Euro 12,902 thousand (Euro 12,948 thousand at December 31, 2023);
- Social security contributions to be paid of Euro 6,026 thousand (Euro 5,578 thousand at December 31, 2023);
- Payables for agent commissions of Euro 218 thousand (Euro 204 thousand at December 31, 2023);
- Residual liabilities of Euro 3,709 thousand mainly concerning advances to clients (Euro 3,955 thousand at December 31, 2023).

The carrying amount of “Tax Liabilities”, “Other Liabilities” and “Accrued Expense and Deferred Income” at the reporting date approximate their fair value.

With regards to other non-current payables, at December 31, 2024 they amounted to Euro 131 thousand and concerned exclusively the parent F.I.L.A. S.p.A..

Note 20 – Revenue

Revenue from sales and services in 2024 amounted to Euro 612,583 thousand (Euro 779,183 thousand in 2023):

Note 20.A - REVENUE

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Revenue	649,628	827,168	(177,540)
Adjustments to Sales	(37,045)	(47,985)	10,940
<i>Returns on Sales</i>	<i>(7,391)</i>	<i>(11,195)</i>	3,804
<i>Discounts, Allowances and bonuses</i>	<i>(29,654)</i>	<i>(36,790)</i>	7,136
Total	612,583	779,183	(166,599)

“Revenue” of Euro 612,583 thousand decreased by Euro 166,599 thousand compared to the previous year (-21.4%). Net of exchange losses of Euro 14,243 thousand (mainly concerning the Argentinian Peso, Mexican peso and the Turkish Lira) and of the revenue reported by the former Indian subsidiary DOMS Industries Limited for 2023 of Euro 134,320 thousand, the organic reduction was Euro 18,036 thousand (-2.8%).

At geographical area level, an organic contraction was reported in North America of Euro 22,211 thousand (-6.9% on the preceding period, impacted by the introduction by the one-off effect of the SAP EWM module in March 2024) and in Asia for Euro 1,358 thousand (-9.4% on the preceding period), offset by organic growth in Central-South America for Euro 3,288 thousand (+3.6% on the preceding period), in Europe for Euro 1,914 thousand (+0.9% on the preceding period), and in the Rest of the World for Euro 332 thousand (+9.4%).

Note 20.B - REVENUE BY GEOGRAPHICAL SEGMENT

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Europe	215,918	214,174	1,743
North America	298,920	321,555	(22,635)
Central - South America	80,995	91,171	(10,176)
Asia	12,883	148,737	(135,854)
Other	3,867	3,546	322
Total	612,583	779,183	(166,599)

As noted, the significant reduction in revenue from the Asia geographical segment regards the exit from the consolidation scope of the Indian company DOMS Industries Limited following its stock market listing and the consequent reduction of F.I.L.A. S.p.A.'s holding.

Note 21 – Income

Income relates to ordinary operations and does not include the sale of goods and the provision of services, in addition to realised and unrealised exchange gains on commercial operations.

“Other revenue and income” in 2024 amounted to Euro 10,877 thousand (Euro 8,732 thousand in 2023).

Note 21 - INCOME			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Gains on Sale of Property, Plant and Equipment	81	125	(44)
Unrealised Exchange Gains on Commercial Transactions	2,478	3,452	(974)
Realised Exchange Gains on Commercial Transactions	4,349	2,516	1,833
Other Revenue and Income	3,969	2,639	1,330
Total	10,877	8,732	2,145

For further details on exchange differences for Euro 6,827 thousand (Euro 5,968 thousand at December 31, 2023), reference should be made to “Note 31 - Foreign currency transactions”.

“Other Revenue and Income” of Euro 3,969 thousand in 2024 principally includes income from the sale of production waste by the Group companies, insurance compensation received by the company Canson SAS (France), and income on the subleasing and sale of pallets by Dixon Ticonderoga Company (U.S.A.).

Note 22 - Raw Materials, Ancillary, Consumables and Goods and Change in Raw Materials, Semi-Finished Products, Work in progress and Finished Goods

This account includes all purchases of raw materials, semi-finished products, transport for purchases, goods and consumables for operating activities. “Costs for Raw Materials, Consumables, Supplies and Goods” in 2024 totalled Euro 257,725 thousand (Euro 348,661 thousand in 2023).

The relative detail is shown below:

Note 22 - RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Raw materials, Consumables, Supplies and Goods	(220,026)	(290,884)	70,858
Transport costs	(14,209)	(13,964)	(245)
Packaging	(1,200)	(21,224)	20,024
Import Charges and Customs Duties	(7,567)	(8,239)	672
Other purchase costs	(15,017)	(13,282)	(1,735)
Maintenance Materials	-	(1,484)	1,484
Adjustments to Purchases	294	416	(122)
Returns on purchases	181	64	117
Discounts, rebates and rewards on purchases	113	351	(238)
Total	(257,725)	(348,661)	90,936

The decrease in “Costs for Raw Materials, Consumables, Supplies and Goods” in 2024 was Euro 90,936 thousand. This decrease mainly concerns the operating costs incurred in 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 89,670 thousand and lower variable costs due to the reduction in revenue.

The decreases in inventories in 2024 totalled Euro 11,104 thousand, of which:

- Decrease in “Raw Materials, Consumables, Supplies and Goods” for Euro 6,749 thousand (decrease of Euro 5,209 thousand in 2023);
- Decrease in “Contract Work-in-Progress and Semi-Finished products” of Euro 1,723 thousand (increase of Euro 2,774 thousand in 2023);
- Decrease in “Finished Products” of Euro 2,632 thousand (decrease of Euro 17,589 thousand in 2023).

For further details, reference should be made to the paragraph “Operating results excluding net non-recurring charges” of the Directors' Report.

Note 23 - Services and Use of Third-Party Assets

“Services and Use of Third-Party Assets” amounted to Euro 103,996 thousand in 2024 (Euro 128,449 thousand in 2023).

Services are broken down as follows:

Note 23 - SERVICES AND USE OF THIRD-PARTY ASSETS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Sundry services	(6,670)	(9,933)	3,263
Transport	(19,874)	(30,223)	10,349
Warehousing	(1,360)	(2,420)	1,060
Maintenance	(14,168)	(14,390)	222
Utilities	(7,750)	(14,492)	6,742
Consulting fees	(11,138)	(16,409)	5,271
Directors' and Statutory Auditors' Fees	(5,622)	(6,506)	884
Advertising, Promotions, Shows and Fairs	(5,176)	(5,598)	422
Cleaning	(1,141)	(1,145)	4
Bank Charges	(990)	(1,230)	240
Agents	(7,733)	(8,905)	1,172
Travel, accommodation and sales representatives	(3,217)	(4,567)	1,350
Sales Commissions	(7,550)	(2,095)	(5,455)
Insurance	(3,146)	(3,528)	382
Other Services	(5,708)	(3,301)	(2,407)
Rent	(2,177)	(3,033)	856
Royalties and Patents	(576)	(674)	98
Total	(103,996)	(128,449)	24,453

The decrease in “Services and Use of Third-Party Assets” compared to 2023 was Euro 24,453 thousand. The general decrease in service costs is mainly due to the costs incurred in 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 13,230 thousand, which mainly affected utilities and transport. Consultancy costs in addition decreased, mainly in terms of the costs incurred by the parent F.I.L.A. S.p.A. for the listing of the former Indian subsidiary DOMS Industries Limited (India) in 2023.

Note 24 – Other Costs

“Other Costs” totalled Euro 6,553 thousand in 2024 (Euro 11,288 thousand in 2023).

This caption principally includes realised and unrealised exchange losses on commercial transactions for Euro 5,915 thousand (Euro 9,741 thousand in 2023). For further details on exchange differences, reference should be made to “Note 30 - Foreign currency transactions”.

“Other costs” are broken down as follows:

Note 24 - OTHER COSTS			
	December 31, 2024	December 31, 2023	Change
<i>Euro thousands</i>			
Unrealised Exchange Losses on Commercial Transactions	(2,692)	(5,447)	2,755
Realised Exchange Losses on Commercial Transactions	(3,223)	(4,294)	1,071
Other Operating Costs	(638)	(1,547)	910
Total	(6,553)	(11,288)	4,734

“Other operating charges” of Euro 638 thousand in 2024 primarily relates to tax charges other than income taxes, such as municipal taxes on property. The change from the previous year is due to the fact that in 2023 the item included the settlement of a legal dispute by the US subsidiary Dixon Ticonderoga Company.

Note 25 – Personnel Expense

“Personnel Expense” includes all costs and expenses incurred for employees.

“Personnel expenses” amounted to Euro 135,037 thousand in 2024 (Euro 157,139 thousand in 2023).

These costs are broken down as follows:

Note 25 – PERSONNEL EXPENSE			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Wages and Salaries	(103,415)	(119,618)	16,203
Social Security Charges	(27,636)	(29,910)	2,274
Employee Benefits	(277)	(607)	330
Post-Employment Benefits	(441)	(972)	531
Other	(3,268)	(6,032)	2,764
Total	(135,037)	(157,139)	22,102

“Personnel expense” decreased Euro 22,102 thousand compared to 2023, mainly due to the deconsolidation of the former Indian subsidiary DOMS Industries Limited, which resulted in a reduction in personnel expense of Euro 19,989 thousand and a decrease in the number of employees of 8,423 compared to December 31, 2023.

The following table reports the breakdown of the F.I.L.A. Group workforce at December 31, 2024 and December 31, 2023 by geographical segment.

	Europe	North America	Central - South America	Asia	Rest of the World	Total
December 31, 2023	1,077	526	1,391	8,778	22	11,794
December 31, 2024	1,016	504	1,389	332	22	3,263
Change	(61)	(22)	(2)	(8,446)	-	(8,531)

For further details, reference should be made to the Personnel section of the Directors’ Report.

Note 26 – Amortisation and Depreciation

This caption amounted to Euro 34,876 thousand in 2024 (Euro 41,919 thousand in 2023). Amortisation and depreciation in 2024 and 2023 are reported below:

Note 26 – AMORTISATION AND DEPRECIATION			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Depreciation of Property, plant and equipment	(11,388)	(15,773)	4,385
Amortisation of Intangible assets	(13,167)	(14,498)	1,331
Depreciation of Right-of-use assets	(10,321)	(11,648)	1,327
Total	(34,876)	(41,919)	7,043

Amortisation and depreciation in 2024 decreased mainly as a result of the amounts incurred under this caption in 2023 by the former Indian subsidiary DOMS Industries Limited for Euro 5,877 thousand. For further details, reference should be made to “Note 1 – Intangible Assets” and “Note 2 – Property, Plant and Equipment”.

Note 27 – Net Impairment Gains (Losses) on Trade Receivables and Other assets

“Net impairment losses on Trade Receivables and Other assets” amounted to Euro 1,008 thousand in 2024 (Euro 617 thousand in 2023):

Note 27 - IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Net impairment losses on trade receivables and other assets	1,008	(617)	1,625
Total	1,008	(617)	1,625

The increase in “Net Impairment Gains (Losses) on Trade Receivables and Other assets” is mainly due to lower impairments and loss allowance accruals.

Note 28 – Other Net Impairment Gains (Losses)

“Other net impairment losses” amount to Euro 11,309 thousand in 2024 (Euro 1,358 thousand in 2023):

Note 28 – NET OTHER IMPAIRMENT LOSSES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Net impairment losses on Property, Plant and Equipment	(952)	(11)	(941)
Net impairment losses on Right of Use Assets	(673)	(873)	200
Net impairment losses on Biological Assets	(1,251)	(474)	(777)
Net reversal of impairment losses on Intangible Assets	(8,433)	-	(8,433)
Total	(11,309)	(1,358)	(9,951)

The movement in the period principally concerns the adjustment to fair value of the intangible assets of the US company Dixon Ticonderoga Company for Euro 4,271 thousand, the Italian company Industria Maimeri S.p.A. for Euro 1,696 thousand (impairment loss on goodwill) and the English company Daler Rowney Ltd for Euro 2,405 thousand. We also report the fair value adjustment of the plantation of the Chinese company Xinjiang F.I.L.A.-Dixon Plantation Company Ltd, which resulted in a write-down of Euro 1,251 thousand. The impairment loss of Industria Maimeri was also recognised under Property, Plant and Machinery in the amount of Euro 363 thousand and under Property, Plant and Machinery Right-of-Use in the amount of Euro 1,168 thousand.

For further details, reference should be made to “Note 2 – Property, Plant and Equipment”, “Note 1 – Intangible Assets”, and “Note 11 – Biological Assets”.

Note 29 – Financial Income

Total “Financial Income” amounted to Euro 77,919 thousand in 2024 (Euro 7,522 thousand in 2023). Financial income, together with the comment on the main changes on the previous year, was as follows:

Note 29 – FINANCIAL INCOME			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Financial income on investments	500	1	499
<i>Dividends</i>	500	1	499
Interest income on Bank Deposits	801	2,260	(1,459)
Other Financial Income	68,252	681	67,571
Unrealised Exchange Gains on Financial Transactions	8,178	3,799	4,379
Realised Exchange Gains on Financial Transactions	188	781	(593)
Total	77,919	7,522	70,397

The increase in “Other Financial Income” is due to the sale of the 4.57% holding in the Indian associate DOMS Industries Limited, which resulted in a disposal gain for the parent F.I.L.A. S.p.A. of Euro 66,979 thousand.

The movement compared to December 31, 2023 concerns “Unrealised Exchange Gains on Financial Transactions” and “Realised Exchange Gains on Financial Transactions” for Euro 3,786 thousand. “Income from investments” concerns the dividend distributed by the associate DOMS Industries Limited (India) to F.I.L.A. S.p.A. This investment is recognised among “Other Investments”.

Note 30 – Financial Expense

“Financial Expense” in 2024 amounted to Euro 38,041 thousand (Euro 45,195 thousand in 2023).

Financial expense, together with the main changes on the same period of the previous year, was as follows:

Note 30 - FINANCIAL EXPENSE			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Interest on current account Overdrafts	(327)	(864)	537
Interest on Bank Loans and borrowings	(18,851)	(27,164)	8,313
Interest on Other loans and borrowings	(729)	(1,155)	426
Other Financial Expense	(1,907)	(3,146)	1,239
Unrealised Exchange Losses on Financial Transactions	(9,169)	(5,935)	(3,234)
Realised Exchange Losses on Financial Transactions	(3,483)	(1,356)	(2,127)
Lease interest expense - Right-of-use assets	(3,575)	(5,575)	2,000
Total	(38,041)	(45,195)	7,154

The movement in “Financial expense” in 2024 amounts to Euro 7,154 thousand and, excluding the considerations regarding exchange movements (which resulted in a change of Euro 5,361 thousand), mainly concerns the reduced net financial expense, principally at the US subsidiary Dixon Ticonderoga Company, the Mexican subsidiary Grupo FILA.-Dixon, S.A. and the parent F.I.L.A. S.p.A..

The portion of Amortised Cost accrued in 2024 amounts to Euro 2,312 thousand and mainly refers to the loan contracted by F.I.L.A. S.p.A. (Euro 1,565 thousand) and by Dixon Ticonderoga Company (U.S.A.) (Euro 747 thousand) at December 31, 2024.

For further details concerning these issues, reference should be made to “Note 13 - Financial Liabilities”.

Note 31 – Foreign Currency Transactions

Exchange differences on financial and commercial transactions in foreign currencies in 2024 are reported below:

Note 31 - FOREIGN CURRENCY TRANSACTIONS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Unrealised Exchange Gains on Commercial Transactions	2,478	3,452	(974)
Realised Exchange Gains on Commercial Transactions	4,349	2,516	1,833
Unrealised Exchange Losses on Commercial Transactions	(2,692)	(5,447)	2,755
Realised Exchange Losses on Commercial Transactions	(3,223)	(4,294)	1,071
Net exchange losses on commercial transactions	912	(3,773)	4,685
Unrealised Exchange Gains on Financial Transactions	8,178	3,799	4,379
Realised Exchange Gains on Financial Transactions	188	781	(593)
Unrealised Exchange Losses on Financial Transactions	(9,169)	(5,935)	(3,234)
Realised Exchange Losses on Financial Transactions	(3,483)	(1,356)	(2,127)
Net exchange gains on financial transactions	(4,285)	(2,711)	(1,574)
Net exchange gains	(3,374)	(6,484)	3,110

Exchange differences in 2024 mainly arose from exchange movements against the euro, in addition to the change in the year of assets and liabilities in foreign currencies, following commercial and financial transactions.

Note 32 – Share of profits/(losses) of Equity-Accounted Investees

“Share of profits (losses) of Equity-Accounted Investees” reports a profit of Euro 3,063 thousand (profit of Euro 941 thousand in 2023), mainly deriving from the positive adjustment of the Carrying amount of the investment of F.I.L.A. S.p.A. in the Indian associate DOMS Industries Limited, in line with the share of equity held in the associate of 26.01% for Euro 5,064 thousand. In addition, at December 31, 2024 the Purchase Price Allocation had concluded of the Indian associate DOMS Industries Limited, resulting in a decrease in the investment of Euro 2,002 thousand as a result of the amortisation of the allocated gains.

Note 34 – Profit resulting from the loss of control of a subsidiary

The caption was zero as of December 31, 2024 while it was Euro 167,594 thousand as of December 31, 2023 and referred to the gain from the loss of control over the former subsidiary DOMS Industries Limited following its listing on the National Stock Exchange of India.

Note 33 - Income Taxes

This overall in 2024 amounted to Euro 25,962 thousand (Euro 30,684 thousand in 2023) and comprised current taxes of Euro 24,080 thousand (Euro 31,993 thousand in 2023) and net deferred tax charges of Euro 1,881 thousand (income of Euro 1,309 thousand in 2023).

Note 33.A – Current Taxes

The relative detail is shown below:

Note 33.A - CURRENT TAXES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Current taxes Italy	(1,010)	(1,323)	313
Current taxes Abroad	(23,070)	(30,670)	7,600
Total	(24,080)	(31,993)	7,913

Current Italian taxes concern F.I.L.A. S.p.A. and Industria Maimeri S.p.A.

The breakdown of foreign current taxes is illustrated below:

Note 33.A.1 - FOREIGN INCOME TAXES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
FILA (Italy)	(7,998)	(13,706)	5,708
Dixon Ticonderoga Company (U.S.A.)	(8,689)	(6,739)	(1,951)
Dixon (China)	(42)	-	(42)
Dixon Canadian Holding Inc.	(2)	1	(3)
Dixon (Mexico)	(407)	(343)	(64)
FILA (Chile)	(158)	(200)	43
FILA (Argentina)	(68)	(40)	(28)
Lyra KG (Germany)	(506)	(549)	43
Fila Nordic (Scandinavia)	(132)	(114)	(18)
Lyra Akrelux (Indonesia)	(68)	(64)	(4)
FILA (Turkey)	(130)	(117)	(13)
DOMS Industries PVT Ltd (India)	-	(5,409)	5,409
FILA Hellas (Greece)	(163)	(161)	(2)
FILA (South Africa)	(3)	-	(3)
Fila Dixon (Kunshan)	(13)	(225)	212
FILA Benelux	(260)	(253)	(7)
Daler Rowney Ltd (UK)	82	168	(86)
Brideshore srl (Dominican Republic)	(144)	(128)	(16)
FILA (Poland)	(135)	(112)	(24)
FILA (Yixing)	-	32	(32)
St.Cuthberts Mill Limited Paper (UK)	17	(59)	76
FILA Iberia	(1,391)	(1,236)	(154)
Canson Bresil (Brazil)	(930)	(579)	(351)
Canson SAS (France)	(460)	91	(551)
FILA Art Products AG	(12)	(15)	3
Fila Art and Craft Ltd	(86)	(23)	(63)
Dixon Ticonderoga Art ULC	(782)	(666)	(116)
Princeton Hong Kong	(354)	(224)	(129)
Fila Arches	(236)	-	(236)
Total	(23,070)	(30,670)	7,599

The foreign income taxes also include the tax charge relating to F.I.L.A S.p.A. (Euro 7,998 thousand), mainly concerning Euro 7,572 thousand for the withholding tax related to the sale of 4.57% of the Indian associate DOMS Industries Limited, as well as the tax representation of the German subsidiary Lyra KG (Euro 427 thousand).

As of the 2024 tax period, the F.I.L.A. Group, as part of the broader Wood S.r.l. Group, is required to apply the regulations set forth in Legislative Decree No. 209 of December 27, 2023, which transposes EU Directive 2022/2523 into national law, in accordance with the OECD's "Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules" (so-called Pillar Two).

This international regulation is designed to ensure that multinational groups with consolidated revenues of Euro 750 million or more are subject to an Effective Tax Rate (ETR) of not less than 15 % in each jurisdiction in which they operate; should the ETR calculated under Pillar Two rules for a jurisdiction be less than 15%, the Group is required to pay a supplementary tax (the so-called "top-up tax") to reach the minimum tax threshold.

In this regulatory context, F.I.L.A. S.p.A. (the Company) qualifies as a Partially-Owned Parent Entity or "POPE", and Wood S.r.l. qualifies as an "Ultimate Parent Entity" or "UPE."

In addition, the Pillar Two rules provide for a transitional period during which Groups subject to the aforementioned regulations have the option of being exempted from the complex calculations for determining the ETR by performing certain tests, called "Transitional CbCR Safe Harbors" ("TCSH"), applicable in the first three tax periods after the regulations come into effect. It is sufficient for at least one of the TCSHs to be satisfied for the jurisdiction in which the Group operates for the supplementary tax due for that jurisdiction to be zero.

The Wood Group, as required by accounting standard IAS 12 (specifically as a result of the "Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two model Rules"), carried out an analysis, with the support of an external consultant, in order to identify its scope of application and assess the potential exposure to top-up tax.

This assessment was made on the basis of data taken from the accounts used in the process of preparing the 2024 consolidated financial statements (so-called financial reporting package) for the F.I.L.A. Group, and preliminary data for the other companies within the Wood Group.

Based on the results of the TCSH calculation for the 2024 tax period, all jurisdictions passed at least one of the tests which resulted in no additional top up tax arising and, therefore, it was possible to conclude that the Wood Group is not exposed to any top up tax in the current year.

It should also be noted that the Company has applied the temporary exception to the accounting of deferred tax assets and liabilities related to the application of the provisions of the prescribed Pillar Two and related disclosures as required by IAS 12.

Nota 33.B – Deferred Tax Income & Expense

The relative detail is shown below:

Note 33.B - DEFERRED TAXES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Change in deferred tax liabilities	2,336	1,536	800
Change in deferred tax assets	(3,256)	(586)	(2,670)
Change in deferred tax assets on Right-of-use assets	(961)	359	(1,320)
Total	(1,881)	1,309	(3,190)

The table below shows the overall tax for the period.

Note 33.C - TOTAL TAXES OF THE YEAR				
<i>Euro thousands</i>	2024	Effective tax rate	2023	Effective tax rate
Pre-Tax profit for the year of the F.I.L.A. Group	106,808		209,321	
Profit for the year of the F.I.L.A. Group not subject to Current Taxes	(1,082)		1,200	
Consolidation Effect of the F.I.L.A. Group - Before Current Taxes	(10,274)		(14,064)	
Theoretical Tax Base	95,452		196,456	
Total current income taxes	(24,080)	25.2%	(31,993)	16.3%
Deferred Tax Income on Temporary Differences	(4,217)		(218)	
Deferred Tax Expense on Temporary Differences	2,336		1,527	
Total deferred taxes	(1,881)	2.0%	1,309	-0.7%
Total taxes	(25,962)	27.2%	(30,684)	15.6%

“Current income taxes ” of Euro 24,080 thousand represent an average effective tax rate for the F.I.L.A. Group of 25.2%, increasing 8.9% on the previous year.

The decrease in total taxes is mainly attributable due to the fact that in 2023 withholding taxes were recorded by the parent FILA S.p.A. related to the public listing of the Indian associate DOMS Industries Limited for Euro 13,344 thousand.

Subsequent events

There were no subsequent events other than those reported in the section “Key Events in the year”.

Commitments and guarantees

Commitments

In 2024, commercial supplier commitments maturing in 2025 totalled Euro 40 thousand and concern F.I.L.A. Iberia S.L. (Spain).

Guarantees

With the signing of the refinancing agreement on July 28, 2022, following the closure of the previous structured loan, the number of additional guarantors decreased solely to the subsidiaries:

- Canson SAS (France);
- Daler-Rowney Ltd (United Kingdom);
- Johann Froescheis Lyra-Bleistift-Fabrik GmbH & Co. KG (Germany);
- Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico).

The guarantees provided by F.I.L.A. S.p.A. are as follows:

- Bank sureties in favour of third parties:
 - In guarantee of the Pero offices lease contract for Euro 67 thousand;
 - To the Ministry for Economic Development for promotional activities for Euro 47 thousand;
 - To the Ministry of Enterprises for promotional activities for Euro 20 thousand;
 - To the provincial Tax authorities to cover Canson Italy VAT credit refunded to us in the amount of Euro 45 thousand.
- Bank sureties issued in favour of Banca Nazionale del Lavoro S.p.A. (BNP Paribas Group) on credit lines granted to:

- Canson Brasil I.P.E. Ltda (Brazil) for BRL 5,500 thousand;
- Dixon Ticonderoga Co. (USA) for USD 4,000 thousand;
- Bank sureties issued in favour of Unicredit S.p.A. on credit lines granted to:
 - Dixon Ticonderoga Co. (U.S.A.) for USD 28.6 million;
 - Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) for USD 10.4 million;
- Loan mandates granted in favour of Banca Intesa Sanpaolo S.p.A. to the subsidiaries:
 - Fila Dixon Stationery (Kunshan) Co. Ltd. (China) for RMB 32 million;
 - Fila Dixon Stationary (Kunshan) Co., Ltd. (China) for USD 500 thousand;
 - Fila Dixon Stationery (Kunshan) Co. Ltd. (China) for Euro 2,000 thousand;
 - Dixon Ticonderoga Co. (U.S.A.) for USD 10,000 thousand;
 - Canson Sas (France) for Euro 6,288 thousand.
- Patronage letter issued by Citi Banamex, on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to USD 10,000 thousand;
- Patronage letter issued by BBVA Bancomer, S.A., on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to MXN 160,000 thousand;
- Patronage letter issued by Banco De Bajio, on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to MXN 250,000 thousand;
- Patronage letter issued by Scotiabank Inverlat SA, on credit line granted to the subsidiary Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico) amounting to MXN 360,000 thousand.

Lyra KG “Johann Froescheis Lyra- Bleitstift-Fabrik GmbH&Co-KG” (Germany) provided a guarantee in favour of PT. Perma Plasindo (a local F.I.L.A. Group partner) which, in turn, pledged property, plant and equipment in guarantee (land and buildings) of the obligations devolving to PT. Lyra Akrelux under the loan contract with PT. Bank Central Asia of February 11, 2010 for a total IDR 2,500,000,000 (approximately Euro 149 thousand).

Related party transactions

For the procedures adopted in relation to transactions with related parties, also in accordance with Article 2391-*bis* of the Civil Code, reference should be made to the new policy adopted by the parent on May 14, 2021, as per the Regulation approved by the Stock Exchange Regulator ("CONSOB") with motion No. 17221 of March 12, 2010 and subsequent amendments, published on the parent's website www.filagroup.it in the "Governance" section.

In accordance with CONSOB Communication No. 6064293 of July 28, 2006, the following table outlines the commercial and financial transactions with related parties for the year ended December 31, 2024:

F.I.L.A. GROUP RELATED PARTIES - 2024							
		December 31, 2024					
		Statement of Financial Position					
<i>Euro thousands</i>		ASSETS			LIABILITIES		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Financial Liabilities (Banks)	Financial Liabilities (Other)	Trade Payables
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	619
Vidett (previously HR Trustee, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	10
Total		-	-	-	-	-	628

F.I.L.A. GROUP RELATED PARTIES - 2023							
		December 31, 2023					
		Statement of Financial Position					
<i>Euro thousands</i>		ASSETS			LIABILITIES		
Company	Nature	PP&E and intangible assets	Trade Receivables	Cash and Cash Equivalents	Financial Liabilities (Banks)	Financial Liabilities (Other)	Trade Payables
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	-	-	282
Vidett (previously HR Trustee, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	-	5
Total		-	-	-	-	-	286

F.I.L.A. GROUP RELATED PARTIES - 2024

Euro thousands		December 31, 2024					
		Statement of comprehensive income					
		REVENUES			COSTS		
Company	Nature	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	1,514	-	-
Pynturas y Texturizados S.A. de C.V.	Trade Supplier	-	-	-	282	-	-
Pixal CG	Trade Supplier	-	-	-	-	11	-
Susana Cespedes Creixell	Trade Supplier	-	-	-	-	113	-
Vidett (previously HR Trustee, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	32	-
Total		-	-	-	1,796	156	-

F.I.L.A. GROUP RELATED PARTIES - 2023

Euro thousands		December 31, 2023					
		Statement of comprehensive income					
		REVENUES			COSTS		
Company	Nature	Revenue from sales	Other Revenue (Services)	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Nuova Alpa Collanti S.r.l.	Trade Supplier	-	-	-	802	-	-
Pynturas y Texturizados S.A. de C.V.	Trade Supplier	-	-	-	278	-	-
Pixal CG	Trade Supplier	14	-	-	-	18	-
Susana Cespedes Creixell	Trade Supplier	-	-	-	-	121	-
Vidett (previously HR Trustee, then Punter Southall Governance Services)	Service Supplier	-	-	-	-	17	-
Total		14	-	-	1,080	155	-

Nuova Alpa Collanti S.r.l.

Nuova Alpa Collanti S.r.l., a shareholder of which is a member of F.I.L.A. S.p.A.'s board of directors, supplies glue.

Pinturas y Texturizados S.A. de C.V.

