

CORPORATE NEWS

Subsequent purchase price reduction agreed for stake in Brazilian company

As communicated in the ad hoc announcement of 8 December 2014, edding had at that time acquired control of just under 21% of the share capital of the Brazilian writing instruments manufacturer Companhia de Canetas Compactor S.A., Rio de Janeiro, (Compactor). The purchase price agreed at the time was 3.3 million euros.

As not all the conditions for payment of the purchase price had yet been met, edding took the ongoing legal disputes as an opportunity to agree a subsequent reduction in the purchase price with the seller, now to EUR 1.7 million. The final instalment of EUR 1.1 million will be paid shortly. In this context, the current situation in Brazil in light of the COVID 19 pandemic has also motivated edding to conclude the negotiations swiftly.

The transaction will have the following impact on the edding Group's half-year financial statements as at 30 June 2020: The reduction of the purchase price liability by EUR 1.6 million leads to earnings to be reported in the financial result. The corresponding reduction in the investment is reported in other comprehensive income (so-called "OCI") with no effect on income due to an option exercised when IFRS 9 was introduced ("fair value through OCI"). Both effects therefore offset each other in equity.

About Compactor: Compactor is one of the most important companies in the Brazilian writing instruments market. According to the most recently published annual financial statements for 2018, the company generated revenues of €18.9 million converted at the exchange rates prevailing at the time. This generated

EBITDA of €1.3 million. The equity ratio was 72% with total assets of EUR 30.6 million.

About **edding AG**: The company was founded in 1960 and in 2019 generated consolidated sales of € 141.8 million with an average of 659 employees. The edding Group stands for two brands with different expertise: Under the edding brand, products are developed and sold that apply long-lasting colour to surfaces, from permanent markers to spray cans, compact printers and digital codes. Classic and electronic visual communication products are marketed under the Legamaster brand.

Explanation of **EBITDA** as an alternative performance indicator: EBITDA is the abbreviation for "Earnings Before Interest, Taxes, Depreciation and Amortisation". Translated, this corresponds to earnings before interest, taxes, depreciation and amortisation on tangible and intangible assets. The figure is not adjusted for any extraordinary expenses or income.

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edding Aktiengesellschaft
The Management Board

*) This is an unofficial translation of the communication originally published in German; it was made at a later date. In case of doubt, the German language version shall be binding.