

## ***AD-HOC-ANNOUNCEMENT***

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### **edding expects a lower result in 2022**

#### **High investments from Strategy 2025+ implementation**

#### **Growth in sales revenues to continue in 2022**

At its meeting today, the Supervisory Board of edding AG approved an investment budget for 2022, which includes disproportionately high additional spending in core areas of the 2025+ strategy.

Accordingly, the edding Group is expecting Group EBIT of between EUR 3.0 and 6.0 M for 2022 (2021 guidance: EUR 5.0 to 9.0 M). Group sales revenues are expected to be in a range of EUR 148.0 to 163.0 M (2021 guidance: EUR 133.0 to 148.0 M). Net income for the year in the individual financial statements of edding AG is expected to be between EUR 1.0 and 4.0 M (guidance 2021 before the non-recurring effect communicated in our ad hoc announcement of 7 December 2021: EUR 0.5 to 3.5 M).

In connection with the 2025+ strategy, a major transformation has been initiated, which will require forward-looking investments in the areas of corporate sustainability, digitalisation and agility, among others. The associated increase in personnel and material expenses, including the establishment of a fourth Management Board position (Chief Digital Officer) announced at the 2021 Annual General Meeting, are a prerequisite for the edding Group's future readiness.

Our new segments Technological Solutions and Lifestyle were set back in their development by more than a year due to the corona pandemic and will still not reach break-even in 2022. However, we expect a significant reduction in losses,

especially in Technological Solutions. We also do not expect positive results in the South American region, which has been hit by the pandemic particularly hard. In addition, price increases in the procurement markets are burdening the result, which cannot yet be fully passed on to the customers next year.

The Management Board expects that the above mentioned effects will only lead to a temporary decline in results and will lay the foundation for sales growth in the coming years. In its meeting, the Supervisory Board also approved the long-term goals of the Strategy 2025+. Thus, within the framework of this strategy, the following financial targets are aimed at for the year 2026:

- 200 M EUR gross sales revenues (before sales deductions)
- EUR 183 M net sales revenues (according to IFRS 15)
- 10% EBIT margin before strategic investments, based on net sales revenues

The comparable targets in the past strategy cycle until 2020 were EUR 180.0 M gross sales revenues, EUR 170.0 M net sales revenues and EUR 18.0 M Group EBIT.

**About edding AG:** The company was founded in 1960 and generated consolidated sales of EUR 125.7 million in 2020 with an average of 679 employees. Under the edding and Legamaster brands, the edding Group develops products and services that help people in their private and professional lives to express themselves and achieve their goals. edding has over six decades of expertise in the development, production and international distribution of products that bring colour adequately to surfaces for creative and work-related purposes. The range extends from markers to sprays, nail polish and tattoo inks. edding's solutions for professional users in business as well as education environment support digitalisation, enable new forms of collaboration and increase the communication capabilities of people and organisations. As an international brand, edding is a daily part of many people's lives and is always aware of its responsibility to act fairly and sustainably.

**Explanation of EBIT as an alternative performance indicator:** EBIT is the abbreviation for "earnings before interest and taxes". Total output less cost of

materials, personnel expenses and depreciation and amortisation (including rights of use within the meaning of IFRS 16), plus other operating income and less other operating expenses. EBIT is the most important key figure for profitability management in the edding Group. No adjustment has been made for any extraordinary income or expenses.

Ahrensburg, 17 December 2021

edding Aktiengesellschaft  
The Management Board