Pinturas y Texturizados S.A. de C.V., a shareholder of which is related to the management of a F.I.L.A. Group company, is a company specialised in the production and sale of paint, coating paints and anti-corrosion products.

Pixal CG

Pixal CG, a shareholder of which is related to the management of a F.I.L.A. Group company, is a Mexican based company specialised in the provision of marketing services.

Susana Cespedes Creixell

Susana Cespedes Creixell is related to the management of a F.I.L.A. Group company as a provider of leasing services in Mexico.

Vidett

Vidett (previously called “HR Trustees” and thereafter “Punter Southall Governance Services”), a shareholder of which is related to the management of a F.I.L.A. Group company, is a United Kingdom based company specialised in the provision of professional pension plan services.

The related party transactions carried out by the F.I.L.A. Group refer to normal transactions and are regulated at market conditions, i.e. the conditions that would be applied between two independent parties, and are undertaken in the interests of the Group. Typical or normal transactions are those which, by their object or nature, are not outside the normal course of business of the F.I.L.A. Group and those which do not involve particular critical factors due to their characteristics or to the risks related to the nature of the counterparty or the time at which they are concluded; normal market conditions relate to transactions undertaken at standard Group conditions in similar situations.

On this basis, the exchange of goods, services and financial transactions between the various group companies were undertaken at competitive market conditions.

The infragroup transactions of F.I.L.A. S.p.A., relate to operations to develop synergies between Group companies, integrating production and commercial operations.

The nature and the balances of transactions of the Parent F.I.L.A. S.p.A. with the companies of the F.I.L.A. Group at December 31, 2024 and December 31, 2023 are detailed below:

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2024				
Company	Statement of Financial Position - December 31, 2024			
	Assets		Liabilities	
	Trade Receivables	Financial Assets	Trade Payables	Financial liabilities
Euro thousands				
F.I.L.A. Iberia (Spain)	82	-	(12)	(6,063)
Dixon Ticonderoga Company (U.S.A.)	592	31,849	(19)	-
Beijing F.I.L.A.-Dixon Stationery Company Limited (Ch)	-	-	(2)	-
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	353	19,251	(6)	-
F.I.L.A. Chile Ltda (Chile)	176	-	(2)	-
FILA Argentina S.A. (Argentina)	461	-	(2)	-
Johann Froescheis Lyra KG (Germany)	142	-	(145)	(2,683)
F.I.L.A. Nordic (Sweden)	145	-	(4)	-
PT. Lyra Akrelux (Indonesia)	170	-	(1)	-
FILA Stationary Ltd. Co. (Turkey)	524	285	(4)	-
Fila Stationary O.O.O. (Russia)	131	4,675	-	-
FILA Hellas SA (Greece)	252	-	(3)	-
Industria Maimeri S.p.A. (Italy)	42	8,525	(28)	-
FILA SA (South Africa)	220	53	(1)	-
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	30	-	(95)	-
F.I.L.A. Benelux (Belgium)	13	-	(3)	(1,641)
Daler Rowney Ltd (UK)	443	2,646	(8)	-
Brideshore (Dominican Republic)	54	-	(1)	-
FILA Poland (Poland)	63	-	-	-
Canson Art & Craft Yixing Co., Ltd. (China)	25	-	(1)	-
St. Cuthberts Mill (UK)	1	-	(1)	-
Canson Brasil (Brazil)	243	1,401	(2)	-
Lodi 12 (France)	-	-	-	-
Canson SAS (France)	877	15,629	(492)	(2,653)
Canson Australia (Australia)	132	4,686	(8)	-
Fila Art Products AG (Switzerland)	25	-	-	-
Fila Art & Craft (Israel)	158	-	(1)	-
Dixon Ticonderoga ART ULC (Canada)	14	-	(1)	-
Princeton Hong Kong	-	-	(1)	-
Fila Arches (France)	46	21,019	(52)	(2,582)
Total	5,413	110,019*	(892)	(15,622)

*Value inclusive of the effect of IFRS 9 and the impairment loss equal to Euro 9,330 thousand.

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2024

Company	Statement of Comprehensive Income - December 31, 2024						
	Revenues				Costs		
	Revenues from sales	Other Revenues	Dividends	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Euro thousands							
F.I.L.A. Iberia (Spain)	(44)	(265)	(3,871)	-	-	19	158
Dixon Ticonderoga Company (U.S.A.)	(740)	(1,912)	-	(1,883)	-	47	-
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)	-	-	-	-	2	-	-
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	(1,183)	(106)	-	(1,108)	579	1	-
F.I.L.A. Chile Ltda (Chile)	(621)	(9)	(5)	-	-	-	-
FILA Argentina S.A. (Argentina)	(285)	(5)	-	-	-	-	-
Johann Froescheis Lyra KG (Germany)	(170)	(464)	(1,493)	-	422	170	94
F.I.L.A. Nordic (Sweden)	(880)	(23)	-	-	-	-	-
PT. Lyra Akrelux (Indonesia)	(529)	(8)	-	-	-	-	-
FILA Stationary Ltd. Co. (Turkey)	(536)	(6)	(143)	(21)	-	-	-
Fila Stationary O.O.O. (Russia)	-	(2)	-	(153)	-	-	-
FILA Hellas SA (Greece)	(1,078)	(10)	(800)	-	-	-	-
Industria Maimeri S.p.A. (Italy)	(1)	(143)	-	(347)	127	-	-
FILA SA (South Africa)	(203)	(6)	-	(4)	-	-	-
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	(45)	(59)	-	-	4,072	6	-
F.I.L.A. Benelux (Belgium)	-	(51)	-	-	-	-	70
Daler Rowney Ltd (UK)	(1,226)	(1,208)	-	(169)	30	5	-
Brideshore (Dominican Republic)	(19)	(217)	-	-	-	-	-
FILA Poland (Poland)	(200)	(4)	(239)	-	-	-	-
Canson Art & Craft Yixing Co., Ltd. (China)	-	(91)	-	-	647	-	-
St. Cuthberts Holdings (UK)	-	-	-	-	-	-	-
St. Cuthberts Mill (UK)	-	(7)	-	-	-	-	-
Canson Brasil (Brazil)	(319)	(33)	-	(38)	-	-	-
Lodi 12 (France)	-	-	-	-	-	-	-
Canson SAS (France)	(6,619)	(1,666)	-	(1,322)	3,093	-	8
Canson Australia (Australia)	(175)	(6)	-	(156)	-	10	-
Fila Art Products AG (Switzerland)	(80)	(6)	(32)	-	-	-	-
Fila Art & Craft (Israel)	(786)	(8)	(62)	-	3	-	-
Dixon Ticonderoga ART ULC (Canada)	-	(41)	-	-	-	-	-
Princeton Hong Kong	-	(2)	-	-	-	-	-
Fila Arches (France)	-	(288)	-	(1,487)	-	-	73
Total	(15,738)	(6,644)	(6,646)*	(6,688)	8,975	257	403

* The value does not include dividends received from the Indian associated DOMS Industries Limited of Euro 500 thousand.

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2023

CompanyEuro thousands	Statement of Financial Position - December 31, 2023			
	Assets		Liabilities	
	Trade Receivables	Financial Assets	Trade Payables	Financial Liabilities
F.I.L.A. Iberia (Spain)	61	-	(33)	(6,054)
Dixon Ticonderoga Company (U.S.A.)	481	15,231	(60)	-
Beijing F.I.L.A.-Dixon Stationery Company Limited (Ct	-	-	-	-
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	221	18,100	(197)	-
F.I.L.A. Chile Ltda (Chile)	157	-	(2)	-
FILA Argentina S.A. (Argentina)	189	-	(2)	-
Johann Froescheis Lyra KG (Germany)	304	-	(412)	(2,003)
F.I.L.A. Nordic (Sweden)	126	-	(5)	-
PT. Lyra Akrelux (Indonesia)	45	-	(1)	-
FILA Stationary Ltd. Co. (Turkey)	205	280	(4)	-
DOMS Industries Pvt Ltd (India)	24	366	-	-
Fila Stationary O.O.O. (Russia)	131	4,550	-	-
FILA Hellas SA (Greece)	207	-	(4)	-
Industria Maineri S.p.A. (Italy)	29	8,498	-	-
FILA SA (South Africa)	186	93	(1)	-
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	48	-	(121)	-
F.I.L.A. Benelux (Belgium)	11	-	(3)	(1,821)
Daler Rowney Ltd (UK)	423	4,279	(15)	-
Brideshore (Dominican Republic)	56	-	(28)	-
FILA Poland (Poland)	49	-	-	-
Canson Art & Craft Yixing Co., Ltd. (China)	21	-	(1)	-
St. Cuthberts Holdings (UK)	-	-	-	-
St. Cuthberts Mill (UK)	1	-	(4)	-
Canson Brasil (Brazil)	190	2,025	(10)	-
Lodi 12 (France)	-	13	-	-
Canson SAS (France)	747	21,377	(738)	-
Canson Australia (Australia)	-	2,298	(4)	-
Canson Italy Srl (Italy)	-	-	-	-
Fila Art Products AG (Switzerland)	8	-	-	-
Fila Art & Craft (Israel)	0	-	(1)	-
Dixon Ticonderoga ART ULC (Canada)	9	-	(1)	-
Princeton Hong Kong	-	-	(1)	-
Fila Arches (France)	103	21,583	(51)	(514)
Total	4,030	98,693*	(1,698)	(10,392)

*Value inclusive of IFRS 9 and the write-down following impairment testing, equal to Euro 4,942 thousand.

F.I.L.A. S.P.A. INTRAGROUP TRANSACTIONS 2023

Company	Statement of Comprehensive Income - December 31, 2023						
	Revenues				Costs		
	Revenues from sales	Other Revenues	Dividends	Financial Income	Operating Costs (Products)	Operating Costs (Services)	Financial Expense
Euro thousands							
F.I.L.A. Iberia (Spain)	(59)	(225)	(4,839)	-	-	21	170
Dixon Ticonderoga Company (U.S.A.)	(450)	(1,641)	(13,564)	(229)	26	-	-
Beijing F.I.L.A.-Dixon Stationery Company Limited (China)	-	-	-	-	5	-	-
Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)	(932)	(34)	-	(859)	689	-	-
F.I.L.A. Chile Ltda (Chile)	(898)	(12)	(4)	-	-	-	-
FILA Argentina S.A. (Argentina)	(121)	(7)	-	-	-	-	-
Johann Froescheis Lyra KG (Germany)	(230)	(359)	(1,692)	-	523	165	36
F.I.L.A. Nordic (Sweden)	(766)	(20)	-	-	-	-	-
PT. Lyra Akrelux (Indonesia)	(261)	(5)	-	-	-	-	-
FILA Stationary Ltd. Co. (Turkey)	(450)	(6)	(130)	(13)	-	3	-
DOMS Industries Pvt Ltd (India)	-	(48)	(528)	(47)	2,613	-	-
Fila Stationary O.O.O. (Russia)	(57)	(2)	-	(131)	-	-	-
FILA Hellas SA (Greece)	(1,249)	(21)	(600)	-	-	-	-
Industria Maimeri S.p.A. (Italy)	(6)	(111)	-	(261)	64	-	-
FILA SA (South Africa)	(167)	(4)	-	(7)	-	-	-
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)	(55)	(109)	-	-	8,446	4	-
F.I.L.A. Benelux (Belgium)	-	(51)	-	-	-	-	33
Daler Rowney Ltd (UK)	(1,093)	(1,261)	-	(210)	23	-	-
Brideshore (Dominican Republic)	(5)	(222)	-	-	-	-	-
FILA Poland (Poland)	(167)	(3)	(202)	-	-	-	-
Canson Art & Craft Yixing Co., Ltd. (China)	-	(80)	-	-	297	-	-
St. Cuthberts Holdings (UK)	-	-	(233)	-	-	-	-
St. Cuthberts Mill (UK)	-	(8)	-	-	-	-	-
Canson Brasil (Brazil)	(198)	(24)	-	(61)	-	-	-
Lodi 12 (France)	-	-	-	(27)	-	-	-
Canson SAS (France)	(7,178)	(1,390)	-	(1,358)	2,926	217	-
Canson Australia (Australia)	(55)	(5)	-	(158)	8	-	-
Canson Italy Srl (Italy)	-	-	-	-	-	-	-
Fila Art Products AG (Switzerland)	(83)	(7)	(52)	-	-	-	-
Fila Art & Craft (Israel)	(638)	(7)	(62)	-	-	-	-
Dixon Ticonderoga ART ULC (Canada)	-	(36)	-	-	-	-	-
Princeton Hong Kong	-	(1)	-	-	-	-	-
Fila Arches (France)	-	(501)	(500)	(1,484)	-	-	1
Total	(15,119)	(6,199)	(22,405)	(4,844)	15,620	410	240

In particular, in 2024 the nature of transactions between F.I.L.A. S.p.A. and the other Group companies concerned:

- Sale of products/goods of F.I.L.A. S.p.A. and other Group companies;
- Recharges for services and consultancy provided by F.I.L.A. S.p.A. mainly in favour of Canson SAS (France - Euro 712 thousand), Dixon Ticonderoga Company (U.S.A. - Euro 551 thousand), Lyra KG (Germany - Euro 229 thousand), Daler Rowney Ltd. (United Kingdom - Euro 161 thousand), F.I.L.A. Iberia S.L. (Spain - Euro 136 thousand), Fila Arches (France - Euro 125 thousand), Grupo F.I.L.A. Dixon, S.A. de C.V. (Mexico - Euro 100 thousand), Fila Dixon Stationery (Kunshan) Co. Ltd (China - Euro 59 thousand), Fila Benelux (Belgium - Euro 30 thousand), Canson Art & Craft Yixing Co. Ltd (China - Euro 18 thousand), Industria Maimeri S.p.A. (Italy - Euro 17 thousand) and Fila Nordic (Sweden - Euro 12 thousand);
- Recharges for costs incurred by F.I.L.A. S.p.A. against Group insurance coverage principally related to the companies Canson SAS (France - Euro 264 thousand), Fila Arches (France - Euro 103 thousand), Lyra KG (Germany - Euro 49 thousand), F.I.L.A. Iberia S.L. (Spain - Euro 23 thousand), Daler Rowney Ltd. (United Kingdom - Euro 13 thousand) and Dixon Ticonderoga Company (U.S.A. - Euro 10 thousand);
- Recharges of costs incurred by F.I.L.A. S.p.A. related to the ERP roll out and network management at the F.I.L.A. Group, principally related to the subsidiary Dixon Ticonderoga Company (U.S.A. - Euro 1,208 thousand), Daler Rowney Ltd. (United Kingdom - Euro 1,034 thousand), Canson SAS (France - Euro 690 thousand), Bridesore (Dominican Republic - Euro 215 thousand), Lyra KG (Germany - Euro 186 thousand), Industria Maimeri S.p.A. (Italy - Euro 126 thousand), F. I.L.A. Iberia S.L. (Spain - Euro 105 thousand), Canson Art & Craft Yixing Co. Ltd (China - Euro 70 thousand), Fila Arches SAS (France - Euro 61 thousand), Dixon Ticonderoga Art ULC (Canada - Euro 30 thousand), Canson Brasil (Brazil - Euro 26 thousand) and Fila Benelux (Belgium - Euro 15 thousand);

- “Income from Investments” includes dividends received in the year from subsidiaries. Specifically, from F.I.L.A. Iberia S.L. (Spain - Euro 3,871 thousand), Lyra KG (Germany - Euro 1,493 thousand), Fila Hellas (Greece - Euro 800 thousand), Fila Polska Sp Z.o.o (Poland - Euro 239 thousand), FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey - Euro 143 thousand), Fila Art and Craft (Israel - Euro 62 thousand), Fila Art and Product AG (Switzerland - Euro 32 thousand) and F.I.L.A. Chile (Chile - Euro 5 thousand). Also included are dividends received during the year from the associate DOMS Industries (India - Euro 500 thousand).
- “Interest and Income from Group companies” includes financial income recharged principally to the subsidiary Dixon Ticonderoga Company (U.S.A. – Euro 1,698 thousand), Fila Arches (France – 1,487 thousand), Canson SAS (France – Euro 1,322 thousand) and Dixon, S.A. de C.V. (Mexico – Euro 1,108 thousand), calculated on the loans granted by F.I.L.A. S.p.A.
- “Other financial income” mainly includes the capital gain resulting from the DOMS IPO for a total of Euro 85,405 thousand. This also include recharges of costs to the subsidiaries for sureties granted in favour of the company Dixon Ticonderoga U.S.A. (USA - Euro 46 thousand) and the company Canson Brasil (Brazil - Euro 8 thousand). It also includes the rebilling to Dixon Ticonderoga U.S.A. of fees paid by F.I.L.A. for the RCF not used in the amount of Euro 109 thousand.

In addition, the following information is provided in relation to the remuneration of the Directors, Statutory Auditors, Chief Executive Officer and the General Manager, in the various forms in which they are paid and reported in the financial statements.

Name and Surname	Office held	Term	Fees for office (€)	Fees for committees participation (€)	Bonuses and other incentives (€)
Giovanni Gorno Tempini	Chairperson	2024-2026	126,666	-	-
Massimo Candela	Chief Executive Officer	2024-2026	1,300,000	-	1,832,860
Luca Pelosin	COO	2024-2026	440,000	-	250,000
Alberto Candela	Director & Honorary Chairman	2024-2026	150,000	-	-
Annalisa Barbera	Director	2024-2026	27,000	14,833	-
Gianna Luzzati	Director	2024-2026	18,667	14,666	-
Donatella Sciuto	Director	2024-2026	27,000	21,000	-
Carlo Paris	Director	2024-2026	27,000	12,166	-
Total directors in office at December 31, 2024			2,116,333	62,665	2,082,860
Giorgina Gallo		2023-2023	8,333	2,000	-
Total directors no longer in office at December 31, 2024			8,333	2,000	-
Total directors in office at December 31, 2024			2,124,666	64,665	2,082,860

The figures reported above do not include the long-term incentives (LTIs)

Name and Surname	Office held	Term	Fees for office (€)
Gianfranco Consorti	Chair. Board of Statutory Auditors	2024-2026	44,373
Sonia Ferrero	Statutory Auditor	2024-2026	33,280
Pietro Villa	Statutory Auditor	2024-2026	32,880
Total statutory auditors in office as at December 31, 2024			110,533

The following members of the Board of Statutory Auditors also received fees for offices held in other companies of the Group.

Name and Surname	Office held	Fees for Office (€)	Company
Stefano Amoroso	Statutory Auditor	6,760	Industria Maimeri S.p.A.

Disclosure pursuant to Article 149-duodecies of the Consob Issuer's Regulation

The following table, prepared pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation, reports the payments made in 2024 for audit and other services carried out by the independent auditor and entities of its network:

<i>Euro thousands</i>	Company providing the service	Recipient	2024 Fees
Audit	Deloitte & Touche S.p.A.	Parent	283
	Deloitte & Touche S.p.A.	Italian Subsidiaries	19
	Deloitte & Touche S.p.A.	Non-Italian Subsidiaries	200
	Deloitte network **	Non-Italian Subsidiaries	285
Non Audit Services *	Deloitte & Touche S.p.A.	Parent	140
	Deloitte network **	Non-Italian Subsidiaries	59
Total			986

* Other services of Euro 140 thousand refer to the sustainability statement attestation (CSRD) and Euro 59 thousand to other audit related services.

** Other companies belonging to the Deloitte & Touche S.p.A. network.

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.I.L.A. S.p.A.)	% Held indirectly	% Held F.I.L.A. Group	Held By	Recognition	Non controlling interests
Johann Froeseis 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 Froeseis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	0.00%
F.I.L.A. Nordic AB ²	Sweden	EU	2008	0.00%	50.00%	50.00%	Johann Froeseis Lyra Bleistift-Fabrik GmbH & Co. KG	Line-by-Line	50.00%
FILA Stationary and Office Equipment Industry Ltd. Co.	Turkey	EU	2011	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Fila Stationary O.O.O.	Russia	EU	2013	90.00%	0.00%	90.00%	FILA S.p.A.	Line-by-Line	10.00%
Industria Maineri 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.I.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.I.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.I.L.A. Chile Ltda Dixon Ticonderoga Company	Line-by-Line	0.00%
Beijing F.I.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.I.L.A.-Dixon Plantation Company Ltd.	China	AS	2008	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
PT. Lyra Akrelux	Indonesia	AS	2008	0.00%	52.00%	52.00%	Johann Froeseis 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.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
FILA SA PTY LTD	South Africa	RM	2014	99.43%	0.57%	100.00%	FILA S.p.A.	Line-by-Line	0.00%
Canson Art & Craft Yixing Co., Ltd.	China	AS	2015	0.00%	100.00%	100.00%	Beijing F.I.L.A.-Dixon Stationery Company Ltd.	Line-by-Line	0.00%
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	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%
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%	FILA S.p.A.	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%
Fila Canson Do Brasil Produtos de Artes e Escolar 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 Paper Products Co., Ltd.	China	AS	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%
Princeton HK Co., Limited	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%
Creative Art Products Limited	U.K.	EU	2022	0.00%	100.00%	100.00%	Daler Rowney Ltd	Line-by-Line	0.00%
DOMS Industries Limited	India	AS	2015	26.01%	0.00%	26.01%	FILA S.p.A.	Line-by-Line	73.99%
Grupo FILA PERU S.A.C.	Peru	CSA	2024	0.00%	51.00%	51.00%	F.I.L.A. Chile Ltda	Integrate	49.00%

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

Transactions relating to Atypical and/or Unusual Operations

In accordance with Consob Communication of July 28, 2006, during 2024 the F.I.L.A. Group did not undertake any atypical and/or unusual transactions as defined by this communication, whereby atypical and/or unusual operations refers 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 year-end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the Group's assets and the protection of non-controlling interests.

The Board of Directors

THE CHAIRPERSON

Mr Giovanni Gorno Tempini

(Signed on the original)

Statement of the Manager in Charge of fin. reporting and the Corporate Bodies

GIOTTO GLOTTO BE-DE tratto D.A.S. C.I.A.B. LYRA MAIMERI DALER ROWNEY LUKAS PRINCESTON ST CUTHBERTS MILL CANSON Strathmore



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

March 21, 2025

Statement of the Manager in Charge of Financial Reporting and the Corporate Bodies – Consolidated Financial Statements (ref. Article 154-bis, paragraph 5)

The undersigned Massimo Candela, as Chief Executive Officer, and Cristian Nicoletti, as Manager in Charge of Financial Reporting of F.I.L.A. S.p.A., confirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the Group and
- the effective application

of the administrative and accounting procedures for the preparation of the consolidated financial statements as at December 31, 2024.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of the consolidated financial statements at December 31, 2024 is based on a process defined by F.I.L.A. S.p.A. in accordance with the Internal Control - Integrated Framework model issued by the Committee of the Sponsoring Organisations of the Treadway Commission, a benchmark framework generally accepted at international level.

It is also declared that:

1. The Consolidated Financial Statements at December 31, 2024 of F.I.L.A. S.p.A.:
 - have been drawn up in conformity with the applicable IFRS endorsed by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
 - correspond to the underlying accounting documents and records;
 - provide a true and fair view of the financial position and results of operations of the issuer and of the other companies in the consolidation scope.
2. The Directors' Report includes a reliable analysis on the performance and operating result, as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

The Chief Executive Officer

Massimo Candela

Manager in Charge of
Financial Reporting

Cristian Nicoletti

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

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Informativa Privacy ai sensi GDPR 679/2016 su sito internet www.fila.it

Independent Auditors' Report pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010



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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
F.I.L.A. S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of F.I.L.A. S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of F.I.L.A. S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Assessment of the recoverability of Goodwill

Description of the key audit matter

The Group's consolidated financial statements include Goodwill amounting to Euro 139.9 million allocated to the cash generating unit ("CGU") identified by the Directors, whose recoverability is verified at least annually and whenever indicators of potential impairment arise, by comparing the carrying amounts with the estimated recoverable amounts through an impairment test.

The Directors performed impairment test on goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each CGU identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows, the discounting rate (WACC) and the long term growth rate (g-rate).

The expected future cash flows used for the estimation of the recoverable amount were determined based on the forecast data extracted from the 2025 budget and the industrial plan respectively approved future by the Board of Directors on 14 February and 14 March 2025. Following the impairment tests, the Directors identified impairment losses on the goodwill allocated to the CGU "Industria Maimeri S.p.A." which was fully written down for an amount of Euro 1.7 million.

Considering the relevant amount of the goodwill accounted for in the financial statements relative to the CGUs, the judgement and the nature of the estimates used to determine cash flows, the key variables of the impairment test, the recoverability of the goodwill has been considered a key audit matter of the Group's consolidated financial statements. Note 1 "Intangible Assets" within the consolidated financial statements provides a disclosure on the goodwill.

Audit procedures performed

In the context of our audit we carried out, among others, the following procedures, also relying on the support of experts within our Network:

- assessment of the method used by Directors for the determination of the value in use of each CGU, analyzing the methods and assumptions used by Management for the development of the impairment test;
- assessment of the reasonableness of the main assumptions adopted to develop cash flow forecasts and the parameters used by the Directors for the impairment test. In this context, we have examined industry studies and sector analysis and retraced the methods used by the Directors to estimate WACC and g-rate;
- assessment of variances in actual data with respect to original plans, so as to evaluate the nature of the variances and the reliability of the process of preparing the plans;
- assessing the mathematical accuracy of the model used to determine the value in use of the CGUs;
- assessing the mathematical accuracy of the carrying amount of assets and liabilities attributed to the CGUs;



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- assessment of the sensitivity analysis prepared by Directors with reference to the main assumptions used for the impairment tests on goodwill;
- assessment of the adequacy of the disclosure provided by the Company on the impairment test with what is provided for in relevant accounting standards.

Estimation of the provision for inventory write-downs

Description of the key audit matter

The Group's consolidated financial statements as at December 31, 2024 include final inventories amounting to Euro 257.3 million, net of a provision for inventory write-downs amounting to Euro 11.7 million. This provision is estimated to align the inventory value with the probable realizable value, where the latter is lower than the cost, also taking into account obsolescence and slow-moving items.

The process of evaluating the inventory write-downs provision carried out by the Directors is complex and is based on assumptions developed to estimate any excess of such inventories in relation to future usability, as well as additional conditions that may result in the carrying amount exceeding the realizable value.

These evaluations are based on assumptions and estimates by the management derived from their experience and historical results achieved.

Considering the significance of the amount of inventories accounted for in the consolidated financial statements and the uncertainties associated with the estimation process, we have considered the estimation of the provision for inventory write-downs a key audit matter of the Group's consolidated financial statements.

The paragraph "Basis of preparation of the Consolidated Financial Statements" and Note 8 "Inventories" provide disclosures on the provision for inventory write-downs.

Audit procedures performed

In the context of our audit we carried out, among others, the following procedures, also relying on the support of component auditors of the main subsidiaries:

- assessment of the procedures and relevant controls implemented by FILA Group by Directors for the identification and monitoring of obsolete and/or slow-moving inventories and for the estimation of the provision for inventory write-downs;
- assessment of the appropriateness of the methods adopted by the Directors for the estimation of the provision in relation to the valuation criteria provided by the relevant accounting standards;
- sample-based assessment on the accuracy and completeness of the data used for the estimation;
- assessment of the reasonableness of the assumptions adopted in the estimation of the provision for inventory write-downs, through interviews with the involved company functions, examination of supporting documentation and comparison of these assumptions

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with historical data and our knowledge of the Group and the sector in which it operates;

- development of an independent estimate through data analysis and processing in order to assess the reasonableness of the Directors' estimate;
- assessment of the adequacy of the disclosure provided by the Company on the impairment test in accordance with relevant accounting standards.

Other matter – Corresponding data

The consolidated financial statements of the Group for the year ended December 31, 2023, were audited by other auditor who expressed their unqualified opinion on March 28, 2024.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit.

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We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of F.I.L.A. S.p.A. has appointed us on January 29, 2024 as auditors of the Company for the years from December 31, 2024 to December 31, 2032.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of F.I.L.A. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the illustrative notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of F.I.L.A. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of FILA Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

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- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;
- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of FILA Group as at 31 December 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Raffo
Partner

Milan, Italy
March 28, 2025

As disclosed by the Directors, the accompanying consolidated financial statements of F.I.L.A. S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

IV - Separate financial statements of F.I.L.A. S.p.A. at December 31, 2024

Separate financial statements of F.I.L.A. S.p.A.

