

CORPORATE NEWS

Preliminary results for the first six months of the 2024 financial year and updated 2024 full year guidance

Lower sales expectations and negative one-off impacts, resulting from strategic portfolio management choices, lead to adjusted forecast corridor

Underlying performance of edding largest business units in line with expectations

According to preliminary figures, **Group sales revenues** of EUR 77.7 million (previous year EUR 78.1 million) were achieved in the first 6 months of the 2024 financial year. After a soft first quarter, sales growth returned in the second quarter, with an increase of +6% versus Q2 2023. The growth in the first half year of the business unit Office & Industry Supplies (OFIS) was negatively offset by declines in the other business units, especially at Collaboration @ Work (COWO).

The first half year 2024 **Group's operating result according to IFRS (EBIT)** is at EUR 2.8 million (previous year EUR -5.1 million). In accordance with IFRS 5, the 2024 and 2023 expected results of the edding TATTOO business (Business Unit Lifestyle), which the Management Board has decided to discontinue in this financial year, are presented below EBIT in the line 'discontinued operations'. Due to the hardening of the legal basis for tattoo inks in recent years, we have unfortunately recently realised that we cannot meet the purity requirements for our edding TATTOO products in compliance with REACH, despite our ink development expertise. The result of the Business Unit is -1.2 million EBIT (previous year EUR -0.5 million) of which EUR 0.6 million due to one-off effects.

The 2023 half year result (EUR -5.1 million) includes the deconsolidation effect from the sale of edding Argentina S.A., excluding this effect, the EBIT of the first half of 2024 is comparable to a previous year's result of EUR 1.1 million.

For the full financial year 2024, edding adjusts the announced forecast corridor of **Group sales revenues** of EUR 161.0 million to EUR 176.0 million down to EUR 158.0 million to EUR 168.0 million and **Group operating results according to IFRS (EBIT)** from EUR 3.0 million to EUR 6.0 million to EUR 0.0 million to EUR 3.0 million.

Group sales revenues are expected to be lower than plan in mainly the business unit Collaboration @ Work ("COWO") and in edding France, although stable or positive versus last year. This impacts the EBIT negatively by EUR 3.0 million. Several one-off effects also impact the EBIT. Next to the financial impact of the discontinuation of the edding TATTOO business, there are several other initiatives currently under review, which will all contribute to the goal to deliver significant savings by 2026. In order to realise this however, edding will face one-off costs in the remainder of 2024 for e.g. write-offs or restructuring. Another negative effect is related to the implementation costs for SAP S/4HANA. Although the project is on track, EUR 0.6 million of project costs incurred in 2024 do not yet qualify for capitalisation, unlike expected in the original forecast.

The above-mentioned developments also impact the individual financial statements of the edding AG according to German Commercial Code (HGB); the net result of the mother company is now expected to be between EUR -1.5 million and EUR +0.5 million (before: EUR 0.0 million to EUR 2.0 million).

Although the 2024 results are now expected to be significantly below the prognosis of earlier this year, with a stable performance of the largest business units and positive future effects of strategic choices, edding deems that the mid-term financial BSC targets for 2026 are still achievable.

About edding AG: Founded in Hamburg in 1960, the company generated Group sales revenues of EUR 160.8 million in 2023 with an annual average of 726 employees. Under the edding, Legamaster and Playroom brands, the company offers long-lasting, high-quality products and solutions for private and commercial use. The portfolio includes markers and writing instruments, visual communication products such as flipcharts, whiteboards and e-screens and innovative digital applications. The company's fundamental values embrace responsibility towards the environment and society. edding wants to empower people to express their personality, ideas and thoughts and make them visible on a wide variety of surfaces.

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 with the exception of adjustments in accordance with IFRS 5, which are mandatory.

Ahrensburg, 31 July 2024

edding Aktiengesellschaft
The Management Board