Statement of Financial Position

<i>in Euro</i>		December 31, 2024	December 31, 2023
Assets		576,432,693	559,554,813
Non-Current Assets		333,398,228	362,331,835
Intangible Assets	Note 1	4,835,334	5,625,834
Property, Plant and Equipment	Note 2	8,891,066	6,368,442
Non-Current Financial Assets	Note 3	3,055,440	8,466,822
Equity investments	Note 4	314,904,783	339,034,383
Deferred Tax Assets	Note 5	1,711,606	2,836,354
Current Assets		243,034,465	197,222,978
Current Financial Assets	Note 3	98,225,016	85,307,109
Current Tax Assets	Note 6	699,397	908,618
Inventories	Note 7	29,575,141	32,721,177
Trade Receivables and Other Assets	Note 8	17,401,583	16,262,676
Cash and Cash Equivalents	Note 9	97,133,328	62,023,398
Liabilities and Equity		576,432,693	559,554,813
Equity		364,182,264	338,670,440
Share Capital	Note 12	46,985,773	46,985,773
Negative reserve for treasury shares in portfolio		(2,965,901)	(2,965,901)
Reserves		185,714,961	185,164,040
Retained Earnings		73,977,256	57,662,448
Profit for the year		60,470,176	51,824,079
Non-Current Liabilities		162,885,999	176,113,821
Non-Current Financial Liabilities	Note 13	158,991,885	172,656,249
Financial Instruments	Note 17	1,391,262	824,481
Employee benefits	Note 14	1,056,202	1,085,117
Provisions for Risks and Charges	Note 15	744,587	665,382
Deferred Tax Liabilities	Note 16	570,970	687,672
Other Non-Current Liabilities	Note 34	131,094	194,920
Current Liabilities		49,364,429	44,770,552
Current Financial Liabilities	Note 13	29,600,271	22,591,926
Current Tax Liabilities	Note 18	1,591,354	817,961
Trade Payables and Other Liabilities	Note 19	18,172,805	21,360,665

Statement of Comprehensive Income

in Euro			2024	2023
Revenue	Note 20		71,192,713	70,223,328
Income	Note 21		7,001,810	6,826,410
Total Revenue			78,194,523	77,049,738
Raw Materials, Consumables, Supplies and Goods	Note 22		(31,659,575)	(33,164,308)
Services and Use of third party assets	Note 23		(23,956,427)	(28,062,339)
Other Costs	Note 24		(209,563)	(438,697)
Change in Raw Materials, Semi-Finished Products, Work in Progress and Finished Goods	Note 22		(3,146,035)	75,439
Personnel Expense	Note 25		(12,208,934)	(12,512,251)
Amortisation and Depreciation	Note 26		(4,300,664)	(4,370,726)
Net impairment losses on trade receivables and other assets	Note 27		(182,922)	(291,474)
Total Operating Costs			(75,664,121)	(78,764,357)
Operating Profit			2,530,402	(1,714,619)
Financial Income	Note 29		102,808,551	95,528,658
Financial Expense	Note 30		(15,237,630)	(13,999,211)
Net impairment losses on Equity Investments	Note 32		(19,471,343)	(12,010,560)
Net Financial Income			68,099,558	69,518,888
Pre-Tax Profit			70,629,960	67,804,268
Income Taxes			(8,999,403)	(15,034,649)
Deferred Taxes			(1,160,382)	(945,541)
Total Taxes	Note 33		(10,159,785)	(15,980,190)
Profit for the Year			60,470,176	51,824,079
Other Comprehensive income (expense) which may be reclassified subsequently to Profit and Loss			(430,754)	(2,921,529)
Fair Value gain (loss) on Hedging Derivatives			(430,754)	(2,921,529)
Other Comprehensive income (expense) which may not be reclassified subsequently to Profit and Loss			(37,661)	(32,925)
Actuarial gains (losses) on Employee Benefits recorded directly in Equity			(44,710)	(45,310)
Income Taxes and Expenses recorded directly in Equity			7,049	12,385
Other Comprehensive income (expense), net of tax effect			(468,415)	(2,954,454)
Comprehensive Income			60,001,762	48,869,625

Statement of changes in Equity

STATEMENT OF CHANGES IN EQUITY									
<i>in Euro</i>	Share capital	Negative reserve for treasury shares in portfolio	Legal Reserve	Share Premium Reserve	Actuarial reserve	Other Reserves	Retained Earnings	Profit for the year	Equity
December 31, 2022	46,985,773	(1,794,002)	9,397,155	154,614,358	(474,542)	24,007,285	48,098,472	15,668,545	296,503,044
Profit for the year	-	-	-	-	-	-	-	51,824,079	51,824,079
Share Capital Increase	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(32,925)	(2,921,529)	-	-	(2,954,454)
Other Changes	-	(1,171,899)	-	-	-	574,238	-	-	(597,661)
Profit for the year recognised directly in equity	-	(1,171,899)	-	-	(32,925)	(2,347,291)	-	51,824,079	48,271,964
Allocation of the 2022 profit	-	-	-	-	-	-	15,668,545	(15,668,545)	-
Dividends	-	-	-	-	-	-	(6,104,569)	-	(6,104,569)
December 31, 2023	46,985,773	(2,965,901)	9,397,155	154,614,358	(507,467)	21,659,994	57,662,448	51,824,079	338,670,440
Profit for the year	-	-	-	-	-	-	-	60,470,176	60,470,176
Share Capital Increase	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	(37,661)	(430,754)	-	-	(468,415)
Other changes	-	-	-	-	-	1,019,335	-	-	1,019,335
Profit for the year recognised directly in equity	-	-	-	-	(37,661)	588,582	-	60,470,176	61,021,097
Allocation of the 2023 profit	-	-	-	-	-	-	51,824,079	(51,824,079)	-
Dividends	-	-	-	-	-	-	(35,509,272)	-	(35,509,272)
December 31, 2024	46,985,773	(2,965,901)	9,397,155	154,614,358	(545,128)	22,248,576	73,977,256	60,470,176	364,182,265

Statement of Cash Flows

in Euro		December 31, 2024	December 31, 2023
Profit for the year		60,470,176	51,824,079
Non-monetary and other adjustments:		(52,217,463)	(48,419,714)
Amortisation and depreciation of intangible assets and property, plant and equipment	Note 1 - 2	3,807,783	3,852,653
Amortisation and depreciation of right-of-use assets	Note 1 - 2	492,880	518,073
Net impairment losses on intangible assets and property, plant and equipment	Note 1 - 2	61,552	4,235
Impairment gains/losses on Trade Receivables and write-downs of inventories	Note 27	59,886	320,539
Accruals for post-employment benefits and other employee benefits		1,302,568	374,820
Exchange gains/losses on foreign currency trade receivables and payables	Note 24	8,226	57,764
Net gain on the sale of intangible assets and property, plant and equipment	Note 21	(10,585)	(9,100)
Net Financial Income/Expense	Note 29 - 30	(87,570,902)	(81,529,448)
Impairment gains (losses) on financial assets	Note 32	19,471,343	12,010,560
Taxes	Note 33	10,159,784	15,980,189
Additions for:		1,678,215	(2,325,196)
Income Taxes Paid	Note 6 - 33	(47,074)	(1,490,044)
Net unrealised exchange losses on foreign currency assets and liabilities	Note 29	3,079,012	(29,883)
Net realised exchange gains/losses on foreign currency assets and liabilities	Note 29	(1,353,723)	(805,269)
Cash flows from operating activities before changes in net working capital		9,930,929	1,079,170
Changes in net working capital:		(2,085,331)	(566,469)
Change in Inventories	Note 7	3,207,520	(108,739)
Change in Trade receivables and Other Assets	Note 8	(1,260,277)	2,966,570
Change in Trade payables and Other Liabilities	Note 19	(3,187,860)	(3,262,649)
Change in Other Assets and Liabilities	Note 15-16-6	(179,975)	(42,413)
Change in Post-Employment Benefits and Other Employee Benefits	Note 14	(664,739)	(119,238)
Net cash flows from operating activities		7,845,597	512,701
Net increase /decrease in Intangible Assets	Note 1	(1,924,102)	(2,023,925)
Net increase/decrease in Property, Plant and Equipment	Note 2	(2,617,379)	(1,150,719)
Net increase/decrease in Equity Investments	Note 4	81,249,294	69,056,328
Net increase/decrease in Other Financial Assets	Note 3	(8,639,284)	(37,494,732)
Dividends from Group companies	Note 29	7,145,448	28,031,678
Interest collected	Note 29	6,330,279	4,145,860
Net cash flows from investing activities		81,544,256	60,564,490
Change in Equity	Note 12	(35,509,087)	(5,906,691)
Purchase of Treasury Shares	Note 12	-	(1,171,899)
Interest paid - IFRS 16	Note 30	(88,051)	(40,030)
Interest paid	Note 30	(10,835,473)	(10,618,216)
Net increase/decrease in Loans and Borrowings and Other Financial Liabilities	Note 13	(11,997,195)	(24,781,232)
Net increase/decrease in lease liabilities IFRS 16	Note 13	(437,173)	(179,925)
Net cash flows used in financing activities		(58,866,979)	(42,697,993)
Other non-monetary changes		4,587,056	7,346,823
Net cash flows for the year		35,109,930	25,726,021
Opening Cash and Cash Equivalents net of current account overdrafts		62,023,398	36,297,378
Closing Cash and Cash Equivalents net of current account overdrafts		97,133,328	62,023,398

1. Cash and cash equivalents at December 31, 2024, came to Euro 97,133,328;
2. Cash and cash equivalents at December 31, 2023, came to Euro 62,023,398.

<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Opening Cash and Cash Equivalents	62,023	36,297
Cash and cash equivalents	62,023	36,297
Current account overdrafts	-	-
Closing Cash and Cash Equivalents	97,133	62,023
Cash and cash equivalents	97,133	62,023
Current account overdrafts	-	-

Reference should be made to the “Directors’ Report” for comment and analysis.

Statement of Financial Position pursuant to CONSOB Resolution No. 15519 of July 27, 2006

<i>Euro thousands</i>		December 31, 2024	of which: Related Parties	December 31, 2023	of which: Related Parties
Assets		576,433		559,555	
Non-Current Assets		333,398		362,332	
Intangible Assets	Note 1	4,835		5,626	
Property, Plant and Equipment	Note 2	8,891		6,368	
Non-Current Financial Assets	Note 3	3,055	3,049	8,467	8,465
Equity investments	Note 4	314,905	314,880	339,034	339,009
Deferred Tax Assets	Note 5	1,712		2,836	
Current Assets		243,034		197,223	
Current Financial Assets	Note 3	98,225	106,970	85,307	90,228
Current Tax Assets	Note 6	699		909	
Inventories	Note 7	29,575	9,171	32,721	14,201
Trade receivables and Other Assets	Note 8	17,402	5,413	16,263	4,030
Cash and Cash Equivalents	Note 9	97,133		62,023	
Liabilities and Equity		576,433		559,555	
Equity	Note 12	364,182		338,670	
Share Capital		46,986		46,986	
Negative reserve for treasury shares in portfolio		(2,966)		(2,966)	
Reserves		185,715		185,164	
Retained Earnings		73,977		57,662	
Profit for the year		60,470		51,824	
Non-Current Liabilities		162,886		176,114	
Non-Current Financial Liabilities	Note 13	158,992		172,656	
Financial Instruments	Note 17	1,391		824	
Employee benefits	Note 14	1,056		1,085	
Provisions for Risks and Charges	Note 15	745		665	
Deferred Tax Liabilities	Note 16	571		688	
Other Non-Current Liabilities	Note 34	131		195	
Current Liabilities		49,364		44,771	
Current Financial Liabilities	Note 13	29,600	15,622	22,592	10,392
Current Tax Liabilities	Note 18	1,591		818	
Trade payables and Other Liabilities	Note 19	18,173	893	21,361	1,698

Statement of Comprehensive Income pursuant to CONSOB Resolution No. 15519 of July 27, 2006

		2024	of which: Related Parties	of which: Non-Recurring Expenses	2023	of which: Related Parties	of which: Non-Recurring Expenses
<i>Euro thousands</i>							
Revenue	Note 20	71,193	15,738		70,223	15,119	
Income	Note 21	7,002	6,644		6,826	6,199	
TOTAL REVENUE		78,195			77,050		
Raw Materials, Consumables, Supplies and Goods	Note 22	(31,660)	(8,892)		(33,164)	(15,841)	
Services and use of third-party assets	Note 23	(23,956)	(250)	(2,102)	(28,062)	(189)	(6,759)
Other Costs	Note 24	(210)			(439)		
Change in Raw Materials, Semi-Finished Products, Work-in-Progress and Finished Goods	Note 22	(3,146)		(11)	75		
Personnel expense	Note 25	(12,209)		(256)	(12,512)		(164)
Amortisation and Depreciation	Note 26	(4,301)			(4,371)		
Net impairment losses on trade receivables and other assets	Note 27	(183)			(291)		
TOTAL OPERATING COSTS		(75,664)			(78,764)		
OPERATING PROFIT		2,530			(1,715)		
Financial Income	Note 29	102,809	13,334		95,529	27,250	
Financial Expense	Note 30	(15,238)	(403)		(13,999)	(240)	
Net impairment losses on Equity Investments	Note 32	(19,471)			(12,011)		
NET FINANCIAL INCOME		68,100			69,519		
PRE-TAX PROFIT		70,630			67,804		
Income Taxes		(8,999)			(15,035)		
Deferred Taxes		(1,160)			(946)		
TOTAL TAXES	Note 33	(10,160)			(15,980)		
PROFIT FOR THE YEAR		60,470			51,824		
Other Comprehensive income (expense) which may be reclassified subsequently to Profit and Loss		(431)			(2,922)		
Fair Value gain (loss) on Hedging Derivatives		(431)			(2,922)		
Other Comprehensive income (expense) which may not be reclassified subsequently to Profit and Loss		(38)			(33)		
Actuarial gains (losses) on Employee Benefits recorded directly in Equity		(45)			(45)		
Income Taxes and Expenses recorded directly in Equity		7			12		
Other Comprehensive income (expense), net of tax effect		(468)			(2,954)		
Comprehensive Income		60,002		(2,369)	48,870		(6,923)

Notes to the Separate Financial Statements of F.I.L.A. S.p.A.

Introduction

The separate financial statements of the Parent F.I.L.A. S.p.A. (hereafter also “Parent” or “Company”) as at and for the year ended December 31, 2024, prepared by the Board of Directors of F.I.L.A. S.p.A., were drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The IFRS were applied consistently for all reporting periods presented in this document.

For the separate financial statements of F.I.L.A. S.p.A. the first year of application of IFRS was 2007.

The separate financial statements of F.I.L.A. S.p.A. are comprised of the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the Notes.

The presentation of these financial statements as at and for the year ended December 31, 2024, in line with the consolidated financial statements, is as follows:

- Statement of Financial Position: in accordance with IAS 1, the assets and liabilities must be classified as current and non-current or, alternatively, according to the liquidity order. The Company chose the classification between current and non-current;
- Statement of Comprehensive Income: IAS 1 requires alternatively classification based on the nature or destination of the items. The Company chose the classification by nature of income and expense;
- Statement of Changes in Equity: IAS 1 requires that this statement illustrates the changes in the year of each individual equity caption or that it illustrates the nature of income and expense recorded in the financial statements. The Company chose to use the latter in the statement of changes in equity, reconciling the opening and closing amounts of each caption in a statement in the Notes;
- Statement of Cash Flows: IAS 7 requires that the statement of cash flow includes the cash flows for the year for operating, investing and financing activities. The cash flows from operating activities may be represented using the direct method or the indirect method. The Company decided to use the indirect method.

The financial statements of F.I.L.A. S.p.A. are accompanied by the Directors' Report, to which reference should be made in relation to the business activities, subsequent events and transactions with related parties, the statement of the cash flow, the reclassified statement of comprehensive income and statement of financial position and the outlook.

The separate financial statements of F.I.L.A. S.p.A. were prepared in accordance with the general historical cost criterion.

During the year, no special circumstances arose requiring recourse to the exceptions allowed under IAS 1.

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions. These estimates and relative assumptions are based on historical experience and other factors considered reasonable and were adopted to determine the carrying amount of the assets and liabilities which are not easily obtained from other sources, are reviewed periodically and the effects of each change are immediately reflected in profit or loss. However as they concern estimates, it should be noted that the actual results may differ from such estimates included in the financial statements.

The estimates are used to measure the loss allowance, depreciation and amortisation, impairment losses on assets, employee benefits, income taxes and other provisions.

The accounting policies used in the preparation of the financial statements and the composition and changes of the individual captions are illustrated below.

For a better comparison of the data, the figures for the prior year were normalised where necessary.

These financial statements are expressed in Euro, which is the functional currency of the Company. Unless otherwise indicated, all amounts expressed in Euro have been rounded to the nearest thousand. As a result of this rounding, the row and column totals of the tables in this report may differ slightly from the actual arithmetic sums of the figures

Basis of preparation

Intangible assets

An intangible asset is a clearly identifiable non-monetary asset without physical substance, subject to control and capable of generating future economic benefits. They are recognised at acquisition cost where acquired separately and are capitalised at fair value at the acquisition date where acquired through business combinations.

The interest expense on loans required for the purchase and the development of intangible assets, which would not have been incurred if the investment had not been made, is not capitalised.

Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortised on a straight line basis over their useful life to take account of the residual possibility of utilisation. Amortisation commences when the asset is available for use.

The amortisation policies adopted by the Company provide for the following useful lives:

- Trademarks: based on the useful life;
- Concessions, Licences and Patents: based on the duration of the right under concession or license and based on the duration of the patent;
- Other intangible assets: 3 years.

Research and Development Costs

Research and development costs are recognised in profit or loss in the year they are incurred, with the exception of development costs recorded under “Intangible assets”, when they satisfy the following conditions:

- The project is clearly identified and the related costs are reliably identifiable and measurable;
- The technical feasibility of the project is demonstrated;
- The intention to complete the project and sell the assets generated from the project are demonstrated;
- A potential market exists or, in the case of internal use, the use of the intangible asset is demonstrated for the production of the intangible assets generated by the project; the intangible asset is demonstrated for the production of the intangible assets generated by the project;
- The technical and financial resources necessary for the completion of the project are available;
- The intangible asset will generate probable future economic benefits.

Amortisation of development costs recorded under intangible assets begins from the date in which the outcome of the project is commercialised. Amortisation is calculated, on a straight-line basis, over the estimated useful life of the project.

Property, plant and equipment

Property, plant and equipment are measured at purchase cost, net of accumulated depreciation and any impairment losses. The cost includes all charges directly incurred for the purchase and/or production. The interest expense on loans for the purchase and the construction of Property, Plant and Equipment, which would not have been incurred if the investment had not been made, are not capitalised but expensed in the year it is incurred. Where a caption of property, plant and equipment is composed of various components with differing useful lives, these components are recorded separately (significant components) and depreciated separately. Property, plant and equipment acquired through business

combinations are recognised in the financial statements at fair value at the acquisition date.

The expense incurred for maintenance and repairs is directly charged to profit or loss in the year in which it is incurred. The costs for improvements, modernisation and transformation are recognised in the statement of financial position as an increase to the carrying amount of Property, Plant and Equipment.

The purchase price or construction cost is net of public grants which are recognised when the conditions for their granting are confirmed. At the reporting date, there are no public grants recorded as a decrease of “Property, Plant and Equipment”.

The initial carrying amount of property, plant and equipment is adjusted for depreciation on a systematic basis, calculated on a straight-line basis monthly, when the asset is available and ready for use, based on its estimated useful life.

In accordance with the materiality principle as per Article 2423, paragraph 4 of the Civil Code in the first year of depreciation the rates are reduced by half.

The estimated useful lives for the current and previous years are as follows:

➤ Buildings	25 years
➤ Plant and machinery	8.7 years
➤ Equipment	2.5 years
➤ Other assets	
➤ Office equipment	8.3 years
➤ Furniture and EDP	5 years
➤ Transport vehicles	5 years
➤ Motor vehicles	4 years
➤ Other	4 years

Leases

The Company has adopted IFRS 16 using the modified retrospective method.

At the commencement of the contract the Company assesses whether the contract is – or contains – a lease. The contract is, or contains a lease, where in exchange for consideration, it transfers the right to control the use of an identified asset for a period of time. In order to assess whether a contract grants the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. F.I.L.A. S.p.A. adopted a single recognition and measurement model, with the exception of short-term contracts (less than 12 months) or low value leases (less than Euro 5 thousand), for which the Company applied the recognition and measurement exemptions under IFRS 16. The Company recognises the lease liabilities and the right-of-use asset representing the right to use the asset underlying the contract.

Right-of-use assets

The Company recognises right-of-use assets at the initial leasing date (i.e. the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before, net of any incentives received.

Right-of-use assets are depreciated on a straight-line basis from the effective date to the end of the useful life of the asset consisting of the right of use or at the end of the lease term, whichever is earlier.

Leases liabilities

At the lease commencement date, the Company recognises the lease liabilities measuring them at the present value of the payments due. The payments include the fixed payments net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual amount. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option will be exercised by the Company and the lease termination penalty payments, where the lease duration takes account of the exercise by the Company of the termination option on the lease.

In calculating the present value of the payments due, the Company uses the incremental borrowing rate at the commencement date where the implicit interest rate cannot be readily determined. The Company's incremental borrowing rate is calculated on the basis of the interest rates obtained from various external funding sources by making certain adjustments reflecting the terms of the lease and the type of asset leased.

After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease liabilities are restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

Where the lease liabilities are remeasured, the lessee correspondingly alters the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the lessee recognises the change in profit or loss.

Short-term leases and low value asset leases

F.I.L.A. S.p.A. applies the exemption for the recognition of leases relating to low value assets such as PCs, printers, electronic equipment and contracts that have a duration of 12 months or less and do not contain purchase options (short-term leases). The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

Impairment losses on non-financial assets

At each reporting date, the intangible and property, plant and equipment are analysed to identify the existence of any indicators, either internally or externally to the Group, of impairment. Where these indications exist, an estimate of the recoverable amount of the above-mentioned assets is made, recording any impairment losses in profit or loss. In the case of goodwill and other intangible assets with indefinite useful lives, this estimate is made annually independently of the existence of such indicators. The recoverable value of an asset is the higher between the fair value less costs to sell and its value in use. The fair value is estimated on the basis of the values in an active market, from recent transactions or on the basis of the best information available to reflect the amount which the entity could obtain from the sale of the asset. The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

For an asset that does not generate sufficient independent cash flows from other assets or groups of assets, the realizable value is determined in relation to the cash-generating unit to which the asset belongs. An impairment loss is recognised in profit or loss when the carrying amount of the asset, or of the cash-generating unit to which it is allocated, is higher than the recoverable amount.

Impairment losses on cash generating units are firstly allocated as a decrease in the carrying amount of any goodwill allocated to the cash generating unit and, thereafter, as a decrease in other assets, in proportion to their carrying amount. Impairment losses relating to goodwill may not be restated. In relation to assets other than goodwill, where the reasons for the impairment loss no longer exist, the carrying amount of the asset is reversed up to the amount at which the asset would have been recognised if no impairment had taken place and amortisation had been recorded.

Equity investments

Equity investments in companies represent investments in the share capital of enterprises.

Investments in companies are carried at acquisition or subscription cost and measured under the cost method. The Company verifies the recoverable value of an asset whenever a trigger event points to a possible impairment loss, comparing the carrying amount in the financial statements with the recoverable value. The “Value in use” was used to establish the recoverable value of investments. For further information on impairment testing, see Note 4 – Equity Investments. Impairment losses are recognised in the income statement when the carrying amount of the asset is greater than its recoverable value. Where the reasons for the impairment loss no longer exist, the original carrying amount is restated.

Loans and financial assets

Trade receivables and debt securities issued are recognised as they arise.

All other financial assets and liabilities are initially recognised on the trading date, i.e. when the Company becomes a contractual party to the financial instrument.

The financial assets are initially recognized at fair value, plus or minus, in the case of financial assets or liabilities not at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset.

Upon initial recognition, a financial asset is classified according to how it is measured: at amortised cost, at fair value through other comprehensive income (FVOCI) for debt and equity securities, or at fair value through profit or loss (FVTPL). Financial assets are not reclassified following initial recognition unless the Company modifies the business model within which the financial assets are held. In such cases, all the affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Loans and receivables are measured at amortised cost, taking the interest to profit or loss according to the effective interest rate method or applying a rate that results in a nil balance of the present values of the net cash flows generated by the financial instrument. Losses are recognised in profit or loss when they become apparent. Loans are tested for impairment by setting aside a specific loss allowance deducted directly from the carrying amount of such assets. Loans are impaired when there is objective evidence of a probable default on the loan and on the basis of past experience and historical data (expected credit losses). When, in subsequent periods, the reasons for the impairment no longer exist, the carrying amount of the asset is restated up to the amount deriving from the application of the amortised cost as if no impairment loss had been recognised.

Other non-current equity instruments classified to FVOCI are initially measured at fair value plus any directly attributable transaction costs. Changes in fair value and any gains or losses on disposal of an equity investment are taken to other comprehensive income and never pass through profit or loss. Since

this election is irrevocable and may be made on an investment-by-investment basis, any exceptions upon initial recognition will be disclosed in the notes to the caption. All equity instruments must be measured at fair value. The fair value of securities traded in active markets is determined by reference to the exchange prices recorded at the end of trading at the reporting date.

The fair value of investments for which no active market exists is determined on the basis of the price in recent transactions between independent parties of essentially similar instruments or the use of other valuation techniques such as methods based on income or an analysis of discounted cash flows. Financial assets designated at fair value through profit or loss upon initial recognition are measured with reference to their market value at the reporting date. The value of non-quoted instruments is determined through generally accepted financial valuation techniques based on market data. Gains or losses deriving from the fair value measurement of assets classified in this category are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents principally include cash, bank deposits on demand and other highly liquid short-term investments. They are recognised at nominal value, which represents fair value.

For the purposes of the classification of financial instruments according to the criteria set out in IFRS 9, as required by IFRS 7, cash and cash equivalents have been classified as financial assets at amortised cost for credit risk purposes. Current account overdrafts are classified under “Current Financial Liabilities”.

Trade receivables and other assets

Trade receivables and other assets are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade and other receivables are reduced by an appropriate loss allowance for doubtful accounts to reflect estimated impairment losses taking into account objective evidence of indicators of impairment of trade receivables. The impairment losses are recognised so that the assets are discounted to the present value of the expected future cash flows. If, in subsequent periods, the reasons for the impairment loss no longer exist, the carrying amount of the assets is reinstated up to the amount deriving from the application of the amortised cost where no impairment loss had been applied.

The loss allowance is recorded as a direct reduction of trade receivables and other assets. These provisions are classified in the profit or loss caption “Impairment losses”; the same classification was used for any utilisations and impairment losses on trade receivables.

Inventories

Inventories of raw materials, semi-finished products and finished goods are measured at the lower of purchase or production price, including related charges, determined in accordance with the weighted average cost method, and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs to sell.

Obsolete and slow-moving inventories are written down in relation to their possible use or realisable value.

The purchase cost is used for direct and indirect materials, purchased and used in the production cycle.

The production cost is however used for finished goods or in work in progress.

For the determination of the purchase price, consideration is taken of the actual costs incurred net of commercial discounts.

Production cost includes, in addition to the costs of the materials used, as defined above, the direct and indirect production costs allocated. The indirect costs were allocated based on the normal production capacity of the plant.

Distribution costs were excluded from purchase cost and production cost.

Provisions for risks and charges

Provisions for risks and charges are recognised where the Company has a current obligation, legal or constructive, deriving from a past event and it is probable that fulfilment of the obligation will result in an outflow of resources and the amount of the obligation can be reasonably estimated.

Provisions are recorded at the value representing the best estimate of the amount that the entity would pay to discharge the obligation or transfer it to a third party. When the time value of money is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. The rate used in the determination of the present value of the liability reflects the current market values and includes the further effects relating to the specific risk associated with each liability. The increase in the provision due to the passage of time is recognised in profit or loss under “Financial income/(expense)”. The provisions are periodically updated to reflect the changes in the estimate of the costs, of the time period and of the discount rate; the revisions of estimates are recorded in the same profit or loss caption in which the provision was recorded, or when the liability relates to an asset, against the asset caption to which it refers.

The notes illustrate the contingent liabilities represented by: (i) possible obligations (but not probable) deriving from past events, whose existence will be confirmed only on the occurrence or otherwise of one or more uncertain future events not fully under the control of the entity; (ii) current obligations deriving from past events whose amount cannot be reliably estimated or whose fulfilment will likely not generate a charge.

Restructuring provisions

Restructuring provisions are recognised where an approved, detailed formal programme has raised a valid expectation among third parties that the entity will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Employee benefits

All employee benefits are measured and reflected in the financial statements on an accruals basis.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and will not have a legal or constructive obligation to pay further contributions. The contributions to be paid to defined contribution plans are recognised as costs in profit or loss when incurred. Contributions paid in advance are recognised under assets up to the advanced payment which will determine a reduction in future payments or a reimbursement.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The net obligation of the Company deriving from defined benefit plans is calculated separately for each plan estimating the amount of the future benefit which the employees matured in exchange for the services provided in the current and previous years; this benefit is discounted to calculate the present value, while any costs relating to past services not recorded in the financial statements and the fair value of any assets to service the plan are deducted from liabilities. The discount rate is the return, at the reporting date, of the primary obligations whose maturity date approximates the terms of the obligations of the Company and which are expressed in the same currency in which it is expected the benefits will be paid. The calculation is made by an independent actuary using the projected credit unit method. Where the calculation generates a benefit for the Company, the asset recognised is limited to the total, net of all costs relating to past services not recognised and the present value of all economic benefits available in the form of refunds from the plan or curtailments in future contributions to the plan. Where improvements are made to the plan benefits, the portion of increased benefits relating to past service is recognised as an expense on a straight-line basis over the average period until the benefits vested. If the benefits vest immediately, the cost is recognised immediately in profit or loss.

The Company records all actuarial gains and losses from a defined benefit plan directly and immediately in equity.

In relation to Post-Employment Benefits, following the amendments to Law No. 296 of December 27, 2006 and subsequent Decrees and Regulations (“Pension Reform”) issued in the first months of 2007, the Parent F.I.L.A. S.p.A. adopted the following accounting treatment:

- The Post-Employment Benefits, accrued to December 31, 2006 are considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, in the form of Post-Employment Benefits, paid on the termination of employment, are recognised in the period the right vests;
- The Post-Employment Benefits accruing from January 1, 2007 are considered a defined contribution plan and therefore the contributions accrued in the period were fully recognised as a cost and recorded as a liability in the caption “Post-Employment Benefits”, after deduction of any contributions already paid.

Other long-term employee benefits

The net obligation of F.I.L.A. S.p.A. for long-term employee benefits, other than those deriving from pension plans, corresponds to the amount of the future benefits which employees accrued for services in current and previous years. This benefit is discounted, while the Fair Value of any assets is deducted from the liabilities. The discount rate is the return, at the reporting date, on the primary obligations whose maturity date approximates the terms of the obligations of the Company. The obligation is calculated using the projected unit credit method. Any actuarial gains or losses are recorded in the statement of financial provision in the year in which they arise.

Short-term employee benefits

Short-term employee benefits are recognised as undiscounted expenses when the services that generate them are provided.

F.I.L.A. S.p.A. records a liability for the amount that it expects will be paid in the presence of a present obligation, legal or constructive, as a consequence of past events and for which the obligation can be reliably estimated.

Financial liabilities

Financial liabilities are initially recognised at fair value, which essentially coincides with the sum received, less directly attributable transaction costs. Management determines the classification of financial liabilities according to the criteria laid down in IFRS 9 and cited in IFRS 7 on initial recognition.

Subsequent to initial recognition, such liabilities are measured at amortised cost, as defined in IFRS 9. Financial liabilities measured at amortised cost are measured at amortized cost, taking the interest to profit or loss according to the effective interest rate method or applying a rate that results in a nil balance of the present values of the net cash flows generated by the financial instrument. Nominal value is used as an approximation of amortised cost for instruments maturing within twelve months.

Financial instruments

Financial instruments are initially recognised at fair value and, subsequent to initial recognition, are measured on the basis of their classification, as per IFRS 9.

IFRS 9 classifies financial assets into three principal categories: at amortised cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). According to the standard, classification is usually based on the entity's business model for the financial assets and the contractual cash flow characteristics of each financial asset. Under IFRS 9, derivatives embedded in contracts where the host contract is a financial asset falls within the scope of the standard are never to be separated. Rather, the hybrid instrument is examined as a whole to determine its classification.

IFRS 9 essentially maintains the provisions of IAS 39 for the classification and measurement of financial liabilities.

Derivative financial instruments

Derivatives are classified in the category "Hedging derivatives" if they satisfy the requisites for the application of so-called hedge accounting, otherwise, although in place in order to manage exposure to risk, they are recognised as "Non-hedging derivatives".

Financial instruments are only accounted for under the hedge accounting methods adopted by the Company when the relationship between the derivative and the hedged item is formally documented and the hedge is highly effective (effectiveness test).

The effectiveness of hedges is documented both at the inception of the transaction and periodically (at least at the annual or interim reporting dates).

When the hedging derivatives cover the risk of change in the fair value of the instruments subject to the hedge (fair value hedge), the derivatives are recorded at fair value with the effects recorded through profit or loss.

When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge), the effective part of the changes in the fair value of the derivatives is recognized to the statement of comprehensive income and presented in the cash flow hedge reserve. The ineffective part of the changes in the fair value of the derivative instrument is immediately recognised in profit or loss.

The methods for the calculation of the fair value of these financial instruments, for accounting or disclosure purposes, are summarised below with regards to the main categories of financial instruments:

- Derivative financial instruments: the pricing models are adopted based on the market values of the interest rates;
- Unlisted financial assets and liabilities: for financial instruments with maturity greater than 1 year the discounted cash flow method was applied, i.e. the discounting of expected cash flows in consideration of current interest rate conditions and credit ratings, for the determination of

the fair value on first-time recognition. Subsequent measurements are made based on the amortised cost method;

- Listed financial instruments: the market value at the reporting date is used.

In relation to financial instruments measured at fair value, IFRS 9 requires the classification of these instruments according to the hierarchy levels, which reflect the significance of the inputs used in establishing the fair value. The following levels are used:

- Level 1: unadjusted asset or liability price on an active market;
- Level 2: inputs other than prices listed at the previous point, which are directly observable (prices) or indirectly (derived from the prices) on the market;
- Level 3: input which is not based on observable market data.

Trade payables and other liabilities

Trade payables and other liabilities are initially recognised at fair value, normally equal to the nominal amount, net of discounts, returns or invoice adjustments, and are subsequently measured at amortised cost. When there is a change in the cash flows and it is possible to estimate them reliably, the liabilities are recalculated to reflect this change, based on the present value of the cash flows and on the internal rate of return initially determined.

Current, deferred and other taxes

Income taxes include all the taxes calculated on the taxable income of the Company applying the tax rates in force at the reporting date.

Income taxes are recognised in profit or loss, except those relating to items directly credited or debited to equity, in which case the tax effect is recognised directly in equity.

Other taxes not related to income, such as taxes on property and capital gains, are included under other operating costs (“Services”, “Use of third party assets” and “Other charges”). The liabilities related to indirect taxes are classified under “Other Liabilities”.

Deferred tax assets and liabilities are determined in accordance with the global assets/liability method and are calculated on the basis of the temporary differences arising between the carrying amounts of the assets and liabilities and the corresponding amounts recognised for tax purposes, taking into account the tax rate under current tax legislation for the years in which the differences will reverse, with the exception of non-tax deductible goodwill and those differences deriving from investments in subsidiaries which are not expected to reverse in the foreseeable future, and on the tax losses to be carried forward.

“Deferred Tax Assets” are classified under non-current assets and are recognised only when there exists a high probability of future taxable profit to recover these assets.

The recovery of the “Deferred Tax Assets” is reviewed at each reporting date and those for which recovery is no longer probable are taken to profit or loss.

Revenues and costs

Revenue recognition

The revenue and income are recorded, as per IFRS 15, net of returns, discounts, rebates and premiums as well as direct taxes related to the sale of products and services. In particular, revenue is measured taking into account the consideration specified in the contract with the customer and is recognised when control of the good or service is transferred. As it concerns the sale of goods, revenue is recognised at a point in time, i.e. when control of the goods is transferred to the buyer, which generally coincides with their physical delivery.

Recognition of costs

Costs are recognised when relating to goods and services acquired or consumed in the year or when there is no future utility.

The costs directly attributable to share capital transactions are recorded as a direct reduction of equity. Commercial costs relating to the acquisition of new customers are expensed when incurred.

Financial income and charges

Financial income includes interest income on liquidity invested, dividends received and income from the sale of available-for-sale financial assets and income from investments. Interest income is recorded in profit or loss on an accruals basis using the effective interest method. Dividend income is recorded when the right of the Company to receive the payment is established which, in the case of listed securities, corresponds to the coupon date.

Financial expense include the interest on loans, interest expense on finance lease liabilities, the discounting of provisions, dividends distributed on preference shares reimbursable, changes in the fair value of financial assets recorded through profit or loss and impairment losses on financial assets. Borrowing costs are recognised in profit or loss using the effective interest method. Gains and losses on currency transactions are shown in financial income if positive and in financial expenses if negative.

Dividends

Dividends to be paid to shareholders are recognised on the date of the shareholders’ resolution.

Earnings per share

The basic earnings/(loss) per share are calculated by dividing the Company's profit or loss by the weighted average shares outstanding during the year.




In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilutive effect.

The profit or loss for the year is also adjusted to account for the effects of the conversion, net of taxes. The diluted earnings/(loss) per share are calculated by dividing the Company's profit or loss for the year by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the conversion of all potential ordinary shares with dilutive effect.

Use of estimates

The preparation of the consolidated financial statements requires the directors to apply accounting principles and methods that, in some circumstances, are based on judgements and estimates based on experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact the carrying amount of the assets and liabilities and of the costs and revenue and the disclosure on contingent assets and liabilities at the reporting date. Actual results may differ from these estimates.

The captions which require greater judgement by the Directors in the preparation of the estimates and for which a change in the underlying conditions or the assumptions may have a significant impact on the combined financial figures are briefly described below.

-  Recoverable value of non-current assets: Non-current assets include property, plant and equipment, equity investments and receivables from subsidiaries. The Company periodically reviews the carrying value of the non-current assets, when events and circumstances require this review. Investments in subsidiaries, for which estimates are used in a significant manner in order to determine possible impairment and recovery in value, have been carefully analysed by Company's management to identify possible impairment. Specifically, Management's evaluation process (impairment test) was based on the "discounted cash flow - equity side" criterion by estimating the expected cash flows inferable from the most recent business plans approved by the companies' Boards of Directors at an appropriate discount rate (WACC) and long-term growth rate (g-rate), net of their net financial position.
-  Measurement of receivables: trade receivables are adjusted by the loss allowance, taking into account the effective recoverable amount. The calculation of the impairment losses requires the directors to make judgements based on the documentation and the information available relating to the solvency of the customers, and from market and historical experience.
-  Measurement of goodwill and intangible assets with indefinite useful life: in accordance with the accounting principles applied by the Company, goodwill and the indefinite intangible assets

are subject to impairment testing at least annually in order to verify whether a reduction in value has taken place. This assessment requires the directors to make judgements based on the information available within the Group and from the market, as well as from historical experience; this depends in addition on factors which may change over time, affecting the judgements and estimates made by directors. In addition, when it is determined that there may be a potential impairment loss, the Company determines this through using the most appropriate technical valuation methods available.

- Risk provisions: the identification of the existence of a present obligation (legal or constructive) in some circumstances may be difficult to determine. The directors evaluate these factors case-by-case, together with the estimate of the amount of the economic resources required to fulfil the obligation. When the directors consider that a liability is only possible, the risks are disclosed in the notes under the section on commitments and risks, without any provision.
- Measurement of closing inventories: inventories of products which are obsolete or slow moving are periodically subject to impairment testing and written down where the recoverable amount is lower than the carrying amount. The write-downs are made based on assumptions and estimates of management deriving from experience and historic results.
- Pension plans and other post-employment benefits: management uses multiple statistical assumptions and valuation techniques with the objective of anticipating future events for the calculation of the charges, liabilities and assets relating to these plans. The assumptions relate to the discount rate, the expected return of the plan assets and the rate of future salary increases. In addition, the actuarial consultants of the Company use subjective factors, for example mortality and employee turnover rates. The calculation of deferred tax assets is supported by a recoverability plan prepared on the basis of assumptions which the directors consider reasonable.
- The transition to IFRS 16 introduces some elements of professional judgment that entail the use of assumptions and estimates with regard to the lease term and the definition of the incremental borrowing rate.
- Amortisation & depreciation: The cost of fixed assets is depreciated on a straight-line basis over their estimated useful lives, which for right-of-use assets coincides with the assumed life of the contract. The economic useful life of fixed assets is determined by the Directors at the time of purchase; it is based on historical experience over the years of operation and knowledge on any technological innovations that may render the fixed asset obsolete and no longer economical. The Company periodically evaluates these circumstances to update the remaining useful life. This periodic update could result in a change in the depreciation period and therefore in the depreciation charge in future years.

- ✎ The calculation of the tax liabilities requires valuations by management upon transactions whose tax implications are not certain at the reporting date. The Company recognizes liabilities, which may arise from future inspections by the tax authority, based on the estimated taxes that will be due. Should the outcome of the above inspections differ from that estimated by management, this could result in significant effects on current and deferred taxes.

New accounting standards, amendments and interpretations

Please refer to the consolidated notes for the "Accounting Standards, Amendments and Interpretations" section.

Introduction

F.I.L.A. S.p.A. operates in the creativity tools market, producing writing and design objects such as crayons, paints, modelling clay and pencils etc..

F.I.L.A. S.p.A., Fabbrica Italiana Lapis ed Affini (hereafter “the Company”) is a limited liability company with registered office in Pero (Italy), Via XXV Aprile 5. The ordinary shares of the Company were admitted for trading on the EXM - Euronext STAR Milan segment, organised and managed by Borsa Italiana S.p.A. on November 12, 2015.

The separate financial statements of the F.I.L.A. S.p.A. were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union.

The resulting breakdown of the share capital of F.I.L.A. S.p.A. is shown below.

Shareholders	Ordinary shares	%
Pencil S.p.A.	11,628,214	27.06%
Market Investors *	31,348,227	72.94%
Total	42,976,441	

Shareholders	Ordinary shares	Class B shares	Total	Voting rights
Pencil S.p.A.	11,628,214	8,081,856	19,710,070	53.73%
Market Investors *	31,348,227		31,348,227	46.63%
Total	42,976,441	8,081,856	51,058,297	

Note 1 - Intangible Assets

“Intangible Assets” at December 31, 2024 amount to Euro 4,835 thousand (Euro 5,626 thousand at December 31, 2023) and consist only of intangible assets with finite useful lives.

The table below shows the changes in the year.

Note 1 - INTANGIBLE ASSETS WITH FINITE USEFUL LIVES					
	Industrial Patents and Intellectual Property Rights	Concessions, Licenses, Trademarks and Similar Rights	Other	Assets under development	Total
<i>Euro thousands</i>					
Historical cost at December 31, 2022	200	3,163	15,186	3,528	22,077
Increases	-	-	3,036	(1,012)	2,024
Investments	-	-	1,145	879	2,024
Transfers from assets under development	-	-	1,891	(1,891)	-
Historical cost at December 31, 2023	200	3,163	18,221	2,517	24,101
Increases	-	45	2,496	(617)	1,924
Investments	-	45	1,380	499	1,924
Transfers from assets under development	-	-	1,116	(1,116)	-
Decreases	-	-	(185)	-	(185)
Disinvestments	-	-	(123)	-	(123)
Impairment Losses	-	-	(62)	-	(62)
Historical cost at December 31, 2024	200	3,208	20,533	1,899	25,840
Accumulated amortisation at December 31, 2022	(190)	(3,035)	(12,857)	-	(16,082)
Increases	(4)	(47)	(2,342)	-	(2,393)
Amortisation	(4)	(47)	(2,342)	-	(2,393)
Accumulated amortisation at December 31, 2023	(194)	(3,082)	(15,199)	-	(18,475)
Increases	(3)	(35)	(2,615)	-	(2,653)
Amortisation	(3)	(35)	(2,615)	-	(2,653)
Decreases	-	-	123	-	123
Disinvestments	-	-	123	-	123
Accumulated amortisation at December 31, 2024	(197)	(3,117)	(17,691)	-	(21,005)
Carrying Amount at December 31, 2022	10	127	2,330	3,528	5,995
Carrying Amount at December 31, 2023	6	80	3,023	2,517	5,626
Carrying Amount at December 31, 2024	3	91	2,842	1,899	4,835
Change	(3)	11	(181)	(618)	(791)

“Industrial Patents and Intellectual Property Rights” amount to Euro 3 thousand at December 31, 2024 (Euro 6 thousand at December 31, 2023).

The average residual useful life of the “Industrial patents and intellectual property rights” recorded in the financial statements at December 31, 2024, is 10 years.

“Concessions, Licenses, Trademarks and Similar Rights” amount to Euro 91 thousand at December 31, 2024 (Euro 80 thousand at December 31, 2023) and include the costs incurred for the registration and acquisition of trademarks necessary for the marketing of F.I.L.A. products.

The average residual useful life of the “Concessions, Licenses, Trademarks and Similar Rights” recorded in the financial statements at December 31, 2024 is 10 years.

"Other intangible assets" amounted to Euro 2,842 thousand at December 31, 2024 (Euro 3,023 thousand at December 31, 2023) and includes net investments that primarily regarded the implementation and roll out of the ERP (Enterprise Resource Planning) system both by the Group and by F.I.L.A. S.p.A., of which "Software licenses and development", together with related consultancy fees, represent the main component.

The average residual useful life of "Other Intangible Assets" recorded in the financial statements at December 31, 2024, is 3 years.

"Assets under development" amount to Euro 1,899 thousand at December 31, 2024 (Euro 2,517 thousand at December 31, 2023) and concern the investments to roll-out the new ERP (Enterprise Resource Planning) system.

With regards to intangible assets with finite useful lives, no impairment indicators were identified during the year.

There are no intangible assets whose usage is subject to restrictions (for further details, reference should be made to the "Directors' Report - Commitments and Guarantees").

Note 2 - Property, Plant and Equipment

“Property, Plant and Equipment” at December 31, 2024 amounts to Euro 8,891 thousand (Euro 6,368 thousand at December 31, 2023), comprising for Euro 7,028 thousand Property, Plant and Equipment (“Note 2.A - Property, Plant and Equipment”) and for Euro 1,863 thousand Right-of-Use Property, Plant and Equipment (“Note 2.B - Right-of-Use Property, Plant and Equipment”).

The movements in the period are shown below:

Note 2.A - Property, Plant and Equipment

Note 2 - PROPERTY, PLANT AND EQUIPMENT							
	Land	Buildings	Plant and Machinery	Industrial and Commercial Equipment	Other Assets	Assets under construction	Total
<i>Euro thousands</i>							
Historical cost at December 31, 2022	1,977	9,755	19,719	9,900	1,716	175	43,242
Increases	-	77	279	319	41	124	840
Investments	-	77	199	319	41	204	840
Transfers from assets under construction	-	-	80	-	-	(80)	-
Decreases	-	-	(39)	(243)	(69)	-	(351)
Disinvestments	-	-	(39)	(243)	(65)	-	(347)
Impairment Losses	-	-	-	-	(4)	-	(4)
Historical cost at December 31, 2023	1,977	9,832	19,958	9,976	1,689	299	43,731
Increases	-	1,555	522	373	447	(238)	2,659
Investments	-	1,510	500	341	275	33	2,659
Transfers from assets under construction	-	45	22	32	172	(271)	-
Decreases	-	-	(194)	(45)	(84)	-	(323)
Disinvestments	-	-	(194)	(45)	(84)	-	(323)
Historical cost at December 31, 2024	1,977	11,387	20,286	10,304	2,052	61	46,067
Accumulated depreciation at December 31, 2022	-	(8,735)	(17,345)	(9,635)	(1,347)	-	(37,062)
Increases	-	(381)	(696)	(256)	(127)	-	(1,460)
Depreciation	-	(381)	(696)	(256)	(127)	-	(1,460)
Decreases	-	-	39	243	64	-	346
Disinvestments	-	-	39	243	64	-	346
Accumulated depreciation at December 31, 2023	-	(9,116)	(18,001)	(9,649)	(1,409)	-	(38,175)
Increases	-	(95)	(629)	(277)	(154)	-	(1,155)
Depreciation	-	(95)	(629)	(277)	(154)	-	(1,155)
Decreases	-	-	194	45	53	-	292
Disinvestments	-	-	194	45	53	-	292
Accumulated depreciation at December 31, 2024	-	(9,211)	(18,436)	(9,880)	(1,511)	-	(39,038)
Carrying Amount at December 31, 2022	1,977	1,020	2,374	265	369	175	6,180
Carrying Amount at December 31, 2023	1,977	716	1,957	327	279	299	5,555
Carrying Amount at December 31, 2024	1,977	2,176	1,849	423	542	61	7,028
Change	-	1,460	(108)	96	263	(238)	1,473

“Land” at December 31, 2024, amounting to Euro 1,977 thousand (Euro 1,977 thousand at December 31, 2023), includes land adjacent to the building owned at the production site in Rufina Scopeti (Florence, Italy).

“Buildings” at December 31, 2024 totalling Euro 2,176 thousand (Euro 716 thousand at December 31, 2023) concern the production facility in Rufina Scopeti (Florence - Italy). The increase during the year is mainly attributable to investments made for professional services related to the seismic improvement of the production plant in Rufina Scopeti (Florence - Italy).

“Plant and Machinery” amounts to Euro 1,849 thousand at December 31, 2024 (Euro 1,957 thousand at December 31, 2023) and mainly includes the assets required for production at the Rufina Scopeti (Florence - Italy) facility.

Net investments totalled Euro 500 thousand and were to expand the current production capacity and upgrade production process efficiency, and specifically during the year new industrial presses and a Cartesian robot were purchased.

"Industrial and Commercial Equipment" amounted to Euro 423 thousand at December 31, 2024 (Euro 327 thousand as at December 31, 2023) and mainly includes investments incurred for the use of production moulds for the production process at the Rufina Scopeti (Florence - Italy) plant, as well as the related technical upgrading.

“Other Assets” amount to Euro 542 thousand at December 31, 2024 (Euro 279 thousand at December 31, 2023) and include furniture and office equipment, EDP and motor vehicles. Investments of Euro 275 thousand made during the year.

“Assets under construction” amounted to Euro 61 thousand at December 31, 2024 (Euro 299 thousand at December 31, 2023) and includes mainly investments in new plant and machinery not yet operational at the reporting date, intended to expand current production capacity and increase the efficiency of the production process at the Rufina Scopeti plant (Florence - Italy).

There are no “Property, plant and equipment” whose usage is subject to restrictions (for further details, reference should be made to the “Directors’ Report - Commitments and Guarantees”).

Note 2.B - Right-of-Use Assets

Nota 2.B RIGHT-OF-USE ASSETS				
<i>Euro thousands</i>	Buildings	Plant and machinery	Other assets	Total
Historical cost at December 31, 2023	1,336	270	837	2,443
Increases	1,432	-	110	1,542
Investments	1,432	-	110	1,542
Decreases	(30)	-	(145)	(175)
Disinvestments	(30)	-	(145)	(175)
Historical cost at December 31, 2024	2,737	270	803	3,810
Accumulated depreciation at December 31, 2023	(1,166)	(140)	(323)	(1,629)
Increases	(241)	(44)	(207)	(493)
Depreciation	(241)	(44)	(207)	(493)
Decreases	30	-	145	175
Disinvestments	30	-	145	175
Accumulated depreciation at December 31, 2024	(1,377)	(185)	(385)	(1,947)
Carrying amount at December 31, 2023	170	130	514	814
Carrying amount at December 31, 2024	1,360	85	418	1,863
Change	1,190	(45)	(96)	1,049

Right-of-use assets at December 31, 2024 amounted to Euro 1,863 thousand and mainly refer to head office buildings in Pero (Milan - Italy), in addition to company car leases.

“Buildings” at December 31, 2024 amounted to Euro 1,360 thousand (Euro 170 thousand at December 31, 2023), increasing Euro 1,190 thousand on the previous year. This increase is directly attributable to the renewal of the lease agreement related to the second floor of the building located in Pero.

“Plant and Machinery” amounts to Euro 85 thousand at December 31, 2024 (Euro 130 thousand at December 31, 2023) and decreased Euro 45 thousand on the previous year due to depreciation in the year.

“Other Assets” totalled Euro 418 thousand at December 31, 2024 (Euro 514 thousand at December 31, 2023) and increased Euro 96 thousand on the previous year. This is mainly due to the signing or closure of car rental and lease agreements for company employees.

There are no “Intangible assets - Right of Use” whose usage is subject to restrictions (for further details, reference should be made to the “Directors’ Report - Commitments and Guarantees”).

Note 3 – Financial Assets

“Financial Assets” amount to Euro 101,280 thousand at December 31, 2024 (Euro 93,774 thousand at December 31, 2023).

The breakdown of “Financial Assets” at December 31, 2024 and at December 31, 2023 is shown below:

Note 3.A - FINANCIAL ASSETS					
<i>Euro thousands</i>	Loans and Financial Assets - Subsidiaries	Loans and Financial Assets - Associates	Other Financial Assets - Subsidiaries	Other Financial Assets - Third Parties	Total
December 31, 2023	93,385	366	-	23	93,774
non-current portion	8,444	-	-	23	8,467
current portion	84,941	366	-	-	85,307
December 31, 2024	100,689	554	-	37	101,280
non-current portion	3,034	-	-	22	3,055
current portion	97,656	554	-	16	98,225
Change	7,304	188	-	14	7,506
non-current portion	(5,410)	-	-	(1)	(5,412)
current portion	12,715	188	-	16	12,918

“Loans and Receivables - Subsidiaries”, both in terms of the current and non-current portions, mainly concerns loans granted by F.I.L.A. S.p.A. in favour of its subsidiaries to support commercial, production and investment activities.

The account “Loans and Receivables - subsidiaries -non-current portion” includes:

- Loan to the subsidiary Canson Australia (Australia) granted in 2024 for Euro 2,308 thousand. The loan has a term until 2032 and accrues interest at a variable Euribor 3M rate plus 240 basis points. Loan to the subsidiary Canson Australia (Australia) granted in 2021 for Euro 566 thousand. The loan has a term until 2027 and accrues interest at a variable Euribor 3M rate plus

235 basis points. The loans were granted for the purpose of supporting the subsidiary in managing the financial and commercial payables accumulated over the years;

- Loan granted to FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) of Euro 175 thousand, of which Euro 121 thousand reclassified to trade payables in 2023;
- Recognition of a loss allowance (IFRS 9) on the above long-term loans, calculated on the basis of their average term (three years) and the country risk, in the amount of Euro 16 thousand.

The caption “Loans and Receivables - subsidiaries -current portion” includes:

- Also in 2022, the Company signed a cash management agreement in favour of the subsidiary Industria Maimeri S.p.A.. The balance at December 31, 2024 was Euro 8,525 thousand. The amount includes Euro 77 thousand interest accrued. A decrease of Euro 4,518 thousand was also recognised in relation to the write-down of financial receivables of the subsidiary Industria Maimeri S.p.A.. The amount recognised in the year following the goodwill impairment test was Euro 4,270 thousand. Fila S.p.A. has therefore written down the financial receivables due from Industria Maimeri in order to fully cover the negative equity value of the subsidiary.
- Loan in favour of the subsidiary Canson Brasil I.P.E. LTDA (Brazil) for USD 1,300 thousand granted in 2024. The loan accrues interest at a variable rate equal to Euribor at 3 months, plus a spread of 240 basis points; Euro 149 thousand of interest was recorded in 2024;
- The current portion, for a total of Euro 15,369 thousand, of the loan issued in favour of the subsidiary Canson SAS (France). Euro 260 thousand of interest was recorded in 2024. The loan bears interest at a variable rate equal to the three-month Euribor, plus a spread of 375 basis points;
- The current portion of the loan, amounting to Euro 1,646 thousand, granted to the subsidiary Canson Australia Pty Ltd (Australia) in 2016. The amount includes Euro 27 thousand interest accrued. The loan bear interest at a variable rate equal to the three-month Euribor, plus a spread of 375 basis points. The current portion, amounting to Euro 610 thousand, granted to the subsidiary Canson Australia Pty Ltd (Australia) in 2021. The loan bears interest at a variable rate equal to the three-month Euribor, plus a spread of 235 basis points. The current portion, amounting to Euro 121 thousand, of the loan disbursed during 2024 in favour of the subsidiary. The loan bear interest at a variable rate equal to the three-month Euribor, plus a spread of 240 basis points;
- The current portion of the loan, amounting to Euro 53 thousand, granted to the subsidiary FILA SA PTY Ltd. (South Africa). The amount includes Euro 3 thousand interest accrued. The loan

bear interest at a variable rate equal to the three-month Euribor, plus a spread of 185 basis points;

- Loans, amounting to Euro 4,675 thousand, granted to the subsidiary FILA Stationary O.O.O. (Russia). The portion includes Euro 645 thousand in interest and RUB 22,800 thousand disbursed to the subsidiary during 2024 as a loan and fully written-down. The loans bear interest at a variable rate equal to the three-month Euribor, plus a spread of 240 basis points.
- The current portion of the loan, amounting to Euro 21,019 thousand, issued in favour of the subsidiary Fila Arches (France) for the acquisition in March 2020 of the Arches business unit of the Swedish Group Ahlstrom-Munksjo. The amount includes Euro 334 thousand interest accrued. The loan bears interest at a variable rate equal to the three-month Euribor, plus a spread of 345 basis points;
- The current portion of the loan granted to the subsidiary FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey) of Euro 50 thousand. Euro 12 thousand of interest was recorded in 2024. The loan bears interest at a variable rate equal to the three-month Euribor, plus a spread of 290 basis points; In 2024, another loan of TRY 1,710 thousand was granted. The loan bears interest at a variable rate equal to the three-month Euribor, plus a spread of 290 basis points;
- The current portion of the loan, amounting to Euro 1,525 thousand, granted to the subsidiary Daler Rowney Ltd. (United Kingdom) in 2019. The amount includes Euro 23 thousand interest accrued. The loan bear interest at a variable rate equal to the three-month Euribor, plus a spread of 325 basis points;
- The current portion of the loan, amounting to Euro 1,122 thousand, granted to the subsidiary Daler Rowney Ltd. (United Kingdom) in 2019. The loan does not accrue interest;
- Loan granted in favour of the subsidiary Dixon Ticonderoga Co. (U.S.A.) for USD 12,578 thousand related to the portion attributed to the subsidiary for repayment of the Senior Financial Agreement (SFA) in December 2023. For further details, see "Note 13 - Financial Liabilities". In 2024, additional loans were granted to the subsidiary totalling USD 20,000 thousand. The loans accrue interest at a variable rate equal to Euribor at 3 months, plus a spread of 240 basis points. Euro 491 thousand of interest was recorded in 2024;
- Loan granted to the subsidiary Grupo F.I.L.A. Dixon S.A. de C.V. (Mexico) during 2023 of USD 20,000 thousand. The loan accrues interest at a variable rate equal to Euribor at 3 months, plus a spread of 240 basis points;
- The recognition of a loss allowance (IFRS 9) on the above short-term loans, calculated on the basis of their average term (3 years) and the country risk for Euro 4,797 thousand, increasing on 2023 by Euro 124 thousand. This increase is directly attributable to the new loan contracts and related interest accrued to the subsidiary company "O.O.O. FILA STATIONERY LLC" (Russia) fully written-down.

Below, "Note 3.B - Financial assets" shows all the related details of the companies involved and the main financial conditions at December 31, 2024:

Note 3.B - FINANCIAL ASSETS													
Description	General information						Amount					Guarantees Received	Guarantees Granted
	Amount		Total	Year	Interest		Current Financial Assets	Non-Current Financial Assets					
	Principal	Interest			Variable	Spread		2024	2025	2026	2027		
Euro thousands													
Loan FILA Arches (France)	20,685	334	21,019	2020	3-month Euribor	3.45%	21,019	-	-	-	-	None	None
Loan Canson Sas (France)	15,369	260	15,629	2016	3-month Euribor	3.75%	15,629	-	-	-	-	None	None
Loan Canson Australia Pty Ltd. (Australia)	1,619	27	1,646	2016	3-month Euribor	3.75%	1,646	-	-	-	-	None	None
Loan Canson Australia Pty Ltd. (Australia)	602	8	610	2021	3-month Euribor	2.35%	43	35	531	-	-	None	None
Loan Canson Australia Pty Ltd. (Australia)	2,429	-	2,429	2024	3-month Euribor	2.40%	121	121	121	364	1,702	None	None
Loan Daler Rowney Ltd. (U.K.)	600	10	610	2016-2019	3-month Euribor	3.50%	610	-	-	-	-	None	None
Loan Daler Rowney Ltd. (U.K.)	1,122	-	1,122	2019	-	0.00%	1,122	-	-	-	-	None	None
Loan Daler Rowney Ltd. (U.K.)	901	13	914	2019	3-month Euribor	3.00%	914	-	-	-	-	None	None
Loan Industria Maimeri S.p.A. (Italy)	8,448	77	8,525	CPM	3-month Euribor	0.50%	8,525	-	-	-	-	None	None
Loan Fil SA (South Africa)	50	3	53	2021	3-month Euribor	1.85%	53	-	-	-	-	None	None
Loan Canson Brasil I.P.E. Ltda (Brazil)	-	104	104	2021	-	2.25%	104	-	-	-	-	None	None
Loan Canson Brasil I.P.E. Ltda (Brazil)	-	32	32	2023	3-month Euribor	2.40%	32	-	-	-	-	None	None
Loan Canson Brasil I.P.E. Ltda (Brazil)	1,251	14	1,265	2024	3-month Euribor	2.40%	1,265	-	-	-	-	None	None
Loan Grupo F.I.L.A. Dixon S.A. de C.V. (Mexico)	19,251	-	19,251	2023	3-month Euribor	2.40%	19,251	-	-	-	-	None	None
Loan FILA Stationery and Office Equipment Industry Ltd Co. (Turkey)	225	12	237	2023	3-month Euribor	2.90%	62	75	100	-	-	None	None
Loan FILA Stationery and Office Equipment Industry Ltd Co. (Turkey)	47	1	48	2024	3-month Euribor	2.90%	48	-	-	-	-	None	None
Loan Dixon Ticonderoga U.S.A. (U.S.A.)	12,107	232	12,339	2023	3-month Euribor	2.40%	12,339	-	-	-	-	None	None
Loan Dixon Ticonderoga U.S.A. (U.S.A.)	19,251	299	19,510	2024	3-month Euribor	2.40%	19,510	-	-	-	-	None	None
Loan FILA Stationery O.O.O. (Russia)	2,493	535	3,028	2013-2020	3-month Euribor	2.40%	3,028	-	-	-	-	None	None
Loan FILA Stationery O.O.O. (Russia)	1,537	110	1,647	2022-2023-2024	3-month Euribor	2.40%	1,647	-	-	-	-	None	None
Total Loans and Financial Assets - Subsidiaries	107,987	2,031	110,018				106,969	231	752	364	1,702		
Security Deposits	23	-	23	2004-15-19-20		0.00%	-	-	-	-	23	None	None
Total Other Financial Assets - Third Parties	23	-	23				-	-	-	-	23		
Loss Allowance (IFRS9)	(9,330)		(9,330)				(9,314)	-	-	(16)	-		
Total amount	98,680	2,031	100,711				97,655	231	752	348	1,725		

“Loans and Financial Assets from Associates” of Euro 554 thousand at December 31, 2024, are directly attributable to the financial receivable from DOMS Industries Limited (India) following the public listing of the company in 2023.

“Other Financial Assets from third parties” of Euro 37 thousand at December 31, 2024 (Euro 23 thousand at December 31, 2023), include for Euro 22 thousand deposits paid to third parties as contractual guarantees for the provision of services and goods, and include for Euro 16 thousand the interest income from banks.

As per IFRS 7, the accounting treatment by class of financial assets at December 31, 2024 was as follows:

<i>Euro thousands</i>		December 31, 2024	Assets measured at FVOCI	Assets at Amortised Cost	Total
Non-Current assets					
Non-Current Financial Assets	Note 3	3,055	-	3,055	3,055
Current assets					
Cash and Cash Equivalents	Note 9	97,133	-	97,133	97,133
Current Financial Assets	Note 3	98,225	-	98,225	98,225
Trade Receivables and Other Assets	Note 8	17,402	-	17,402	17,402

<i>Euro thousands</i>		December 31, 2023	Assets measured at FVOCI	Assets at Amortised Cost	Total
Non-Current assets					
Non-Current Financial Assets	Note 3	8,467	-	8,467	8,467
Current assets					
Cash and Cash Equivalents	Note 9	62,023	-	62,023	62,023
Current Financial Assets	Note 3	85,307	-	85,307	85,307
Trade Receivables and Other Assets	Note 8	16,263	-	16,263	16,263

Note 4 - Equity Investments

“Equity Investments” at December 31, 2024 amount to Euro 314,905 thousand (Euro 339,034 thousand at December 31, 2023).

The changes of the year are shown below:

Note 4.A - EQUITY INVESTMENTS				
<i>Euro thousands</i>	Investments in Subsidiaries	Investments in Associates	Investments in Other Companies	Total Amount
December 31, 2023	301,950	37,082	2	339,034
Increases	879	-	-	879
Decreases	-	(5,537)	-	(5,537)
Write-Downs	(19,471)	-	-	(19,471)
December 31, 2024	283,358	31,545	2	314,905
Change	(18,592)	(5,537)	-	(24,129)

The decrease of the year totalling Euro 24,129 thousand is due to the following effects:

- In December 2024, the transaction for the sale on the market of 4.57% of the associate DOMS concluded, during which F.I.L.A., as the selling shareholder, sold 2,773,407 DOMS shares for total consideration of approximately USD 93.6 million, remaining however the largest single shareholder of the company post-listing with 15,787,746 DOMS shares, equal to 26.01% of DOMS share capital. This transaction led to a reduction in the investment of Euro 5,537 thousand and the recognition of income of Euro 85,405 thousand.
- In 2024, after a detailed assessment of equity investments, the Company partially wrote-down the investments in the subsidiaries Industria Maineri Spa (Italy) for Euro 521 thousand, Fila SA PTY Ltd. (South Africa) for Euro 591 thousand, Renoir Topco (United Kingdom) for Euro 15,801 thousand and Lodi 12 (France) for Euro 2,559 thousand.

Investments in subsidiaries at December 31, 2024 and the changes of the year are illustrated in the table below:

Note 4.B - INVESTMENTS IN SUBSIDIARIES					
<i>Euro thousands</i>	December 31, 2023	Increases	Decreases	Write-downs	December 31, 2024
F.I.L.A. Iberia S.L. (Spain)	215	11	-	-	226
Fila Arches (France)	22,574	-	-	-	22,574
Dixon Ticonderoga Co. (U.S.A.)	107,379	211	-	-	107,590
F.I.L.A. Chile Ltda (Chile)	73	15	-	-	88
Lyra Bleistift-Fabrik GmbH & Co. KG (Germany)	12,470	21	-	-	12,491
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	3,662	-	-	-	3,662
FILA Art & Craft (Israel)	-	-	-	-	-
FILA Stationery O.O.O. (Russia)	-	-	-	-	-
Industria Maimeri S.p.A. (Italy)	-	521	-	(521)	-
FILA S.A. (Pty) Ltd. (South Africa)	3,747	-	-	(591)	3,156
FILA Hellas S.A. (Greece)	2,797	-	-	-	2,797
Fila Polska Sp. Z.o.o (Poland)	44	-	-	-	44
Renoir Topco Limited (UK)	91,260	47	-	(15,801)	75,506
St. Cuthberts Holdings Limited (UK)	6,727	-	-	-	6,727
Canson SAS (France)	37,773	43	-	-	37,816
Lodi 12 SAS (France)	13,180	11	-	(2,559)	10,632
Fila Art Products AG (Switzerland)	48	-	-	-	48
Total	301,950	880	-	(19,472)	283,358

Note 4.B - INVESTMENTS IN ASSOCIATES					
<i>Euro thousands</i>	December 31, 2023	Increases	Decreases	Reclassification	December 31, 2024
Doms Industries Ltd (India)	37,059	-	(5,537)	-	31,522
Maimeri S.p.A. (Italy)	23	-	-	-	23
Total	37,082	-	(5,537)	-	31,545

For further details, reference should be made to the “Significant events in the year” paragraph.

A comparison between the carrying amounts of the equity investments and the share of equity of the subsidiaries at December 31, 2024 is illustrated in the table below:

<i>Euro thousands</i>	Equity at December 31, 2024	Total investment percentage	Share of Equity	Carrying amount
Fila SA PTY LTD (South Africa)	1,460	99.43%	1,451	3,747
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)	1,623	90.00%	1,461	3,663
Industria Maimeri (Italy)	(4,270)	51.00%	(2,178)	-
Renoir Topco Ltd (UK) ⁽¹⁾	79,481	100.00%	79,481	91,307
St. Cuthberts Holding (UK) ⁽³⁾	5,943	100.00%	5,943	6,727
Lodi 12 (France) ⁽²⁾	873	100.00%	873	13,191
Fila Hellas (Greece)	2,018	100.00%	2,018	2,797
FILA Art Products AG (Switzerland)	613	52.00%	319	48
Fila Arches (France)*	23,062	100.00%	23,062	22,574

(1) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (UK); Bridesore srl (Dominican Republic).

(2) - Lodi 12 SAS (France); Canson Australia PTY LTD (Australia); Canson Qingdao Ltd. (China); Fila Yixing (China).

(3) - St. Cuthberts Holding (UK); St. Cuthberts Mill (UK).

At the date of preparation of the impairment test, the investment in Industria Maimeri was completely devalued. FILA S.p.A. also wrote down the financial receivables due from Industria Maimeri for an amount of € 4,270m equal to the value of the subsidiary's Shareholders' Equity (negative).

The investments held by F.I.L.A. S.p.A. in subsidiaries were subject to impairment tests where indicators highlighted a possible impairment loss, comparing the carrying amount in the financial statements with the recoverable value. The “Value in use” was used to establish the recoverable value of investments. The Value in use as per IAS 36 is calculated as the present value of expected cash flows.

The expected cash flows for the calculation of the “Value in use” of each subsidiary are developed based on the information received from the Boards of Directors of the individual subsidiaries in the 2025 Budget, approved by the Group on February 14, 2025, and the Business Plan approved by the Group’s Board of Directors on March 21, 2025.

In particular, the cash flows were determined based on the assumptions in the plan and applying the growth rate identified for each subsidiary in line with the long-term assumptions relating to the growth rate of the sector and the specific country risk in which each company operates. The “Terminal Value” was calculated applying the perpetual yield method. These financial estimates were subject to approval by the Boards of Directors of the individual Group companies subject to impairments testing.

The discount rate (W.A.C.C.) is the weighted average cost of risk capital and borrowing cost considering the tax effects generated by the financial leverage.

The table below outlines the main assumptions for the impairment test on the investments held. The discount rate is different from December 31, 2023 to reflect the changed market conditions at December 31, 2024, as commented upon below:

IMPAIRMENT TEST - VALUE IN USE CALCULATION ASSUMPTIONS				
<i>Euro thousands</i>	Discount Rate (W.A.C.C.)*	Growth Rate (g rate)*	Cash Flow Horizon	Terminal Value Calculation Method
FILA SA (South Africa)	14.7%	4.6%	5 years	Perpetuity growth rate
Fila Stationary and Office Equipment Industry Ltd. Co (Turkey)	22.4%	10.5%	5 years	Perpetuity growth rate
Renoir Topco Ltd (UK) ⁽¹⁾	9.0%	2.1%	5 years	Perpetuity growth rate
St. Cuthberts Holding (UK) ⁽³⁾	9.1%	2.1%	5 years	Perpetuity growth rate
FILA Art Products AG (Svizzera)	5.9%	0.9%	5 years	Perpetuity growth rate
Fila Hellas	8.3%	1.4%	5 years	Perpetuity growth rate
Lodi 12 (France) ⁽²⁾	8.9%	1.5%	5 years	Perpetuity growth rate
Fila Arches	8.1%	2.0%	5 years	Perpetuity growth rate

(1) - Renoir Topco Ltd (UK); Renoir Midco Ltd (UK); Renoir Bidco Ltd (UK); FILA Benelux SA (Belgium); Daler Rowney Ltd (UK); Bridesore srl (Dominican Republic)

(2) - Lodi 12 SAS (France); Canson Australia PTY LTD (Australia); Canson Qingdao Ltd.(China) Fila Yixing (China)

(3) - St. Cuthberts Holding (UK); St. Cuthberts Mill (UK).

* Source Bloomberg

Considering the existence of indicators of impairment, impairment tests were carried out on the following subsidiaries:

- F.I.L.A. SA PTY LTD (South Africa);
- FILA Stationery and Office Equipment Industry Ltd. Co. (Turkey);
- Renoir Topco Ltd (United Kingdom);

- St. Cuthberts Holding (United Kingdom);
- Lodi 12 (France);
- Fila Hellas SA (Greece);
- Fila Arches SAS (France);
- FILA Art Product AG (Svizzera).

The above analysis confirmed the full recoverability of the equity investments analysed and the reasonableness of the assumptions used, with the exception of the companies Fila SA PTY Ltd. (South Africa), for which a partial impairment was recognised of Euro 591 thousand, Renoir Topco Ltd (United Kingdom), for which a partial impairment was recognised of Euro 15,801 thousand, and Lodi 12 (France), for which a partial impairment was recognised of Euro 2,559 thousand.

The main changes to the discount rate used for the impairment test on the previous year were:

- Lodi 12 (France) - The W.A.C.C. is 8.9% (7.8% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- Fila Arches (France) - The W.A.C.C. is 8.1% (7.8% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- Renoir Topco (United Kingdom) - The discount rate is 9.0% (8.9% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- St. Cuthberts Holding (United Kingdom) - The discount rate is 9.1% (8.9% at December 31, 2023). The change is due to an increase in the cost of capital (Ke), despite a reduction in the cost of debt and the risk free rate;
- FILA SA (South Africa) – the W.A.C.C. is 14.7% (14.7% at December 31, 2023). There have been no changes in the W.A.C.C.;
- Fila Hellas - the W.A.C.C. is 8.3% (11.4% at December 31, 2023). The change is due to a decrease in the cost of debt, the cost of capital (Ke) and the risk free rate;
- FILA Stationery and Office Equipment Industry Ltd. Co. (Turkey) - the W.A.C.C. is 22.4% (25.0% at December 31, 2023). The change is due to a decrease in the cost of debt, the cost of capital (Ke) and the risk free rate;
- FILA Art Product AG (Switzerland) - the W.A.C.C. is 5.9% (6.0% at December 31, 2023). The change on the previous year is due to a reduction in the cost of capital (Ke).

In preparing the Impairment Tests at December 31, 2024, the company used the methodological advice of an independent third-party specialist to determine the WACC rate.

The Impairment Test is also supported by a sensitivity analysis:

- verification of the ratio of Recoverable Value to Carrying Amount in the presence of a 0.5% increase and decrease in the Growth Rate and WAAC;
- verification of the ratio of Recoverable Value to Carrying Amount in the presence of changes in the basic assumptions used to calculate discounted flows (Growth Rate and WACC were identified that would lead to an impairment, identifying the maximum value of the WACC while keeping the Growth Rate fixed and identifying the minimum value of the Growth Rate while keeping the WACC fixed);
- verification of the ratio of Recoverable Value to Carrying Amount in the presence of a change in EBITDA for the explicit time horizon.

We have also taken account of the content of the ESMA Report published in October 2024 entitled “European common enforcement priorities for 2024 annual financial reports”.

Note 5 – Deferred Tax Assets

“Deferred tax assets” amount to Euro 1,712 thousand at December 31, 2024 (Euro 2,836 thousand at December 31, 2023).

Note 5.A - CHANGES IN DEFERRED TAX ASSETS	
<i>Euro thousands</i>	
December 31, 2023	2,836
Increase	191
Utilisation	(1,452)
Change in Equity	136
December 31, 2024	1,712
Change	(1,124)

“Deferred Tax Assets” at December 31, 2024 refer to temporary differences deductible in future years, recognised as there is a reasonable certainty of the existence, in the years in which they will reverse, of taxable profit not lower than the amount of these differences.

The breakdown of deferred tax assets is illustrated below:

NOTE 5.B - BREAKDOWN OF DEFERRED TAX ASSETS								
<i>Euro thousands</i>	Statement of Financial Position		Profit or Loss		Reclassifications		Equity	
	2024	2023	2024	2023	2024	2023	2024	2023
Deferred tax assets relating to:								
ACE	-	1,215	(1,215)	(1,103)	-	-	-	-
Directors' Remuneration	546	451	95	314	-	-	-	-
Capital Increase 2018 Expenses	-	-	-	(59)	-	-	-	-
Employees' bonuses	-	-	-	-	-	-	-	-
Intangible Assets	91	97	(6)	(3)	-	-	-	-
Property, Plant and Equipment	4	68	(64)	(81)	-	-	-	-
Loss allowance, taxed	141	226	(85)	7	-	-	-	-
Inventories	151	170	(19)	10	-	-	-	-
Agent Leaving Indemnities	225	225	-	0	-	-	-	-
IFRS 9	115	99	16	(135)	-	-	-	-
IFRS 16	105	88	17	5	-	-	-	-
Cash Flow Hedge (Derivative)	334	198	-	-	-	-	136	198
Provisions for risks and charges	-	-	-	-	-	-	-	-
Total deferred tax assets	1,712	2,837	(1,261)	(1,045)	-	-	136	198

The caption "ACE" includes the recognition of deferred tax assets calculated on the surplus of the ACE amount to be carried forward to subsequent years.

During 2024, there was a full utilisation of the amount recorded to cover the IRES taxable income generated as of December 31, 2024.

The deferred tax asset calculation was made by F.I.L.A. S.p.A., evaluating the projected future recovery of these assets based on updated strategic plans, together with the relative tax plans.

Note 6 - Current Tax Assets

"Current Tax Assets" totalled Euro 699 thousand at December 31, 2024 (Euro 909 thousand at December 31, 2023) and include IRES and IRAP tax receivables and a tax receivable for the purchase of capital goods 4.0.

The main change during the year is due to the use of receivables accrued in previous years in relation to IRAP of Euro 155 thousand.

Note 7 - Inventories

"Inventories" at December 31, 2024 amount to Euro 29,575 thousand (Euro 32,721 thousand at December 31, 2023).

The breakdown of inventories is as follows:

Note 7.A - INVENTORIES				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2023	5,645	4,498	22,578	32,721
December 31, 2024	5,143	4,304	20,128	29,575
Change	(502)	(194)	(2,450)	(3,146)

Inventories are shown net of the allowance for inventory write-down for raw materials, work in progress and finished goods, amounting respectively at December 31, 2024 to Euro 193 thousand (Euro 238

thousand at December 31, 2023), Euro 31 thousand (Euro 47 thousand at December 31, 2023) and Euro 248 thousand (Euro 249 thousand at December 31, 2023), which refer to obsolete or slow moving materials for which it is not considered possible to recover their value through sales.

No inventory is provided as a guarantee on liabilities.

The changes in the allowance for inventory write-downs in the year were as follows:

Note 7.B - CHANGE IN THE ALLOWANCE FOR INVENTORY WRITE-DOWN				
<i>Euro thousands</i>	Raw materials, consumables and supplies	Work in progress and semi-finished products	Finished goods	Total
December 31, 2022	135	96	269	500
Accruals	260	150	-	410
Utilisation	(157)	(199)	(20)	(376)
December 31, 2023	238	47	249	534
Utilisation	(45)	(15)	(1)	(61)
December 31, 2024	193	32	248	473
Change	(45)	(15)	(1)	(61)

During the year, the provision decreased by Euro 61 thousand due to uses for the elimination of obsolete products.

Note 8 – Trade receivables and Other assets

“Trade Receivables and Other Assets” amount to Euro 17,402 thousand, up by Euro 1,139 thousand on the previous year, when they amounted to Euro 16,263 thousand.

The breakdown is illustrated below.

Note 8.A - TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Trade Receivables	9,709	9,987	(278)
Tax Assets	1,388	440	948
Other Assets	114	166	(52)
Prepayments and Accrued Income	777	1,639	(862)
Third parties	11,989	12,233	(244)
Trade Receivables - Subsidiaries	5,413	4,006	1,407
Subsidiaries	5,413	4,006	1,407
Trade Receivables - Associates	-	24	(24)
Associates	-	24	(24)
Total	17,402	16,263	1,139

“Trade Receivables and other assets from third parties” amount at Euro 11,989 thousand at December 31, 2024 (Euro 12,233 thousand at December 31, 2023), with a decrease of Euro 244 thousand substantially in line with the previous year.

“Trade Receivables from Subsidiaries” amount to Euro 5,413 thousand at December 31, 2024 (Euro 4,006 thousand at December 31, 2023), increasing from the previous year by Euro 1,407 thousand, due mainly to the increased rebilling of services provided during the year, as well as to the trend in commercial transactions.

We also report receivables of Euro 24 thousand in 2023 from the associate DOMS Industries Limited, fully collected in 2024.

The amounts of the previous table are shown net of the loss allowance of Euro 1,208 thousand and are all due within 12 months.

At December 31, 2024, there were no trade receivables pledged as guarantees.

The breakdown by geographical segment of trade receivables (by customers) is illustrated in the table below:

Note 8.B - TRADE RECEIVABLES FROM THIRD PARTIES BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Europe	9,686	9,730	(44)
Asia	22	237	(215)
Other	-	20	(20)
Total	9,708	9,987	(279)

The changes in the loss allowance to cover doubtful positions are illustrated in the table below.

Note 8.C - CHANGES IN THE LOSS ALLOWANCE	
December 31, 2022	1,578
Accruals	379
Utilisation	(368)
Release	(92)
December 31, 2023	1,497
Accruals	140
Utilisation	(410)
Release	(19)
December 31, 2024	1,208
Change	(289)

The Company measures the loss allowance at an amount reflecting the lifetime expected credit losses of the asset. In order to establish whether the credit risk concerning a financial asset has increased significantly after initial recognition in order to assess expected losses on receivables, the company considers reasonable and demonstrable information which is pertinent and available without excessive cost and burden. Quantitative and qualitative information and analysis, based on historic experience, to assess the asset - in addition to information indicative of expected developments - is included.

During the year, the use of the “Loss Allowance” for Euro 410 thousand concerns the cancellation of commercial positions considered by management as no longer recoverable.

”Tax receivables” amount to Euro 1,388 thousand at December 31, 2024 (Euro 440 thousand at December 31, 2023) and mainly concern the VAT receivable accrued during the year in the amount of Euro 532 thousand, as well as receivables for other local taxes different from income tax.

“Other assets” mainly includes amounts due from suppliers for credit notes received and supplier advances. At December 31, 2024 the caption amounts to Euro 114 thousand (Euro 166 thousand at December 31, 2023). The carrying amount of “Other assets” approximates the “fair value” at the reporting date.

“Prepayments and accrued income” include costs incurred in 2024 but pertaining to the following year. In particular, this includes insurance premiums for Euro 370 thousand.

All of the above assets are due within 12 months.

Note 9 - Cash and cash equivalents

“Cash and Cash Equivalents” at December 31, 2024 amount to Euro 97,133 thousand (Euro 62,023 thousand at December 31, 2023).

The breakdown and comparison with the previous year is illustrated in the table below.

Note 9.A - CASH AND CASH EQUIVALENTS			
<i>Euro thousands</i>	Bank and postal deposits	Cash in hand and other cash equivalents	Total
December 31, 2023	62,018	5	62,023
December 31, 2024	97,127	6	97,133
Change	35,109	1	35,110

"Bank and Postal Deposits" consist of temporary liquid funds as part of treasury management and concern the ordinary current accounts of F.I.L.A. S.p.A..

Bank and postal deposits are remunerated at rates near zero. There are no bank and postal deposits subject to restrictions.

Intragroup cash management

From 2022, F.I.L.A. S.p.A., as the parent company of the Group, decided to implement cash pooling accounts for the purpose of Group cash management.

Given that cash pooling enables corporate groups to minimise expenses for banking transactions thanks to economies of scale, the Company has decided to optimise group cash management by establishing a system of cash pooling.

The primary objectives of centralising the Group's treasury management are: (i) to minimise costs; (ii) to maximise returns and the use of resources; (iii) to optimise financial structure, negotiating power, and financial risks; and (iv) to eliminate holding positive and negative balances at the same time.

Cash pooling is used to optimise only short-term needs of financing and investment. For long-term financing and investment needs, appropriate medium or long-term inter-company and/or bank loans are used.

For comments on cash flows in the year reference should be made to the statement of cash flows.

Net Financial Debt

The "Net Financial Debt" of F.I.L.A. S.p.A. at December 31, 2024 was as follows:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
A Cash	6	5	1
B Cash equivalents	97,127	62,019	35,108
C Other current financial assets	98,225	85,307	12,918
D Liquidity (A + B + C)	195,358	147,331	48,027
E Current bank loans and borrowings	(16,043)	(11,300)	(4,743)
F Current portion of non-current bank loans and borrowings	(13,558)	(11,292)	(2,266)
G Current financial debt (E + F)	(29,601)	(22,592)	(7,009)
H Net current financial (position) debt (G - D)	165,757	124,739	41,018
I Non-current bank loans and borrowings	(160,383)	(173,481)	13,098
J Bonds issued	-	-	-
K Trade payables and other non current liabilities	-	-	-
L Non-current financial debt (I + J + K)	(160,383)	(173,481)	13,098
M Net financial debt (H + L)	5,374	(48,742)	54,116
N Non-current loan assets	3,034	8,444	(5,410)
O Net financial debt (M + N) - F.I.L.A. S.p.A.	8,408	(40,298)	48,706

The reconciliation between the Net Financial Debt - F.I.L.A. S.p.A. and the Statement of Financial Position is reported below:

- Captions "A - Liquidity" and "B - Cash and cash equivalents" are included in "Note 9 - Cash and Cash Equivalents";
- Caption "C - Other current financial assets" refers to "Note 3 - Current Financial Assets";
- Caption "G - Current financial debt" relates to "Note 13 - Current Financial Liabilities" and contains caption "F - Current portion of non-current financial debt" which refers to the current portion of IFRS 16 Financial Liabilities and to the current portion of long-term loans;
- Caption "I - Non-current financial debt" refers to "Note 13 - Non-current financial liabilities" and "Note 17 - Financial instruments";
- The caption "N - Non-current loan assets" relates to the caption "Loans and receivables - Subsidiaries", as per "Note 3 - Non-Current Financial Assets".

Compared to the Net Financial Debt of December 31, 2023, an improvement of Euro 48,706 thousand was reported.

This movement, as may be seen from the statement of cash flows, is principally related to:

- cash generation of Euro 80,713 thousand concerning the transaction for the sale of 4.57% of the associate DOMS;
- net investments in "Property, Plant and Equipment and Intangible Assets" of Euro 6,084 thousand (Euro 3,175 thousand in 2023);
- cash generation totalling Euro 7,145 thousand from dividends received from subsidiaries;
- payment of financial expense of Euro 10,835 thousand.

Note 12 - Share Capital and Equity

Share Capital

The subscribed and paid-up share capital at December 31, 2024 of F.I.L.A. S.p.A. comprises 51,058,297 shares, as follows:

- 42,976,441 ordinary shares, without nominal value;
- 8,081,856 class B shares, without nominal value, which attribute 3 votes exercisable at the Shareholders' Meeting (ordinary and extraordinary) of F.I.L.A. S.p.A..

The breakdown of the share capital of F.I.L.A. S.p.A. is illustrated below:

Share capital composition - December 31, 2024	No. of shares	% of share capital	Euro	Listing
Ordinary shares	42,976,411	84.17%	39,548,544	EXM - Euronext STAR
Class B shares (multiple votes)	8,081,856	15.83%	7,437,229	Unquoted Shares

According to the available information, published by Consob and updated at December 31, 2024, the main shareholders of the Parent were:

Shareholders	Ordinary shares	%
Pencil S.p.A.	11,628,214	27.06%
Market investors *	31,348,227	72.94%
Total	42,976,441	

Shareholders	Ordinary shares	Class B shares	Total	Voting rights
Pencil S.p.A.	11,628,214	8,081,856	19,710,070	53.37%
Market investors *	31,348,227		31,348,227	46.63%
Total	42,976,441	8,081,856	51,058,297	

*includes 330.766 treasury shares

Each ordinary share attributes voting rights without limitations.

Each class B share attributes three votes, in accordance with Article 127-*sexies* of Legislative Decree No. 58/1998.

The availability and distributability of equity is outlined in the following table:

NOTE 12.A ORIGIN, POSSIBILITY OF USE AND DISTRIBUTION OF EQUITY

Euro thousand	Equity items	December 31, 2024	Possibility of use	Available portion	Summary of the use in the past three years	
					to cover losses	other reasons
	Share Capital	46,986		-	-	-
	Treasury Shares	(2,966)		-	-	-
	Reserves:					
	Legal Reserve	9,397	B	9,397	-	-
	Share Premium Reserve	154,614	A, B, C	154,614	-	-
	Actuarial Reserve	(545)		-	-	-
	Cash Flow Hedge Equity Reserve	(1,058)		-	-	-
	Other Reserves	23,305	A, B, C	4,310	-	-
	Retained Earnings	73,979	A, B, C	73,979	-	53,313
	Total	303,712		242,300	-	53,313

Legend:

A - for share capital increase

B - to cover losses

C - for distribution to shareholders

Negative reserve for treasury shares in Portfolio

At December 31, 2024, F.I.L.A. S.p.A. held 330,766 treasury shares, for a total value of Euro 2,966 thousand (equal to the “Negative reserve for treasury shares in portfolio”).

Legal reserve

At December 31, 2024 this caption amounted to Euro 9,397 thousand. Given the appropriate level of the reserve, no changes were made during the year.

Share premium reserve

The balance at December 31, 2024 amounted to Euro 154,614 thousand (Euro 154,614 thousand at December 31, 2023).

IAS 19 reserve

Following the application of IAS 19, the equity reserve is negative for Euro 545 thousand, decreasing in the year by Euro 38 thousand.

Other Reserves

At December 31, 2023, the caption is positive for Euro 22,238 thousand, increasing Euro 578 thousand on December 31, 2023.

The changes concern the following events:

- “Share-Based Premium” reserve of Euro 1,792 thousand, increasing Euro 1,019 thousand on the previous year (Euro 773 thousand at December 31, 2023) due mainly to the recognition of the portion for the period of the medium-/long-term “Performance Shares 2022-2024” and “Performance Shares 2024-2026” incentive plans set up for F.I.L.A. Group management. The

accounting treatment applied is in line with the accounting standards (IFRS2) which establish that for equity-settled share-based payments, the fair value at the vesting date of the share options granted to employees is recorded under personnel expense, with a corresponding increase in equity under “Other reserves and retained earnings”, over the period in which the employees will obtain the unconditional right to the incentives. The amount recorded as cost is adjusted to reflect the effective number of incentives (options) for which the conditions have vested and the achievement of “non-market” conditions, in order that the final cost recorded is based on the number of incentives which will vest. Similarly, in the initial estimate of the fair value of the options assigned, consideration is taken of the non-vesting conditions. The changes to market value subsequent to the grant date will not produce any financial statement effect.

- The “Cash Flow Hedge” reserve, recognised to account for fair value changes in the hedging instruments (IRSs) entered into by F.I.L.A. S.p.A., amounted to a negative Euro 1,058 thousand at December 31, 2024. The decrease for the year amounted to Euro 431 thousand against the recognition of the change in the fair value of the IRSs hedging loan agreement entered into on July 28, 2022.

In relation to utilisations, in addition, we report the presence in other reserves of reserves taxable on distribution for Euro 3,885 thousand at December 31, 2024.

Retained Earnings

This caption amounts to Euro 73,977 thousand at December 31, 2024 (Euro 57,662 thousand at December 31, 2023). The decrease of Euro 16,315 thousand is related to the application of the resolution of the Shareholders' Meeting of January 22, 2024 governing the distribution of an Extraordinary Shareholders' Meeting dividend of Euro 29,422 thousand as a reduction of the "Retained Earnings" reserve. The movement also includes the application of the shareholders' resolution of April 23, 2024 concerning the allocation of the 2023 net profit of Euro 51,824 thousand to “Retained earnings” for Euro 45,697 thousand.

We highlight in addition the restriction on the possibility to distribute a portion related to the revaluation of the investment held in the company DOMS Industries Limited (Euro 15,052 thousand), in accordance with Article 6, paragraph 1, letter a) of Legislative Decree No. 38 of February 28, 2005, following the purchase of the controlling interest in 2018.

Dividends

During the year under review, F.I.L.A. S.p.A. distributed dividends to the Shareholders for a total of Euro 35,509 thousand, corresponding to Euro 0.70 for each outstanding share.

Note 13 - Financial Liabilities

The balance at December 31, 2024 amounts to Euro 189,984 thousand (Euro 196,071 thousand at December 31, 2023), of which Euro 160,383 thousand long-term and Euro 29,601 thousand short-term. It includes the current portion of other loans and borrowings, current account overdrafts concerning ordinary operations, financial liabilities resulting from application of IFRS 16, the derivative instruments and financial liabilities related to transactions with subsidiaries.

The breakdown at December 31, 2024 is illustrated below:

Note 13.A - FINANCIAL LIABILITIES												
Euro thousands	Bank loans and borrowings		Other loans and borrowings		Current account overdrafts		Lease liabilities		Hedging Derivative	From subsidiaries		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest	
December 31, 2023	184,099	(859)	428	-	-	73	1,114	-	824	10,307	85	196,071
non-current portion	173,161	(1,265)	-	-	-	-	760	-	824	-	-	173,480
current portion	10,938	406	428	-	-	73	354	-	-	10,307	85	22,591
December 31, 2024	172,943	(2,613)	245	-	-	176	2,220	-	1,391	15,529	93	189,984
non-current portion	159,818	(2,613)	-	-	-	-	1,787	-	1,391	-	-	160,383
current portion	13,125	-	245	-	-	176	433	-	-	15,529	93	29,601
Change	(11,156)	(1,754)	(183)	-	-	103	1,106	-	567	5,222	8	(6,087)
non-current portion	(13,343)	(1,348)	-	-	-	-	1,027	-	567	-	-	(13,097)
current portion	2,187	(406)	(183)	-	-	103	79	-	-	5,222	8	7,010

Bank Loans and Borrowings

The changes in the year are described below.

“Bank Loans” decreased by Euro 11,156 thousand during the year.

The decrease on the previous year is mainly due to the repayment of the TLA line in the amount of Euro 10,938 thousand.

“Financial liabilities – Bank loans and borrowings – Non-current portion” amounted to Euro 159,818 thousand, broken down as follows:

- the non-current portion of Facility A1 for Euro 52,500 thousand (amortising line);
- the non-current portion of Facility B1 for Euro 106,846 thousand (bullet line);
- the fair value of the negotiation charges related to the derivative financial instruments of Euro 473 thousand.

✚ The current portion of Facility A1 for Euro 13,125 thousand (amortising line).

The loan stipulates a Euribor at 3 months interest rate, plus a spread of 1.20% on Facility A1, in addition to a spread of 1.50% on Facility B1, with quarterly calculation of interest.

The following is reported with regards to the loan repayment plan:

<i>Euro thousands</i>	Interest Rate	Maturity	December 31, 2024
Facility A1	3-month Euribor + spread 1.20%	July 2027	52,500,000
Facility B1	3-month Euribor + spread 1.50%	July 2027	106,845,938
Total Non-Current Financial Liabilities			159,345,938
Facility A1	3-month Euribor + spread 1.20%	December 2025	13,125,000
Total Current Financial Liabilities			13,125,000
Total Financial Liabilities			172,470,938

The repayment plan establishes for settlement by July 23, 2027 (“Termination Date”) through half-yearly capital instalments to be repaid from December 30, 2022 relating to the Facility “A1”. The Facility “B1” calls for the repayment of principal by July 23, 2027.

The repayment plan by maturity is outlined below:

Note 13.D - BANK LOANS AND BORROWINGS: REPAYMENT PLAN		
<i>Euro thousands</i>	Facility	Principal
June 30, 2025	Facility A1	6,563
December 31, 2025	Facility A1	6,563
June 30, 2026	Facility A1	10,938
December 31, 2026	Facility A1	10,938
July 23, 2027	Facility A1	30,625
Total - Facility A1		65,625
July 23, 2027	Facility B1	106,846
Total - Facility B1		106,846
TOTAL		172,471

As a result of the indebtedness contracted with the various credit institutions, F.I.L.A. S.p.A. is subject to compliance with certain commitments and "covenants". For further details, please refer to "Note 13 - Financial Liabilities" of the consolidated notes.

F.I.L.A. S.p.A., exposed to future cash flow fluctuations in relation to the interest rate indexing mechanism under the loan agreed (hereafter "hedged instrument"), considered a hedge based on the payment of a fixed rate against the variable rate necessary (base parameter of the loan contract) to stabilise future cash flows.

The derivative instruments, qualifying as hedges and represented by Interest Rate Swaps, present characteristics in line with those of the hedged instrument, such as the same maturity and the same repayment plan broken down into quarterly instalments with interest in arrears, in addition to a variable interest rate indexed to the Euribor at 3 months. Derivative financial instruments, in the form of 2 Interest Rate Swaps, were agreed with the same banks issuing the loan, concerning a total of 14 contracts.

Financial Liabilities - Other Loans and Borrowings

“Financial Liabilities - Other Loans and borrowings” includes the payables of F.I.L.A. S.p.A. to factoring companies for advances on transfer of receivables (Ifitalia S.p.A.) and the amount of the financial payables that arose from the lease contracts due to the application of IFRS 16.

The balance at December 31, 2024 of other loans and borrowings was Euro 2,465 thousand (Euro 1,543 thousand at December 31, 2023).

Details on the timing of cash flows and “Other loans and borrowings” at December 31, 2024 concerning F.I.L.A. S.p.A. are illustrated in the following table:

Note 13.D - OTHER LOANS AND BORROWINGS											
Description	General information								Loan Repayment plan		Guarantees Granted
	Amount		Total	Year	Curr.	Country	Interest		Current Financial Liabilities	Beyond 2024	
	Principal	Interest					Variable	Spread	2024		
Euro thousands											
Ifitalia S.p.A.	245	-	245	2024	EUR	Italy	0.75%	-	245	-	None
Leasing	2,220	-	2,220	2024	EUR	Italy	Euribor 3M	1.35%	433	1,787	None
Total	2,465	-	2,465						678	1,787	

Reference should be made to the “Net Financial Debt” and the “Directors’ Report – Financial Highlights of the F.I.L.A. Group – Financial Debt” in relation to the net financial debt at December 31, 2024.

As per IFRS 7, the accounting treatment by class of financial liabilities at December 31, 2024 was as follows:

		December 31, 2024	Liabilities measured at FVOCI	Liabilities measured at Amortised Cost	Total
<i>Euro thousands</i>					
Non-Current Liabilities					
Non-Current Financial Liabilities	Note 13	158,992	-	158,992	158,992
Financial Instruments	Note 17	1,391	-	1,391	1,391
Current Liabilities					
Current Financial Liabilities	Note 13	29,601	-	29,601	29,601
Trade Payables and Other Liabilities	Note 19	18,173	-	18,173	18,173
		December 31, 2023	Liabilities measured at FVOCI	Liabilities measured at Amortised Cost	Total
<i>Euro thousands</i>					
Non-Current Liabilities					
Non-Current Financial Liabilities	Note 13	172,656	-	172,656	172,656
Financial Instruments	Note 17	824	-	824	824
Current Liabilities					
Current Financial Liabilities	Note 13	22,592	-	22,592	22,592
Trade Payables and Other Liabilities	Note 19	21,361	-	21,361	21,361

In accordance with the amendments to IAS 7, the following table shows the variations in liabilities (and any related assets) recorded in the statement of financial position, whose cash flows are or will be recorded in the statement of cash flows as cash flows from financing activities.

	Bank loans and borrowings	Other loans and borrowings	Current account overdrafts	Hedging Derivative	Total
<i>Euro thousands</i>	<i>Note 13</i>	<i>Note 13</i>	<i>Note 13</i>	<i>Note 17</i>	
December 31, 2023	(183,240)	(428)	(73)	(824)	(184,565)
Cash Flows	11,561	183	(103)	-	11,641
Other Changes	1,349	-	-	-	1,349
Exchange gains (losses)	-	-	-	-	-
Fair Value variations	-	-	-	(567)	(567)
IFRS Transition Reserve	-	-	-	-	-
Translation Differences	-	-	-	-	-
Change in Consolidation scope	-	-	-	-	-
Retained Earnings	-	-	-	-	-
December 31, 2024	(170,330)	(245)	(176)	(1,391)	(172,142)

Financial Liabilities - IFRS 16

“Financial liabilities” at December 31, 2024 include the effects deriving from the adoption by the Company of the new international accounting standard IFRS 16 which came into force on January 1, 2019 and which led to an increase of Euro 1,106 thousand as at December 31, 2024, of which Euro

1,027 thousand as the non-current portion and Euro 78 thousand as the current portion. For further details, please refer to the following table:

FINANCIAL LIABILITIES IFRS16			
	Current Financial Liabilities	Non-Current Financial Liabilities	Total
December 31, 2023	(354,421)	(759,861)	(1,114,282)
Increase (Investments)	(78,195)	(1,026,906)	(1,105,101)
Decrease (Disinvestments)	-	-	-
Other changes	-	-	-
December 31, 2024	(432,616)	(1,786,767)	(2,219,383)
Change	(78,195)	(1,026,906)	(1,105,101)

Note 14 - Employee Benefits

The benefits recognised to employees of F.I.L.A. S.p.A. concern salary based Post-Employment Benefits, governed by Italian legislation and in particular Article 2120 of the Italian Civil Code. The amount of these benefits is in line with the contractually-established remuneration agreed between the parties on hiring.

The Post-Employment Benefits, accrued to December 31, 2006 are considered a defined benefit plan as per IAS 19. The benefits guaranteed to employees, under the form of the Post-Employment Benefits, paid on the termination of employment, are recognised in the period the right vests. The relative liability is based on actuarial assumptions and the effective liability accrued and not settled at the reporting date. The discounting process, based on demographic and financial assumptions, is undertaken applying the “Projected Unit Credit Method” by professional actuaries.

The Post-Employment Benefits accrued since January 1, 2007 are considered a defined contribution plan and therefore contributions accrued in the period were fully recognised as a cost and recorded as a liability under “Other Current Liabilities”, after the deduction of any contributions already paid.

The amounts at December 31, 2024 were as follows:

Note 14.A - ITALIAN POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS			
<i>Euro thousands</i>	Post-employment benefits (Italy)	Other employee benefits	Total
December 31, 2023	1,085	-	1,085
Benefits paid	(663)	-	(663)
Interest cost	32	-	32
Service cost	609	-	609
Actuarial (gains) losses	(7)	-	(7)
December 31, 2024	1,056	-	1,056
Change	(29)	-	(29)

The “Actuarial revaluation” recorded in 2024 amounts to a negative Euro 7 thousand. The actuarial changes of the year, net of the tax effect, were taken directly to equity.

There are no financial assets at December 31, 2024 invested by F.I.L.A. S.p.A. to cover financial liabilities relating to Post-Employment Benefits.

The table below highlights the net cost recognised in 2024 and 2023:

2. Cost Recognised in Profit or Loss	December 31, 2024	December 31, 2023
Service cost	(609)	(617)
Cost Recognised in Profit or Loss	(609)	(617)

The obligations deriving from the above-mentioned plans are calculated based on the following actuarial assumptions.

For comparative purposes we illustrate the actuarial assumptions applied in 2024:

3. Main Actuarial Assumptions at Reporting Date (average amounts)	December 31, 2024	December 31, 2023
Annual Technical Discount Rate	3.2%	3.6%
Increase in Cost of Living Index	2.0%	2.0%
Future Pensions Increase	3.0%	3.0%

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Details on the timing of financial cash flows relating to post-employment benefits at December 31, 2024 are illustrated in the following table:

Note 14.B - EMPLOYEE BENEFITS: CASH FLOWS SCHEDULE						
Nature	Amount	Cash flows schedule				
		2025	2026	2027	2028	Beyond 2028
<i>Euro thousands</i>						
Italian post-employment benefits (TFR)	1,056	142	66	108	85	655
Total	1,056					

Note 15 - Provision for risks and charges

The “Provision for Risks and Charges” amounts to Euro 745 thousand at December 31, 2024 and increased Euro 80 thousand on the previous year.

The change in the “Provisions for Risks and Charges” at December 31, 2024 was as follows:

Note 15.A - PROVISION FOR RISKS AND CHARGES		
<i>Euro thousands</i>	Pension and similar provisions	
	Total	
Balance at December 31, 2023	665	665
<i>non-current portion</i>	665	665
Balance at December 31, 2024	745	745
<i>non-current portion</i>	745	745
Change	80	80
<i>non-current portion</i>	80	80

The relative “Provisions for Risk and Charges” are classified, by nature, in the related profit or loss accounts.

Pension and similar provisions

The provision for pensions and similar obligations concerns the agent leaving indemnity. The “Actuarial revaluation” recorded in 2024 increased on the previous year and amounts to Euro 61 thousand. The actuarial changes in the period, net of the tax effect, were taken directly in equity.

Other provisions

Taking account of the information available and the best estimate made by management, no further provisions were recognised at December 31, 2024.

Details on the timing of cash flows relating to provisions at December 31, 2024 are illustrated in the following table:

Note 15.C - PROVISIONS FOR RISKS AND CHARGES: CASH FLOWS SCHEDULE							
Nature	Amount	Actuarial Value Year 2024	Discount Rate Applied for Actuarial Value	Timing of cash flows			
				2025	2026	Beyond 2026	
Euro thousands							
Pension and similar provisions							
Agents' Leaving Indemnity	745	745	2.00%	60	-		685
Other Provisions							
Other Provisions for Risks and Charges	-	-	-	-	-		-
Total	745	745		60	-		685

Note 16 - Deferred Tax Liabilities

“Deferred Tax Liabilities” amount to Euro 571 thousand at December 31, 2024 (Euro 688 thousand at December 31, 2023).

Note 16.A CHANGES IN DEFERRED TAX LIABILITIES

Euro thousands

December 31, 2023	(688)
Utilisation	100
Change in Equity	16
December 31, 2024	(571)
Change	117

The nature of the deferred tax liabilities and the relative effects on the Statement of Financial Position, Profit or loss and Equity are illustrated in the table below.

NOTE 16.B - BREAKDOWN OF DEFERRED TAX LIABILITIES

<i>Euro thousands</i>	Statement of Financial Position		Profit or Loss		Equity	
	2024	2023	2024	2023	2024	2023
Deferred tax liabilities relating to:						
Intangible Assets	(8)	(8)	-	-	-	-
Property, Plant and Equipment	602	703	(100)	(100)	-	-
Personnel - IAS 19	(60)	(44)	-	-	(16)	(12)
Dividends	-	-	-	-	-	-
Other	37	37	-	-	-	-
Total deferred tax liabilities	571	688	(100)	(100)	(16)	(12)

In 2024 deferred tax liabilities were taken directly to profit or loss for Euro 100 thousand (increase) and to equity for Euro 16 thousand (decrease). The deferred tax liabilities recorded directly in Equity relate to “Actuarial Gains/Losses” on the Post-Employment Benefit Provision in accordance with IAS 19.

“Deferred Tax Liabilities” on “Property, Plant and Equipment” mainly relate to the application of international accounting standard IFRS 16 (Lease) to the production plant at Rufina Scopeti (Florence, Italy); the temporary differences refer to the difference between the lease payments deducted until the redemption date and the net carrying amount of the assets.

Note 17 - Financial instruments

"Financial Instruments" at December 31, 2024 amount to Euro 1,391 thousand (Euro 824 thousand at December 31, 2023). The account included the negative fair value of the derivatives on the structured loan (hedged instrument). The movement in the caption from the previous year is directly attributable to the performance of the derivative instruments. The company designates the derivatives as cash flow hedging instruments to hedge against the variability of cash flows from highly probable transactions due to fluctuations in interest rate in accordance with the principles of hedge accounting. This involves the recognition of a financial asset or liability and an equity reserve with reference to pure cash flows which establishes the efficacy of the hedge net of the tax effect (reference should be made to "Note 12 - Share Capital and Equity"), while the negotiating charges incurred against the contractual amendment to the hedged instrument (elimination of the floor to zero) were subject to amortised cost and bank financial liabilities, with subsequent reversal to profit or loss of the amount pertaining to each year until conclusion of the contract.

We break down below by bank the notionals subject to hedging under derivative instruments, the relative fair values, in addition to the relative contractual conditions:

FINANCIAL INSTRUMENTS												
F.I.L.A. S.p.A.						Banca Nazionale del Lavoro S.p.A.	Intesa Sanpaolo S.p.A.	Banco BPM S.p.A.	BPER Banca S.p.A.	Mediobanca Banca di Credito Finanziario S.p.A.	Credit Agricole Italia S.p.A.	Unicredit S.p.A.
Euro												
IRS	Date Agreed	Loan	% Hedge	Fix Rate	Variable Rate	Notional	Notional	Notional	Notional	Notional	Notional	Total Notional
IRS 1	September 20, 2022	TLA F.I.L.A. S.p.A.	65%	2.610%	3-month Euribor	2,910,123	2,910,123	15,184,039	2,937,928	2,937,928	2,937,928	42,656,249
IRS 2	September 20, 2022	TLB F.I.L.A. S.p.A.	65%	2.645%	3-month Euribor	10,987,836	10,987,836	17,156,681	5,483,738	5,483,738	5,483,738	72,540,000
						13,897,959	13,897,959	32,340,720	8,421,666	8,421,666	8,421,666	115,196,249

Nota 18 - Current Tax Liabilities

"Current Tax Liabilities" amount at Euro 1,591 thousand at December 31, 2024 (Euro 818 thousand at December 31, 2023) and include the IRAP tax payable for Euro 377 thousand, the IRES payable for Euro 624 thousand and the tax payable for the German tax representation of the subsidiary Lyra KG for Euro 590 thousand.

Following the analysis and verification of the existence of companies controlled by F.I.L.A. S.p.A., for which the characteristics identifying "Controlled Foreign Companies" exist, no value of taxes to be set aside as at December 31, 2024 emerged.

Note 19 - Trade payables and other liabilities

The breakdown of “Trade payables and other liabilities” of F.I.L.A. S.p.A. is reported below:

Note 19.A - TRADE PAYABLES AND OTHER LIABILITIES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Trade Payables	12,404	14,110	(1,706)
Tax Liabilities	485	726	(241)
Other Liabilities	4,391	4,827	(436)
Third parties	17,280	19,663	(2,383)
Trade Payables - Subsidiaries	640	1,428	(788)
Accrued expenses and deferred income	253	270	(17)
Subsidiaries	893	1,698	(805)
Total	18,173	21,361	(3,188)

“Trade Payables and Other Liabilities” at December 31, 2024 amount to Euro 18,173 thousand (Euro 21,361 thousand at December 31, 2023).

“Trade Payables” to third parties totalled Euro 12,404 thousand at December 31, 2024 (Euro 14,110 thousand at December 31, 2023), decreasing Euro 1,706 thousand.

The breakdown of trade payables by geographical area segment reported below:

Note 19.B - TRADE PAYABLES TO THIRD PARTIES BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Europe	12,222	13,886	(1,664)
North America	9	1	8
Central - South America	-	-	-
Asia	166	223	(57)
Other	7	-	7
Total	12,404	14,110	(1,706)

The carrying amount of trade payables at the reporting date approximates their “fair value”.

The trade payables reported above are due within 12 months.

Trade payables to subsidiaries at December 31, 2024 amount to Euro 640 thousand (Euro 1,428 thousand at December 31, 2023).

The change is related to business levels of the year.

“Tax Liabilities” with third parties totalled Euro 485 thousand at December 31, 2024 (Euro 726 thousand at December 31, 2023). Other tax payables refer to withholding taxes on employees and self-employed work.

“Other” amount to Euro 4,391 thousand at December 31, 2024 (Euro 4,827 thousand at December 31, 2023) and primarily include:

- social security contributions to be paid of Euro 649 thousand (Euro 645 thousand at December 31, 2023);
- employee payables and to members to the Board of Directors for remuneration amounts to Euro 3,741 thousand (Euro 4,182 thousand at December 31, 2023).

The carrying amount of “Other Payables” and “Tax Payables” at the reporting date approximate their fair value.

Note 34 - Other Non-Current Liabilities

During the year, deferred income of Euro 131 thousand was recognised in relation to a tax credit accrued mainly for capital expenditure for Industry 4.0 digital and technological transformation as allowed under Aid Decree No. 50/2022.

Note 20 – Revenue

Revenue from Sales and Services in 2024 amounted to Euro 71,193 thousand (Euro 70,223 thousand in 2023).

Revenue was broken down as follows:

Note 20.A - REVENUE			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Revenue	75,643	76,787	(1,144)
Adjustments to Sales	(4,450)	(6,564)	2,114
<i>Returns on Sales</i>	(117)	(2,146)	2,029
<i>Discounts, Allowances and bonuses</i>	(4,333)	(4,418)	85
Total	71,193	70,223	970

“Revenues” of Euro 71,193 thousand increased by Euro 970 thousand on the previous year (+1.38%). The economic situation in Italy leading to stagnant consumption due to high inflation persists. Sales revenues are therefore almost in line with the previous year. A further decrease in orders compared to 2023 is therefore noted. The caption “Adjustments to Sales”, amounting to Euro 4,450 thousand, regards “Bonuses to customers”.

The following table illustrates the breakdown of revenue by geographical location, based on the location of the customers to whom the revenues relate:

Note 20.B - REVENUE BY GEOGRAPHICAL SEGMENT			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Europe	65,416	65,755	(339)
North America	749	495	254
Central - South America	2,424	2,154	270
Asia	676	418	258
Other	1,928	1,401	527
Total	71,193	70,223	970

The following table illustrates the breakdown of revenue by strategic business area:

<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Fine Art, Hobby & Digital	2,567	2,757	(190)
Industrial	179	225	(46)
School & Office	68,447	67,241	1,206
Total	71,193	70,223	970

Note 21 – Income

Income relates to ordinary operations and does not include the sale of goods and the provision of services, in addition to realised and unrealised exchange gains on commercial operations.

“Income” in 2024 amounted to Euro 7,002 thousand (Euro 6,826 thousand in 2023).

Note 21 – INCOME			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Gains on Sale of Property, Plant and Equipment	11	9	2
Unrealised Exchange Gains on Commercial Transactions	71	19	52
Realised Exchange Gains on Commercial Transactions	134	310	(176)
Other Revenue and Income	6,787	6,489	298
Total	7,002	6,826	176

“Other Revenues and Income” (Euro 6,787 thousand) mainly comprises the recharges by F.I.L.A. S.p.A., parent of the F.I.L.A. Group, to the subsidiaries, regarding principally the services provided for consulting, insurance coverage and costs incurred for the roll-out of the ERP.

The recharges are broken down by nature and counterparty below:

- Recharges for services and consultancy provided by F.I.L.A. S.p.A. mainly in favour of Canson SAS (France - Euro 712 thousand), Dixon Ticonderoga Company (U.S.A. - Euro 551 thousand), Lyra KG (Germany - Euro 229 thousand), Daler Rowney Ltd. (United Kingdom - Euro 161 thousand), F.I.L.A. Iberia S.L. (Spain - Euro 136 thousand), Fila Arches (France - Euro 125 thousand), Grupo F.I.L.A. Dixon, S.A. de C.V. (Mexico - Euro 100 thousand), Fila

Dixon Stationery (Kunshan) Co. Ltd (China - Euro 59 thousand), Fila Benelux (Belgium - Euro 30 thousand), Canson Art & Craft Yixing Co. Ltd (China - Euro 18 thousand), Industria Maimeri S.p.A. (Italy - Euro 17 thousand) and Fila Nordic (Sweden - Euro 12 thousand);

- Recharges for costs incurred by F.I.L.A. S.p.A. against Group insurance coverage principally related to the companies Canson SAS (France - Euro 264 thousand), Fila Arches (France - Euro 103 thousand), Lyra KG (Germany - Euro 49 thousand), F.I.L.A. Iberia S.L. (Spain - Euro 23 thousand), Daler Rowney Ltd. (United Kingdom - Euro 13 thousand) and Dixon Ticonderoga Company (U.S.A. - Euro 10 thousand);
- Recharges of costs incurred by F.I.L.A. S.p.A. related to the ERP roll out and network management at the F.I.L.A. Group, principally related to the subsidiary Dixon Ticonderoga Company (U.S.A. - Euro 1,208 thousand), Daler Rowney Ltd. (United Kingdom - Euro 1,034 thousand), Canson SAS (France - Euro 690 thousand), Bridesore (Dominican Republic - Euro 215 thousand), Lyra KG (Germany - Euro 186 thousand), Industria Maimeri S.p.A. (Italy - Euro 126 thousand), F. I.L.A. Iberia S.L. (Spain - Euro 105 thousand), Canson Art & Craft Yixing Co. Ltd (China - Euro 70 thousand), Fila Arches SAS (France - Euro 61 thousand), Dixon Ticonderoga Art ULC (Canada - Euro 30 thousand), Canson Brasil (Brazil - Euro 26 thousand) and Fila Benelux (Belgium - Euro 15 thousand);

Note 22 - Costs for Raw Materials, Ancillary, Consumables and Goods

This caption includes all purchases of raw materials, semi-finished products, transport for purchases, goods and consumables for operating activities.

“Costs for Raw Materials, Consumables, Supplies and Goods” in 2024 totalled Euro 31,660 thousand (Euro 33,164 thousand in 2023).

The relative detail is shown below:

Note 22 - RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS			
	December 31, 2024	December 31, 2023	Change
<i>Euro thousands</i>			
Raw materials, Consumables, Supplies and Goods	(27,904)	(29,934)	2,030
Transport costs	(765)	(526)	(239)
Packaging	(361)	(341)	(20)
Other purchase costs	(2,629)	(2,365)	(264)
Total	(31,660)	(33,164)	1,504

“Costs for Raw Materials, Consumables, supplies and Goods” includes purchases for production and the provision of adequate inventory for future sales. The decrease compared to December 31, 2023 mainly derives from the reduction in the amount of raw materials purchased, which is in line with the decrease in orders during the year, in addition to the more prudent management of stock.

“Other Purchase Costs” include all accessory charges, such as outsourcing and consortium fees.

“Raw Materials, Semi-Finished, Work in Progress and Finished Products” at December 31, 2024 decreased Euro 3,146 thousand (increase of Euro 75 thousand at December 31, 2023), due to:

- decrease in “Raw Materials, Consumables, Supplies and Goods” for Euro 502 thousand;
- decrease in “Work-in-Progress and Semi-Finished Products” of Euro 194 thousand;
- decrease in “Finished Goods” of Euro 2,451 thousand.

Note 23 - Services and Use of Third-Party Assets

“Services and Use of Third-Party Assets” amounted to Euro 23,956 thousand in 2024 (Euro 28,062 thousand in 2023).

Services are broken down as follows:

Note 23 - SERVICE AND USE OF THIRD PARTY ASSETS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Sundry services	(768)	(639)	(129)
Transport	(3,447)	(3,742)	295
Maintenance	(3,380)	(3,476)	96
Utilities	(1,346)	(1,416)	70
Consulting fees	(3,900)	(7,981)	4,081
Directors' and Statutory Auditors' Fees	(4,781)	(4,913)	132
Advertising, Promotions, Shows and Fairs	(1,586)	(1,087)	(499)
Cleaning	(148)	(148)	-
Bank Charges	(350)	(352)	2
Agents	(1,705)	(1,702)	(3)
Travel, accommodation and sales representatives	(501)	(675)	174
Sales Commissions	(390)	(348)	(42)
Insurance	(817)	(934)	117
Other Services	(507)	(304)	(203)
Rent	(202)	(201)	(1)
Royalties and Patents	(128)	(144)	16
Total	(23,956)	(28,062)	4,106

The decrease in the caption "Services and Use of Third-Party Assets" mainly relates to the item “Consulting fees” (Euro 3,900 thousand), which was higher in 2023 due to expenses incurred by F.I.L.A. S.p.A. during 2023 in connection with the DOMS IPO transaction (Euro 5,050 thousand).

"Directors' and Statutory Auditors' Fees", as well as "Transport" and "Utilities", appear to be almost in line with the previous year.

The caption "Maintenance" includes the costs relating to the contracts signed for the "software" associated with the Group's ERP development project. It should be underlined that F.I.L.A. S.p.A.

charges Group companies for all services incurred on their behalf on the basis of specific contracts signed.

“Advertising, Promotions, Shows and Fairs” increased on 2023 by approximately Euro 499 thousand. This increase is mainly attributable to the new TV advertising campaign during the year in order to increase brand visibility.

Note 24 – Other Costs

“Other Costs” in 2024 totalled Euro 210 thousand (Euro 439 thousand in 2023). This caption principally includes realised and unrealised exchange losses on commercial transactions.

“Other costs” are broken down as follows:

Note 24 – OTHER COSTS			
	December 31, 2024	December 31, 2023	Change
<i>Euro thousands</i>			
Unrealised Exchange Losses on Commercial Transactions	(24)	(50)	26
Realised Exchange Losses on Commercial Transactions	(189)	(337)	148
Other Operating Costs	3	(52)	55
Total	(210)	(439)	229

Note 25 – Personnel Expense

“Personnel Expense” includes all costs and expenses incurred for employees.

“Personnel expenses” amounted to Euro 12,209 thousand in 2024 (Euro 12,512 thousand in 2023).

These costs are broken down as follows:

Note 25 - PERSONNEL EXPENSE			
	December 31, 2024	December 31, 2023	Change
<i>Euro thousands</i>			
Wages and Salaries	(8,650)	(8,828)	178
Social Security Charges	(2,720)	(2,741)	21
Post-Employment Benefits	(609)	(617)	8
Other	(230)	(326)	96
Total	(12,209)	(12,512)	303

“Personnel expense” compared to 2023 decreased Euro 303 thousand. This decrease is mainly related to the item "Wages and Salaries."

At December 31, 2024, the workforce of F.I.L.A. S.p.A. was as follows:

	Managers	White-collars	Blue-collars	Total Amount
Total at December 31, 2023	10	84	94	188
Increases	-	2	3	5
Decreases	-	(5)	(2)	(7)
Total at December 31, 2024	10	81	95	186
2023 Average Headcount	10	84	97	191
2024 Average Headcount	10	82	94	187

Note 26 – Amortisation and Depreciation

This caption amounted to Euro 4,301 thousand in 2024 (Euro 4,371 thousand in 2023).

Amortisation and depreciation in 2024 and 2023 are reported below:

Note 26 – AMORTISATION AND DEPRECIATION			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Depreciation of Property, plant and equipment	(1,155)	(1,460)	305
Amortisation of Intangible assets	(2,653)	(2,393)	(260)
Depreciation of Right-of-use assets	(493)	(518)	25
Total	(4,301)	(4,371)	70

For further details, reference should be made to “Note 1 – Intangible Assets” and “Note 2 – Property, Plant and Equipment”.

Note 27 – Net Impairment Gains (Losses) on Trade Receivables and Other assets

The total of “Net Impairment Gains (Losses) on Trade Receivables and Other Assets” amounted to net impairment losses of Euro 121 thousand in 2024, compared to net impairment losses of Euro 291 thousand in 2023. During 2024, after a careful analysis and evaluation of individual past due trade positions, the company wrote off past due and uncollectible receivables.

Nota 27 - NET IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND OTHER ASSETS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Impairment gains (losses) on Trade Receivables and Other Assets	(121)	(291)	170
Total	(121)	(291)	170

Note 29 – Financial Income

Total “Financial Income” amounted to Euro 102,809 thousand in 2024 (Euro 95,529 thousand in 2023).

Financial income, together with the comment on the main changes on the previous year, was as follows:

Note 29 – FINANCIAL INCOME			
	December 31, 2024	December 31, 2023	Change
<i>Euro thousands</i>			
Income from investments	7,145	22,406	(15,261)
<i>Dividends</i>	7,145	22,406	(15,261)
Interest and Income from Group Companies	6,491	4,569	1,922
Interest income on Bank Deposits	207	60	147
Other Financial Income	85,807	68,060	17,747
Unrealised Exchange Gains on Financial Transactions	3,032	1	3,031
Realised Exchange Gains on Financial Transactions	127	433	(306)
Total	102,809	95,529	7,280

“Income from Investments” includes dividends received in the year from subsidiaries. Specifically, from F.I.L.A. Iberia S.L. (Spain - Euro 3,871 thousand), Lyra KG (Germany - Euro 1,493 thousand), Fila Hellas (Greece - Euro 800 thousand), Fila Polska Sp Z.o.o (Poland - Euro 239 thousand), FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey - Euro 143 thousand), Fila Art and Craft (Israel - Euro 62 thousand), Fila Art and Product AG (Switzerland - Euro 32 thousand) and F.I.L.A. Chile (Chile - Euro 5 thousand). Also included are dividends received during the year from the associate DOMS Industries (India - Euro 500 thousand).

“Interest and Income from Group companies” includes financial income recharged principally to the subsidiary Dixon Ticonderoga U.S.A. (U.S.A. – Euro 1,698 thousand), Fila Arches (France – 1,487 thousand), Canson SAS (France – Euro 1,322 thousand) and Dixon, S.A. de C.V. (Mexico – Euro 1,108 thousand), calculated on the loans granted by F.I.L.A. S.p.A.

“Other financial income” mainly includes the capital gain resulting from the DOMS IPO for a total of Euro 85,405 thousand. This also include recharges of costs to the subsidiaries for sureties granted in favour of the company Dixon Ticonderoga U.S.A. (USA - Euro 46 thousand) and the company Canson Brasil (Brazil - Euro 8 thousand). It also includes the rebilling to Dixon Ticonderoga U.S.A. of fees paid by F.I.L.A. for the RCF not used in the amount of Euro 109 thousand.

For further information, reference should be made to “Note 3 - Financial Assets”.

Note 29.A - Foreign Currency Transactions

Exchange differences on financial and commercial transactions in foreign currencies in 2024 are reported below:

Note 31 - FOREIGN CURRENCY TRANSACTIONS			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Unrealised Exchange Gains on Commercial Transactions	71	19	52
Realised Exchange Gains on Commercial Transactions	134	310	(176)
Unrealised Exchange Losses on Commercial Transactions	(24)	(50)	26
Realised Exchange Losses on Commercial Transactions	(189)	(337)	148
Net exchange losses on commercial transactions	(8)	(58)	50
Unrealised Exchange Gains on Financial Transactions	3,033	1	3,032
Realised Exchange Gains on Financial Transactions	127	433	(306)
Unrealised Exchange Losses on Financial Transactions	(261)	(1,132)	871
Realised Exchange Losses on Financial Transactions	(1,165)	(80)	(1,085)
Net exchange gains on financial transactions	1,734	(777)	2,511
Net exchange gains	1,725	(835)	2,560

Exchange differences in 2024 arose from transactions in US dollars against the euro, in addition to the change in the year of assets and liabilities in foreign currencies, following commercial and financial transactions.

Note 30 – Financial Expense

“Financial Expense” in 2024 amounted to Euro 15,238 thousand (Euro 13,999 thousand in 2023).

“Financial Expense”, together with the comment on the main changes on the previous year, was as follows:

Note 30 - FINANCIAL EXPENSE			
	December 31, 2024	December 31, 2023	Change
<i>Euro thousands</i>			
Interest and Charges to Group Companies	(403)	(240)	(163)
Interest on current account Overdrafts	(215)	(738)	523
Interest on Bank Loans and borrowings	(8,176)	(9,312)	1,136
Interest expense to other lenders	(397)	(436)	39
Other Financial Expense	(4,533)	(2,022)	(2,511)
Unrealised Exchange Losses on Financial Transactions	(261)	(1,132)	871
Realised Exchange Rate Losses on Financial Transactions	(1,165)	(80)	(1,085)
Lease interest expense – Right-of-use assets	(88)	(40)	(48)
Total	(15,238)	(13,999)	(1,238)

“Interest on Bank Loans” include interest matured on loans undertaken by F.I.L.A. S.p.A. (Euro 8,176 thousand). For further details, reference should be made to “Note 13 - Financial Liabilities”.

“Other Financial Expense” amounted to Euro 4,533 thousand in 2024 (Euro 2,022 thousand in 2023) and principally includes the share of the impairment of financial receivables of the subsidiary Industria Maimeri S.p.A. (Italy) recognised in the year following the impairment test on the investment of Euro 4,270 thousand. The caption in addition includes the portion of the impairment applied in accordance with IFRS 9 on the loans granted to the Group companies.

Note 32 – Impairment losses on equity-accounted investees

In 2024, after a detailed assessment of equity investments using the cost method, the company partially wrote-down the investments in the subsidiaries Fila SA PTY Ltd. (South Africa) for Euro 591 thousand, Renoir Topco (United Kingdom) for Euro 15,801 thousand and Lodi 12 (France) for Euro 2,559 thousand.

For further details, reference should be made to Note 4.A – Investments.

Note 33 – Taxes

Income taxes amounted to Euro 10,160 thousand in 2024 (Euro 15,980 thousand in 2023) and consist of current taxes of Euro 8,999 thousand (Euro 15,035 thousand in 2023) and net deferred taxes of Euro 1,160 thousand (net deferred taxes of Euro 946 thousand in 2023). Current taxes decreased significantly from the previous year, mainly due to the withholding tax paid in 2023 (Euro 13,344 thousand) following the sale of the shares held in DOMS.

Note 33.A – Current taxes

Current taxes are reported below:

Note 33.A - CURRENT TAXES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Current Taxes	(8,999)	(15,035)	6,036
Total	(8,999)	(15,035)	6,036

Current taxes in 2024 refer to IRAP, calculated according to the current legal provisions, amounting to Euro 377 thousand, IRES, calculated according to current legal provisions, amounting to Euro 624 thousand, foreign taxes pertaining to the German tax representation of Lyra KG (Germany) amounting to Euro 427 thousand, and withholding taxes paid as a result of the transaction for the sale of 4.57% of the associate DOMS, amounting to Euro 7,572 thousand.

For the purpose of highlighting the differences between the actual and theoretical tax charges, see the following table:

<i>Euro thousands</i>	December 31, 2024
Profit before tax	70,270
Theoretical rate (24%)	-
Theoretical income taxes	16,865
Effect of tax changes	(15,041)
Effect of ACE in previous years	(1,195)
Tax effect of deferred tax assets	1,160
Tax effect on income produced abroad	7,998
Income taxes recorded in the financial statements (IRES)	9,787
IRAP	373
Income taxes recorded in the financial statements	10,160

As of the 2024 tax period, the FILA Group, as part of the broader Wood Srl Group, is required to apply the regulations set forth in Legislative Decree No. 209 of December 27, 2023, which transposes EU Directive 2022/2523 into national law, in accordance with the OECD's "Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules" (so-called Pillar Two).

This international regulation is designed to ensure that multinational groups with consolidated revenues of Euro 750 million or more are subject to an Effective Tax Rate (ETR) of not less than 15 % in each jurisdiction in which they operate; should the ETR calculated under Pillar Two rules for a jurisdiction be less than 15%, the Group is required to pay a supplementary tax (the so-called "top-up tax") to reach the minimum tax threshold.

In this regulatory context, F.I.L.A. S.p.A. (the Company) qualifies as a Partially-Owned Parent Entity or "POPE", and Wood S.r.l. qualifies as an "Ultimate Parent Entity" or "UPE."

In addition, the Pillar Two rules provide for a transitional period during which Groups subject to the aforementioned regulations have the option of being exempted from the complex calculations for determining the ETR by performing certain tests, called "Transitional CbCR Safe Harbors" ("TCSH"), applicable in the first three tax periods after the regulations come into effect. It is sufficient for at least one of the TCSHs to be satisfied for the jurisdiction in which the Group operates for the supplementary tax due for that jurisdiction to be zero.

The Wood Group, as required by accounting standard IAS 12 (specifically as a result of the

"Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two model Rules"), carried out an analysis, with the support of an external consultant, in order to identify its scope of application and assess the potential exposure to top-up tax.

This assessment was made on the basis of data taken from the accounts used in the process of preparing the 2024 consolidated financial statements (so-called financial reporting package) for the FILA Group, and preliminary data for the other companies within the Wood Group.

Based on the results of the TCSH calculation for the 2024 tax period, all jurisdictions passed at least one of the tests which resulted in no additional top up tax arising and, therefore, it was possible to conclude that the Wood Group is not exposed to any top up tax in the current year.

It should also be noted that the Company has applied the temporary exception to the accounting of deferred tax assets and liabilities related to the application of the provisions of the prescribed Pillar Two and related disclosures as required by IAS 12.

Note 33.B - Deferred taxes

The relative detail is shown below:

Note 33.B DEFERRED TAXES			
<i>Euro thousands</i>	December 31, 2024	December 31, 2023	Change
Deferred tax liabilities	100	100	-
Deferred tax assets	(1,277)	(1,051)	(226)
Deferred tax assets on Right-of-use assets	17	5	12
Total	(1,160)	(946)	(214)

The overall tax effects in the year are reported below:

Note 33.C TOTAL TAXES FOR THE YEAR			
<i>Euro thousands</i>	December 31, I.R.E.S. I.R.A.P.		Total Income Taxes
Assessable Tax Base	70,630	18,888	-
Tax adjustments	(63,012)	(12,190)	-
Taxable profit	7,618	6,698	-
Total current income taxes	(624)	(377)	(1,001)
Lyra KG (Germany) German tax representation	(427)	-	(427)
Controlled Foreign Company	-	-	-
Other changes - Foreign Withholding Taxes	(7,571)	-	(7,571)
Other tax changes from previous years	-	-	-
Total current income taxes	(8,622)	(377)	(8,999)
Deferred Tax Income on Temporary Differences	(1,260)	-	(1,260)
Deferred Tax Expense on Temporary Differences	100	-	100
Total deferred taxes	(1,160)	-	(1,160)
Total taxes	(9,782)	(377)	(10,159)

The breakdown of current and deferred taxes recognised in profit or loss was as follows:

Note 33.D - CURRENT AND DEFERRED TAXES		
<i>Euro thousands</i>	December 31, 2024	December 31, 2023
Current Taxes	(8,999)	(15,035)
Current Taxes	(8,999)	(15,035)
Deferred Taxes	(1,160)	(945)
Deferred Taxes	(1,160)	(945)
Total	(10,159)	(15,980)

In relation to deferred tax liabilities recorded through equity, reference should be made to “Note 16 - “Deferred Tax Liabilities”.

The Board of Directors of F.I.L.A. S.p.A. have proposed:

1. to allocate the Net Profit for the year of Euro 60,470,176.38 as follows:

- (a) to the distribution of a dividend to shareholders in the amount of Euro 0.80 for each of the 51,058,297 F.I.L.A. S.p.A. shares (ordinary and special) that will be issued and in circulation at the ex-dividend date indicated in point 2 of this motion (net of treasury shares that will be in the portfolio at the record date indicated in point 2 of this motion), for a total maximum amount of Euro 40,846,637.60;
- (b) the residual amount to retained earnings, for a total minimum amount of Euro 19,623,538.78, which may be increased in relation to the dividend not distributed in respect of treasury shares held in portfolio at the record dates indicated in point 2 of this motion;

2. to pay, gross of any withholding taxes, a dividend in the amount of Euro 0.4 for each of the F.I.L.A. S.p.A. shares (ordinary and special) issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), with ex-dividend date, record date and payment date on May 19, 20 and 21, 2025, respectively. And subsequently to pay, gross of any withholding taxes, a dividend in the amount of Euro 0.4 for each of the F.I.L.A. S.p.A. shares (ordinary and special) issued and in circulation at the ex-dividend date indicated below (net of treasury shares that will be in the portfolio at the record date indicated below), with ex-dividend date, record date and payment date on November 17, 18 and 19, 2025, respectively.

Related party transactions

For further details, please refer to the "Related Party Transactions" in the consolidated notes.

Disclosure pursuant to Article 149-duodecies of the Consob Issuer's Regulation

For further details, please refer to the "Disclosure pursuant to Article 149-duodecies of the Consob Issuer's Regulation" in the consolidated notes.

Subsequent events

There were no significant events other than those reported in the section “Key Events in the year”.

Transactions relating to Atypical and/or Unusual Operations

In accordance with Consob Communication of July 28, 2006, during 2024, F.I.L.A. S.p.A. did not undertake any atypical and/or unusual transactions as defined by this communication, whereby atypical and/or unusual transactions refers to operations which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to year-end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the Company's assets and the protection of non-controlling interests.

The Board of Directors

THE CHAIRPERSON

Mr Giovanni Gorno Tempini

(Signed on the original)

Final Considerations

These notes, as is the case for the financial statements, as a whole, of which they are an integral part, provide a true and fair view of the financial position of F.I.L.A. S.p.A. at December 31, 2024 and the result of operations for the year ended.

These separate financial statements as at and for the year ended December 31, 2024 comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the notes, and reflect the underlying accounting records.

Statement of the Manager in Charge and Corporate Bodies

GIOTTO Giotto Be-Ba tratto DAS GABBY LYRA Maimeri DALER ROWNEY LUKAS PRINCETON ARCHES ST CUTHBERTS MILL CANSON Strathmore



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

March 21, 2025

Statement of the Manager in Charge of Financial Reporting and the Corporate Bodies - Separate Financial Statements (ref. Article 154-bis, paragraph 5)

The undersigned Massimo Candela, as Chief Executive Officer, and Cristian Nicoletti, as Manager in Charge of Financial Reporting of F.I.L.A. S.p.A., confirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures for the preparation of the separate financial statements as at December 31, 2024.

The assessment of the adequacy of the administrative-accounting procedures for the preparation of the separate financial statements at December 31, 2024 is based on a process defined by F.I.L.A. S.p.A. in accordance with the Internal Control - Integrated Framework model defined by the Committee of the Sponsoring Organisations of the Treadway Commission, a benchmark framework generally accepted at international level.

It is also declared that:

1. The 2024 Separate Financial Statements of F.I.L.A. S.p.A.:
 - have been drawn up in conformity with the applicable IFRS endorsed by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
 - correspond to the underlying accounting documents and records;
 - provide a true and fair view of the financial position and results of operations of the Issuer.
2. The Directors' Report includes a reliable analysis on the performance and operating result, as well as on the situation of the issuer, together with a description of the principal risks and uncertainties to which they are exposed.

The Chief Executive Officer

Massimo Candela

Manager in Charge of
Financial Reporting
Cristian Nicoletti

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

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Board of Statutory Auditors' Report on the separate financial statements at December 31, 2024 prepared as per Article 153 of Legislative Decree No. 58/1998

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING OF F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.p.A. AS PER ARTICLE 153, LEGISLATIVE DECREE NO. 58/1998

Dear Shareholders,

the Board of Statutory Auditors of F.I.L.A - Fabbrica Italiana Lapis ed Affini S.p.A (hereafter also "FILA S.p.A." or the "Company"), in accordance with Article 153 of Legislative Decree 58/1998 (hereafter the "CFA") is required to report to the Shareholders' Meeting, called for the approval of the financial statements at December 31, 2024, on the result for the year, on the supervisory activities carried out in execution of its duties, on any omissions and citable events, while in addition required to draw up observations and proposals regarding the financial statements, their approval and the matters within its scope.

The Board of Statutory Auditors has fulfilled its oversight duties, as per Article 149 of the CFA and, as the Internal Control and Audit Committee, has executed the duties established by Article 19 of Legislative Decree 39/2010, as most recently amended by Legislative Decree 125/2024, taking account also of the conduct rules for the Boards of Statutory Auditors of listed companies issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) (most recently updated in December 2024). Moreover, it carried out its supervisory activities in compliance with the provisions and notices issued by Consob concerning corporate controls and the activities of the Board of Statutory Auditors, as well as the guidelines contained in the Corporate Governance Code of listed companies approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. in January 2020 (hereafter the "Corporate Governance Code").

This Report was prepared in compliance with the indications provided by Consob with Communication DEM/1025564 of April 6, 2001 and subsequent amendments and rule Q.10.1. of the Conduct Rules of Boards of Statutory Auditors of listed

companies issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

The audit appointment, as per Legislative Decree No. 58/1998 and Legislative Decree No. 39/2010, was undertaken by Deloitte & Touche S.p.A. (hereafter also “DTT” or the “Independent Audit Firm”), as awarded by the Shareholders’ Meeting of January 22, 2024 for a period of nine years (for the financial years 2024 to 2032 inclusive).

By the same resolution, DTT was also appointed, for the same duration, for the limited audit of the consolidated non-financial statement (“DNF”) pursuant to Article 3, paragraph 10 of Legislative Decree No. 254/216. Appointment that the Board of Directors, due to the effect of the transitional provisions set forth in Article 18, paragraph 1 of Legislative Decree No. 125/2024, confirmed until the agreed expiry date for the purpose of carrying out the attestation of compliance of the sustainability statement referred to in Article 8 of the aforementioned decree.

1. Board of Directors - appointment, duration of office and functioning

The Board of Directors in office at the date of this Report was appointed by the Shareholders’ Meeting of FILA S.p.A. of April 23, 2024 for three financial years and therefore until the Shareholders’ Meeting called to approve the 2026 Annual Accounts.

The Board of Directors, after its appointment, on April 23, 2024, and subsequently on March 23, 2025, verified confirmed fulfilment of the standing requirements set out in the applicable regulation by all of the directors, and of the independence requirements by the Chairperson, Giovanni Gorno Tempini, and the Directors Carlo Paris, Donatella Sciuto and Gianna Luzzati, with regards to Article 148, paragraph 3, of the CFA, as restated in Article 147-ter, paragraph 4, of the CFA and Article 2, Recommendation No. 7 of the Corporate Governance Code. On these occasions, the Board of Statutory Auditors has verified the correct application of the procedures adopted by the Board of Directors to assess the independence of its members. The Board of Statutory Auditors noted the substantially positive outcomes of the assessments undertaken by the Board of Directors at the same meeting of March 14, 2025 concerning the size, composition and functioning of the Board of Directors and of the sub-committees, communication between the Board of Directors and senior management and governance.

2. Board of Statutory Auditors - Appointment, duration of office and functioning

The Board of Statutory Auditors in office as of the date of this Report was appointed by the Shareholders' Meeting of FILA S.p.A. on April 23, 2024, which confirmed the Chairperson, the two Statutory Auditors and one Alternate Auditor, and appointed a new Alternate Auditor nominated by the Minority Slate, until the Shareholders' Meeting called to approve the 2026 Annual Accounts.

The Board of Statutory Auditors, immediately after its appointment, on April 23, 2024 and thereafter at the meeting of February 14, 2025, undertook the self-assessment process, declaring the absence of any causes of ineligibility, lapse and incompatibility among its members, as per Article 148 of the CFA and the conduct rules of Boards of Statutory Auditors of listed companies issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), in addition to their satisfaction of the independence requirements of the aforementioned parties, in accordance with Article 148, paragraph 3, of the CFA and Article 2, Recommendation No. 7 of the Corporate Governance Code, also in consideration of the qualitative and quantitative criteria approved by the Board of Directors of the company at the meeting of April 23, 2024, in accordance with the above Recommendation No. 7, letters c) and d).

As part of this process, the Board of Statutory Auditors at its meeting of February 14, 2025 in addition considered itself, overall, adequate to execute the appointment assigned to it regarding its composition, in addition to the preparation, professionalism, experience, gender and age profiles of its members.

Finally, the members of the Board of Statutory Auditors have declared compliance with the limit on the number of offices envisaged by Article 144-*terdecies* of the Issuers' Regulation and of the availability of the time required to undertake the appointment.

The results of the self-assessment and, in particular, the independence requirements for the members of the Board were promptly reported to the Board of Directors for any appropriate evaluation and also for communication to the market, as part of the Corporate Governance Report.

In executing its duties, the Board of Statutory Auditors in 2024 met 13 times, with full member attendance on every occasion. Specifically, 8 in-person meetings and 5 audio and video meetings were held. In the current year and up to the date of this Report, it has met 5 more times. The Board of Statutory Auditors met informally, on various other occasions, and considered particular matters, examined relevant documents, set out work schedules, and prepared minutes and communications. In

addition, the Board of Statutory Auditors attended, through its Chairperson and at least one other member, all the meetings of the Control, Risks and Related Parties Committee and of the Remuneration Committee (meeting respectively on 11 occasions and 7 occasions in 2024, and on 3 and 5 occasions respectively in 2025 until the date of this Report), as outlined in greater detail in the tables of the specific sections of the Corporate Governance and Ownership Structure Report for 2024. In addition, the Board was invited to and attended the Independent Directors' meeting held on December 16, 2024 for a discussion of corporate governance.

3. *Compliance of the company with the Corporate Governance Code*

The Board of Directors on February 11, 2021 approved FILA S.p.A.'s compliance with the new Corporate Governance Code from January 1, 2021 and subsequently concluded the verification and adjustment of its governance structure and instruments, undertaking the necessary actions and assessing whether to adopt the facultative recommendations for FILA S.p.A., which is categorised as a “not large” and “concentrated ownership” company. Specifically, the Board of Directors at its meeting on April 23, 2024, immediately after its appointment, made the following resolutions:

- i. approved the criteria of the relationships between the Directors (also applicable to the members of the Board of Statutory Auditors) and the Company when assessing the independence requirements pursuant to Recommendation No. 7, letters c) and d), of the Corporate Governance Code;
- ii. appointed the members of the Remuneration Committee and the Risks Committee, assigning to the latter certain responsibilities regarding sustainability, in addition to all powers regarding related party transactions, in line with the Recommendations and the proportionality criterion contained in the Corporate Governance Code, particularly with regards the number and presence of independent directors;
- iii. decided, after appropriate assessment, not to proceed with the setting up of the Appointments Committee and the appointment of the lead independent director;
- iv. appointed Mr. Luca Pelosin as Chief Executive Officer, with responsibility, among other matters, as Director in charge of implementing and maintaining an effective Internal Control and Risk Management System;
- v. appointed, with the approval of the Board of Statutory Auditors, Mr. Cristian Nicoletti as Executive Officer for Financial Reporting.

The Board of Statutory Auditors has monitored the correct application by the Company of the corporate governance rules outlined in the Corporate Governance Code and, to the extent of its scope, confirmed that the Company acted in compliance with the code.

4. Oversight and control activities

During the year in question and with reference to duties and activities that fall within the scope of its responsibility, the Board of Statutory Auditors declares to have:

- attended the Shareholders' Meeting held on January 22, 2024, which approved the appointment of the Company's legally-required auditors for the fiscal years 2024-2032, and the Shareholders' Meeting held on April 23, 2024, which, among other matters, approved the 2023 Annual Accounts, and appointed the current Board of Directors and Board of Statutory Auditors;
- attended 8 meetings of the Board of Directors in office, obtaining appropriate information from the Executive Directors on the general operating performance and its expected development;
- acquired the elements of information needed to verify compliance with the law, By-Laws, principles of good administration and suitability of the company's organisational structure of the company, through the acquisition and review of relevant documents, meetings with the heads of the various company departments and periodical exchanges of information with the Independent Audit Firm;
- attended, as previously stated, with its Chairperson and also with at least one other member, all the meetings of the Control and Risks and Related Parties Committee, with which the Board of Statutory Auditors exchanged relevant information for the execution of their respective duties (Article 6, Recommendation No. 37, second paragraph of the Corporate Governance Code), and all the meetings of the Remuneration Committee;
- met the Supervisory Board, also at the meetings of the Control and Risks and Related Parties Committee;
- monitored the functioning and effectiveness of internal control systems and the suitability of the administrative and accounting system, particularly in terms of the latter's reliability in representing accounting data;
- obtained from the directors at least on a quarterly basis in accordance with Article 150, paragraph 1, of the CFA, adequate information on the activities and significant economic, financial and equity transactions carried out by the Company and its subsidiaries;

- exchanged in a timely manner with the managers of the Independent Audit Firm the relevant data and information for the undertaking of the respective duties as per Article 150, paragraph 3, of the CFA, examining to the extent necessary both the methodological approach and the planning of its activities and the result of the work carried out and acquiring the auditor's report;
- exchanged information on administration and control systems and on the general operating performance with the Board of Statutory Auditors of the Italian subsidiaries in accordance with Article 151, paragraph 1 and 2 of the CFA and requested from the Executive Director, the Internal Audit function and the independent audit firm information concerning the most significant matters regarding the main overseas investees of the FILA Group (hereafter also the "Group");
- reviewed the content of the Additional report to the Board of Statutory Auditors on the functioning of the Internal Control and Audit Committee prepared by the Independent Audit Firm, following its legal audit of the year 2024, as per Article 11 of Regulation (EC) 537/2014, which did not indicate any aspects requiring reporting herein;
- oversaw the functioning of the control system of the subsidiaries and the adequacy of the provisions issued to them by the Company, also pursuant to Article 114, paragraph 2 of the CFA; in this regard, with regards to the provisions of Article 36 of Consob Resolution No. 16191 of October 29, 2007, the Board of Statutory Auditors, based on the information collected and the activities undertaken by the Internal Audit function, considers (i) the information flows of the subsidiaries to the auditor of the parent company for the audit of the annual and interim financial statements as effective; and (ii) the administrative-accounting system of the subsidiaries appropriate to regularly provide management and the auditor of the parent company with the data and information necessary to draw up the consolidated financial statements;
- noted the preparation of the Remuneration Policy and Report pursuant to Article 123-ter of the CFA, as amended by Legislative Decree No. 49 of May 10, 2019, and Article 84-quater and Annex 7-bis of the Issuers' Regulation, as amended by Consob Resolution No. 2163 of December 10, 2020, without any observations to report;
- ascertained the compliance of statutory provisions with legal and regulatory provisions;
- supervised compliance with the Related Party Transactions Policy adopted by the company (latterly amended with Board of Directors motion of May 14, 2021), with the principles indicated in the regulation approved by Consob with motion No. 17221 of March 12, 2010 and subsequent amendments

(motions No. 17389 of June 23, 2010, No. 19925 of March 22, 2017, No. 19974 of April 27, 2017, No. 21396 of June 10, 2020 and No. 21624 of December 10, 2020), and its observance, pursuant to Article 4, paragraph 6 of this Regulation, attending, as stated, the periodic meetings of the Control and Risks and Related Parties Committee called to review these transactions;

- supervised the financial disclosure process, verifying the directors' compliance with procedural rules concerning the drafting, approval and publication of the statutory and consolidated financial statements;
- ascertained the methodological suitability and the reasonableness of the criteria and parameters utilised for the impairment test implemented by the competent company functions and approved by the Board of Directors in order to verify the possible existence of impairment losses on the assets recorded to the consolidated financial statements and the separate financial statements;
- verified that the Directors' Report for the financial year 2024 complies with applicable legislation and was consistent with the decisions taken by the Board of Directors and with the facts represented in the statutory and consolidated financial statements;
- noted the content of the Consolidated Half-Year Report, without the need to report any observations, and also ascertained that the latter was published in accordance with the procedures laid down;
- noted that the company continued to publish on a voluntary basis the Quarterly Reports according to the deadlines established by the pre-existing rules;
- in the role of Internal Control and Audit Committee, pursuant to Article 19, paragraph 1 of Legislative Decree 39/2010, as amended by Legislative Decree 125/2024, performed the specific information, monitoring, control and audit functions envisaged therein and accomplished the duties and tasks indicated by the aforesaid legislation;
- supervised compliance with the provisions introduced by Legislative Decree No. 125/2024 regarding the new sustainability statement, verified compliance with the rules and principles governing its preparation and publication, and acquired the Report on the limited audit of the Consolidated Sustainability Statement;
- acquired, as part of the activities of the Board of Directors and of the Committees, and also through meetings with the Executive Director and with the managers of the central functions, information and appropriate documentation on the various operating aspects and areas within their scope and responsibility relating to the Company and the Group;

- participated in the in-depth sessions (“Board Induction”) organized for the benefit of Directors and Statutory Auditors on September 18, 2024, October 16, November 8, and December 16, during which extensive information was provided on the roles and responsibilities of Group management, the main assumptions underlying the Strategic Plan and the Sustainability Plan, the supporting documentation prepared for the Capital Market Day, and other relevant aspects of the Company's business.

With reference to Legislative Decree No. 14/2019 as amended (the so-called “Code of Corporate Crisis and Insolvency”), the Board of Statutory Auditors notes: (i) to have been an impetus for the preparation of the “Procedure for the detection of signs of crisis pursuant to Article 3 of Legislative Decree No. 14/2019”, (ii) that it has not made reports to the Board of Directors pursuant to and for the purposes of Article 25-*octies* of Legislative Decree No. 14/2019 and (iii) that it has not received reports (a) from qualified public creditors, pursuant to Article 25-*novies* of Legislative Decree No. 14/2019 and (b) by financial intermediaries regarding communications to the Company of changes, revisions or revocations of credit facilities, pursuant to Article 25-*decies* of Legislative Decree No. 14/2019.

Following the supervisory activities carried out within the scope of and in accordance with the methods described above, no facts emerged from which to deduce non-compliance with the law and the By-Laws or matters to reports to the Supervisory Authorities or a mention in this report.

In addition, the Board of Statutory Auditors, on the basis of the information and findings, reasonably consider that these operations comply with law and the By-Laws and were not manifestly imprudent or hazardous, in potential conflict of interest, or against the motions undertaken by the Shareholders’ Meeting or such as to compromise the integrity of the company’s assets.

The Board of Statutory Auditors, within its supervisory activities regarding the adequacy of the organisational, administrative and accounting structure of the Company, consistently monitored the integration of the companies of the Group, from an organisational and operating viewpoint and with regards to the collation of financial information and, on the basis of the findings and activities carried out, does not highlight any particular matters in this regard.

In this regard, the Board highlights that the Company, also in FY2024, made progress in strengthening the central governance and control structures.

5. Oversight on atypical or unusual transactions and related party transactions

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In 2024, the Board of Statutory Auditors did not report, nor received information, on any atypical or unusual transactions with Group companies, third parties or with other related parties.

The Board of Statutory Auditors had not received in 2024 and until the date of this report any communication from the control boards of the subsidiaries, associates or investees, or from the independent audit firm containing issues which require disclosure in this report.

The Board of Statutory Auditors, in addition, noted that the statement of financial position and income statement balances of infragroup transactions and those with related parties undertaken by the company and its subsidiaries in 2024, are respectively indicated in the “Statement of financial position with indication of transactions with related parties in accordance with Consob Resolution No. 15519 of July 27, 2006”, and in the “Statement of comprehensive income with indication of transactions with related parties in accordance with Consob Resolution No. 15519 of July 27, 2006”, and in greater detail in the “Related party transactions” paragraph of the Consolidated Financial Statements of the FILA Group at December 31, 2024, to which reference should be made. In particular, in this paragraph the transactions executed by the FILA Group with related parties in the course of ordinary operations and based on market conditions are outlined and were undertaken in the interests of the Group.

The Board of Statutory Auditors assesses the overall adequacy of the information, provided in the manner indicated above, concerning the above transactions and, also on the basis of the analyses and periodic checks carried out by the Control and Risks and Related Parties Committee, considers that they are adequate and in line with the company's interests. The Related Party Transactions, identified on the basis of the international accounting standards and Consob's provisions, were governed by a specific “Related Party Transactions Policy” adopted by the Board of Directors of the Company (in the last version approved with resolution of May 14, 2021). The Board of Statutory Auditors reviewed the Policy, declaring its compliance with the regulation adopted by Consob with Resolution No. 17221 of March 12, 2010, as latterly amended with Resolution No. 21624 of December 10, 2020, in force since July 1, 2021.

6. Relations with the Independent Audit Firm, in accordance with Legislative Decree 39/2010 and observations on its independence

The Board of Statutory Auditors oversaw the efficacy of the legally-required audit, discussing and examining through various meetings with the Independent Audit Firm aspects concerning:

- the handover between the new auditor (DTT) and outgoing auditor (KPMG S.p.A.), as provided for in Article 9-*bis*, paragraph 5 of Legislative Decree No. 39 of January 27, 2010;
- the planning of activities, the methodological approach and the supervision and co-ordination of works carried out by the auditors of the overseas subsidiaries;
- the most significant areas in terms of audit risks;
- the efficacy and reliability of the internal control system;
- the periodic checks on the proper keeping of accounting records;
- the results emerging from the work carried out.

The Independent Audit Firm communicated the fees accruing in 2024 for audit services and non-audit services (NAS) provided to FILA S.p.A. and to its subsidiaries by Deloitte & Touche S.p.A. and its network. These fees are summarised in the “Information provided as per Article 149-*duodecies* of Consob Issuers’ Regulation” of the Consolidated Financial Statements of the F.I.L.A. Group at December 31, 2024, in compliance with Article 149-*duodecies* of the Issuers’ Regulation.

In particular, the fees for non-audit services, according to that confirmed by the Independent Audit Firm, for 2024 totalled Euro 199 thousand, at consolidated level, of which Euro 140 thousand concerning the services provided by Deloitte & Touche S.p.A. and Euro 59 thousand the services provided by parties belonging to the Deloitte network in favour of the overseas Group subsidiaries. In this regard, in all of those cases in which, in accordance with Article 5, paragraph 4 of Regulation (EC) 537/2014, the prior review of the Internal Control and Audit Committee was requested, the Board of Statutory Auditors, in that role, reviewed in accordance with Articles 4, 5 and 6 of the above Regulation and considering the relative research and interpretation documents the requests to receive and adopt its decisions after reviewing and assessing: (i) the subject, method of execution of the appointment and fees, (ii) the documents and relevant professional technical principles and iii) the declarations of the independent audit firm concerning the absence of risks regarding its independence.

In carrying out its investigatory activities, the Board of Statutory Auditors took into consideration the overall rationale of the rules stated, and assumed a more prudent approach in order to accept and guarantee the complete independence of the auditor. With reference to the so-called 70% fee-cap rule provided for by Article 4 of Regulation (EC) 537/14, applicable starting from the financial year ended December

31, 2020, the Board of Statutory Auditors found that the fee for NAS services paid to Deloitte & Touche S.p.A. in 2024 was below the established limit. Incidentally, it should be noted that the company, on the request of the Board of Statutory Auditors, prepared and approved with Board of Directors' motion of May 15, 2019, both the procedure for the "Conferment to the independent audit firm of non-audit services", latterly amended with Board of Directors motion of August 4, 2022 and by that with regards to the "Selection of the Audit Firm" to which the audit appointment is assigned. With regards also to the independence of the audit firm, the Board of Statutory Auditors, in its role also as Internal Control and Audit Committee:

- a) fulfilled the duties required of Article 19, paragraph 1, letter e) of Legislative Decree 39/2010, as amended by Legislative Decree 125/2024, verifying and monitoring i) the independence of the Audit Firm, also in its role as sustainability auditor, in accordance with Article 10, 10-bis, 10-ter and 10-quater and 17 of Legislative Decree 39/2010 and Article 6 of Regulation (EC) No. 537/2014; ii) the adequacy of the provision of non-audit services in accordance with Article 5 of the above Regulation;
- b) received the Additional Report for the Internal Control and Audit Committee established by Article 11 of Regulation (EC) 537/2014 prepared following the 2024 legal audit and noted that contained in the Transparency Report published by the Independent Audit Firm on its website in compliance with the criteria outlined in the Regulation;
- c) received as an annex to the above Additional Report, the "Annual confirmation of independence in accordance with Article 6, paragraph 2, letter a) of Regulation 537/2014 and in accordance with paragraph 17 of international audit principle (ISA Italy) 260" where the independent Audit Firm, among others, declares that, in the period between January 1, 2024 and the issue of the Confirmation, no situations which would compromise its independence with regards to FILA S.p.A. arose in accordance with Articles 10 and 17 of Legislative Decree 39/2010 and Articles 4 and 5 of Regulation (EC) 537/2014;
- d) discussed with the Independent Audit Firm, the risks regarding its independence and the measures taken to mitigate them, pursuant to Art. 6, para. 2(b) of EU Regulation No. 537/2014.

On the basis of the information acquired and the activities carried out, no aspects or situations emerged indicating risks to the independence of the Independent Audit Firm, and in this regard the Board of Statutory Auditors does not report any observations for the Shareholders' Meeting.

7. Supervisory activities on the financial disclosure process and internal control system

The Board of Statutory Auditors supervised the adequacy of the administrative and accounting system, in addition to its reliability to correctly represent the operating events, obtaining information from the administrative department managers and exchanging information with the Control and Risks and Related Parties Committee, the Internal Audit department and the Independent Audit Firm.

The Board of Statutory Auditors in addition supervised, also through periodic meetings with the Executive Officer for Financial Reporting, the organisation and company procedures and the instruments adopted for the collation of the information and the data necessary for the drawing up of the statutory financial statements, the consolidated financial statements and the periodic financial reports, in addition to other financial communications, in order to: i) assess the adequacy and the effective adoption and ii) verify the adequacy and the suitability of the powers and the means assigned by the Board of Directors to the Executive Officer for the undertaking of his/her role.

In this regard, the Board of Statutory Auditors notes that in relation to the statements issued by the Executive Bodies (specifically the Chief Executive Officer) and the Executive officer for Financial Reporting in accordance with Article 154-bis, paragraph 5 of the CFA, on the statutory financial statements and on the consolidated financial statements of the Group at December 31, 2024, in addition to the Half-Year Financial Report at June 30, 2024 and on the quarterly reports, no citable matters or annotations emerged.

The Board of Statutory Auditors considers the administration and accounting system overall to be substantially adequate and reliable in view of the size and complexity of the company and of the Group.

Considering that responsibility for the audit of the accounts is assigned to the Independent Audit Firm, the Board of Statutory Auditors supervised the general layout of the statutory financial statements and the consolidated financial statements and their compliance with the rules governing their formation and structure. The Board of Statutory Auditors also verified their consistency with the events and information noted during the execution of their duties. In this regard, the Board of Statutory Auditors does not highlight any particular observations.

The Board of Statutory Auditors supervised, within the extent of its remit, the adequacy of the internal control and risk management system: a) obtaining information from the managers of the various company departments, so as to verify the existence, adequacy and proper implementation of the procedures; b) attended

the meetings of the Control and Risks and Related Parties Committee; c) met periodically with the Internal Audit manager and acquired information regarding the results of work carried out, actions recommended and subsequent initiatives undertaken to solve specific problems and/or for the improvement of the procedures; ii) exchanged information with the Independent Audit Firm.

In addition, the Board of Statutory Auditors noted the information provided periodically by the Executive Director as the Director in charge of setting up and maintaining an effective internal control system and the periodic reports prepared by the Control and Risks and Related Parties Committee, in compliance with Article 6, Recommendation No. 35 of the Corporate Governance Code on the activities undertaken where, among other matters, a positive assessment was expressed on the adequacy and efficacy of the internal control and risk management system.

The Board of Statutory Auditors, on the basis of that reported above and considering the control activities put in place and the improvement actions taken and being implemented, considers that the internal control system should be considered in overall terms adequate to the size, complexity and operations undertaken by the Company and by the Group.

In this regard and considering the major acquisitions of overseas companies and the consequent expansion of the FILA Group internationally, the Board of Statutory Auditors in various circumstances stimulated the implementation of adequate integration processes and further strengthening the control functions and the governance system of the main subsidiaries.

In this regard, the Board of Statutory Auditors reports that during the year (i) the activities to adapt, upgrade and improve the Group-wide ERP system (SAP) continued at the subsidiaries that already adopt it, (ii) in January 2024 the Risk Assessment was completed, the results of which were approved by the Board of Directors on February 13, 2024 after review by the Control, Risks and Related Parties Committee, (iii) activities to strengthen cyber security have been completed and specific insurance coverage has been activated for all Group companies adopting SAP, and (iv) the Group's Organisational Model is in operation, which, among other matters, provides for the strengthening of the role and responsibilities placed on central functions and the presence of special strategic committees with the tasks of controlling, supervising and monitoring the activities and performance of subsidiaries.

8. *Supervisory activities on the process of the formation and preparation of the sustainability statement*

As noted above, the Board of Statutory Auditors monitored compliance with current provisions on corporate sustainability reporting, compliance with the rules and principles governing its preparation and publication, and the formation process. Specifically, the Board of Statutory Auditors, also serving as the Internal Control and Audit Committee, has:

- acquired information regarding the structures in charge of the sustainability reporting process;
- assessed the adequacy of the organisational structure and assigned resources;
- acquired information on the involvement of subsidiaries and whether adequate instructions exist on the data to be provided;
- acquired information on the procedures and operational tools adopted for data collection and its subsequent analysis, control and consolidation;
- acquired information on the role and controls assigned to the Internal Audit function;
- monitored the progress of the work by acquiring information on the activities planned and carried out;
- noted the Executive's attestation, following the broader process of attestations by subsidiary companies of the data provided.

To this end, the Board of Statutory Auditors has met on several occasions with the Executive Director, the Sustainability Manager, and the Executive Officer for Financial Reporting, who, with the coordination of the Sustainability Management Committee and together with the heads of the various corporate bodies and officers at the principal subsidiaries, constitute the governance structure of the sustainability reporting process, finding that there is an adequate organizational system, reporting processes and tools and controls to enable the proper and complete representation of sustainability reporting.

With these senior figures, as they are responsible for the Sustainability Statement, and at a number of meetings of the Control, Risks and Related Parties Committee, the Board has discussed in detail particularly importance aspects such as the ESRS (European Sustainability Reporting Standards) with which FILA will have to comply in reporting upon sustainability-related impacts, risks and opportunities, and the double materiality analysis carried out to define the areas of sustainability reporting material to the Group. The Board of Statutory Auditors also discussed with the independent audit firm the content of the Fila Group's Consolidated Sustainability Statement as of December 31, 2024, the procedures carried out, and the operational methods for planning and carrying out the work. On the basis of the information and

the evidence acquired and according to the terms reported above, the Board of Statutory Auditors considers the organisational structure, procedures, processes, and structures for the production, reporting, measuring and presentation of this information to be adequate and does not highlight any particular matters for the Shareholders' Meeting.

As mentioned above, the Board of Directors, for the purpose of carrying out the attestation activity on the compliance of the sustainability statement referred to in Article 8 of Legislative Decree No. 125/2024, deemed it appropriate to confirm the appointment to Deloitte & Touche S.p.A. pursuant to Article 3, paragraph 10, of Legislative Decree No. 254/2010. In consideration of the additional procedures that the auditor was called upon to perform in connection with the new provisions, the originally agreed remuneration was supplemented by an amount of Euro 98,000 for each fiscal year. In this regard, the Board of Statutory Auditors informs the Shareholders' Meeting that the supplemented remuneration was based on negotiations between the competent corporate structures and DTT, in accordance with the criteria defined in the original mandate. Therefore, it was not necessary to submit to the Shareholders' Meeting this supplemented remuneration, as approved by the competent body, the Board of Directors.

9. *Additional information requested by Consob Communication No.*

DEM/1025564 of April 6, 2001 and subsequent supplements

In accordance with that required by Consob, the Board of Statutory Auditors also reports the following:

- a) the Board of Statutory Auditors did not receive any petitions as per Article 2408 of the Civil Code, nor notices from third parties;
- b) the Board of Statutory Auditors issued a favourable opinion pursuant to Article 154 *bis*, paragraph 1 of the CFA regarding the decision to confirm Mr. Cristian Nicoletti as Executive Officer for Financial Reporting, which was resolved by the Board of Directors on April 23, 2024, and took note of the decision, at the Board meeting of November 12, 2024, to also assign to Mr. Nicoletti the attestation tasks related to sustainability reporting following the transposition in Italy of the European Corporate Sustainability Reporting Directive (CSRD), with the entry into force of Legislative Decree No. 125/2024 ("Sustainability Decree").

- c) The Board of Statutory Auditors issued its opinion as per Article 2389, paragraph 3 of the Civil Code, on the application of the Remuneration Policy 2024 and on the Remuneration Policy 2025, with regards to the senior directors (motion of the Board of Directors of March 21, 2025);
- d) the Board of Statutory Auditors expressed its opinion on the motions within the scope of the Board of Directors, concerning i) the 2024 activity plan prepared by the Internal Audit function (as per Article 6, Recommendation No. 33, letter c) of the Corporate Governance Code) and ii) the correct use of the accounting standards and their uniformity for the purposes of the Report on the separate and consolidated annual and half-year accounts (as per Article 6, Recommendation No. 35, letter a) of the Corporate Governance Code).

10. Significant events indicated in the Directors' Report, in the separate financial statements and in the consolidated financial statements

Among the significant events outlined in the Directors' Report, in the separate financial statements and in the consolidated financial statements at December 31, 2024, during the year ending at that date, the Board of Statutory Auditors indicates the following:

- On January 22, 2024, the Shareholders' Meeting of F.I.L.A. S.p.A. resolved: the distribution of an extraordinary dividend of Euro 0.58 for each (ordinary and special) F.I.L.A. share in circulation on the coupon date (net of treasury shares in portfolio on that date) for a maximum total amount of Euro 29,421,967.98, to be charged as a reduction of the available and distributable reserves; (ii) the appointment of Deloitte & Touche S.p.A. to undertake the legally-required audit for the period 2024-2032, pursuant to Legislative Decree No. 39/2010 and Regulation (EU) No. 537/2014.
- On December 19, 2024, the Company announced that it had successfully completed the placement of 2,773,407 ordinary shares of the Indian company DOMS Industries Limited, representing approximately 4.57% of its share capital. Gross proceeds from the placement amounted to approximately Euro 90.9 million. Following this transaction, FILA reduced its stake in DOMS to 26.01%, while still remaining the largest single shareholder in the Indian company and retaining its status as a "significant shareholder" under the current governance structure. The Directors' Report and the Notes to the

financial statements contains details of and comments on the economic and financial effects of this transaction on the annual financial statements and consolidated financial statements as of December 31, 2024, the financial income earned and its use;

11. Subsequent events

The Board of Statutory Auditors notes that in the section entitled "Subsequent Events" in the Directors' Report, the Directors report that there were no significant events subsequent to the conclusion of the financial year

12. Independent Auditors' Report and Board of Statutory Auditors' Report

The Independent Audit Firm issued on March 28, 2025 the Reports as per Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EC) 537/2014, on the separate financial statements and on the consolidated financial statements at December 31, 2024 where, in particular, it certified that:

- the separate financial statements and the consolidated financial statements provide a true and fair view of the statement of financial position of the Company and of the Group at December 31, 2024 and of the economic result and cash flow for the year ended at that date in compliance with International Financial Reporting Standards adopted by the European Union and the provisions issued in implementation of Article 9 of Legislative Decree 38/05;
- the opinion on the statutory financial statements and the consolidated financial statements is in line with that indicated in the Additional Report drawn up pursuant to Article 11 of Regulation (EC) 537/2014 and in accordance with Article 19 of Legislative Decree 39/2010;
- the Directors' Report and certain specific information contained in the Corporate Governance and Ownership Structure Report indicated in Article 123-bis, paragraph 4 of Legislative Decree 58/1998, are consistent with the company's statutory financial statements and Group consolidated financial statements and, excluding the section relating to the consolidated sustainability statement, are drawn up in accordance with law;
- the separate financial statements and the consolidated financial statements have been prepared in XHTML format (and limited to the consolidated financial statements, have been marked in all significant aspects) in accordance with the provisions of Delegated Regulation (EU) 2019/815

It is recalled for informational purposes alone that in the Reports on the financial statements, the Independent Audit Firm considered it beneficial to identify as “key aspects of the audit”, for the statutory financial statements of FILA S.p.A., the process to measure the recoverable value of the investments while, with regards to the consolidated financial statements of the Group, a) the process to measure the recoverable value of goodwill and b) the process to value the inventory obsolescence provision.

In the above Reports of the Independent Audit Firm, no issues or requests for disclosure were raised, nor were declarations issued in accordance with Article 14, paragraph 2, letters d) and e) of Legislative Decree 39/2010.

The Board of Statutory Auditors, during various meetings with the competent corporate functions and with the Independent Audit Firm, examined in-depth the various aspects related to the obligation, established by Delegated Regulation (EU) 2019/815 (“ESEF Regulation”), to prepare the Annual Financial Report in xHTML format (instead of PDF) and the financial statements marked with iXBRL language according to the ESEF taxonomy. It therefore monitored the process put in place by the Company to comply with this obligation and acknowledged the opinion expressed by the Independent Audit Firm on compliance with the provisions of the above-mentioned Regulations on the basis of International Auditing Standard (ISA Italia) 700B.

In addition, also on March 28, 2025, the Independent Audit Firm:

- sent to the Board of Statutory Auditors, as the Internal Control and Audit Committee, the additional report as per Article 11 of Regulation (EC) No. 537/2014, which does not contradict that outlined in the Reports on the financial statements indicated above and reports on other significant aspects, and that the Board of Statutory Auditors sends to the Board of Directors for its information;
- issued, addressed to the Shareholders, the Report on the limited audit of the Consolidated Sustainability Statement pursuant to Article 14-*bis* of Legislative Decree No. 39/2010, where the independent audit firm certifies that, based on its work, no evidence has come to its attention to indicate that i) the consolidated sustainability statement of the FILA Group for the year ending December 31, 2024 has not been prepared, in all material respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU (European Sustainability Reporting

Standards), and ii) the information contained in the "Taxonomy Regulation" paragraph of the consolidated sustainability statement is not prepared, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852 of June 18, 2020.

The regular meetings held by the Board of Statutory Auditors with the Independent Audit Firm, pursuant to Article 150, paragraph 3 of Legislative Decree No. 58/1998, did not reveal aspects that should be highlighted in this Report.

Moreover, the Board did not receive any disclosures from the Independent Audit Firm on reprehensible facts detected during the audit activity on the annual and consolidated financial statements.

13. Note on the next Shareholders' Meeting

The Board notes that the Company has decided to make use of the option under Article 106, paragraph 4, of Decree-Law No. 18 of March 17, 2020, converted into law with amendments (the "Italian Healthcare Decree"), the effectiveness of which was most recently extended (also) with reference to Shareholders' Meetings to be held by April 30, 2025. Participation in the Shareholders' Meeting by those entitled to attend may take place exclusively by proxy (or sub-proxy) to the Company's Appointed Representative.

14. Final considerations

Considering all that stated above, the Board of Statutory Auditors does not raise specific critical matters, omissions, reportable events or irregularities, nor observations or proposals to be submitted to the Shareholders' Meeting in accordance with Article 153 of Legislative Decree 58/1998, to the extent of its remit, and therefore does not indicate any reasons to prevent approval of the separate financial statements at December 31, 2024 and the proposals for the allocation of the profit drawn up by the Board of Directors for the Shareholders' Meeting.

Rome, March 28, 2025

Gianfranco Consorti, Chairperson of the Board of Statutory Auditors (Signed on the original)

Sonia Ferrero, Statutory Auditor (Signed on the original)

Pietro Michele Villa, Statutory Auditor (Signed on the original)

Independent Auditors' Report pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
F.I.L.A. S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of F.I.L.A. S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment test on equity investments

Description of the key audit matter

The Company's financial statements includes as of December 31, 2024 equity investments in subsidiaries for a total of Euro 283.3 million, valued according to the cost method.

The Company's Directors performed an impairment test to determine whether the equity investments in subsidiaries are recognized in the financial statements at December 31, 2024 at a value no higher than their recoverable amount, if it believes there are the presence of possible impairment indicators. Equity investments in subsidiaries whose book values include the goodwill identified at the time of acquisition are subjected to an impairment test at least annually.

The impairment process carried out by Directors of assessing the recoverability of the aforementioned values recognized in the financial statements was conducted for some equity investments in subsidiaries by determining the value in use.

The impairment process with reference to value in use, is complex and based on assumptions regarding, inter alia, the forecast of expected cash flows from the subsidiaries, determined based on the forecast data extracted from the 2025 budget and the industrial plan respectively approved by the Board of Directors on 14 February and 14 March 2025, the determination of an appropriate discounting rate (WACC) and a long-term growth rate (g-rate).

These assumptions are influenced by future expectations about market conditions.

As result of the impairment tests, approved by the Board of Directors of F.I.L.A. S.p.A. held on 21 March 2025, the Company recorded write-downs of investments totaling Euro 19.5 million, composed as follows: Euro 15.8 million related to Renoir Topco (United Kingdom) investment; Euro 2.6 million pertaining to Lodi 12 (France) investment; Euro 0.6 million related to FILA SA PTY Ltd. (Sud Africa) investment and Euro 0.5 million related to Industria Maimeri (Italia) investment.

Considering the relevant amount of the equity investments in subsidiaries, the judgement of the estimates used to determine the cash flows and the key variables of the impairment models considered by Directors, we considered the impairment test a key audit matter of F.I.L.A. S.p.A. financial statements.

Note 4 "Equity Investments" within the separate financial statements provides a disclosure on the impairment test on equity investments.



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Audit procedures performed

As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network:

- understanding the methods used by Directors for the determination of the value in use, analyzing the methods and assumptions used for the development of the impairment tests;
- identification and understanding of the significant controls put in place by the Company on the process of performing the impairment test on the equity investments in subsidiaries;
- assessment of the reasonableness of the main assumptions adopted by the Directors to develop cash flow forecasts and collection of other relevant information obtained by Management;
- assessment of variances in actual data with respect to original plans, so as to evaluate the nature of the variances and the reliability of the process of preparing the plans;
- evaluation of the methods for determining the discounting rate (WACC) by analyzing its individual elements and their consistency with generally used valuation practices and analysis of the reasonableness of the long-term growth rate (g-rate);
- assessing the mathematical accuracy of the model used to determine the recoverable amount of the equity investments in subsidiaries and associates;
- assessment of the sensitivity analysis prepared by the Directors;
- assessment of the adequacy of the disclosure provided by the Company on the impairment test with what is provided for in relevant accounting standards.

Other matter – Corresponding data

The financial statements of F.I.L.A. S.p.A. for the year ended December 31, 2023, were audited by other auditor who expressed their unqualified opinion on March 28, 2024.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

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The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of F.I.L.A. S.p.A. has appointed us on January 29, 2024 as auditors of the Company for the years from December 31, 2024 to 31 December 31, 2032.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of F.I.L.A. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 [and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of F.I.L.A. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of F.I.L.A. S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98
- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of F.I.L.A. S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Raffo
Partner

Milan, Italy
March 28, 2025

As disclosed by the Directors, the accompanying financial statements of F.I.L.A. S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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