

## **General meeting of Gabriel Holding A/S on 11 December 2025**

### **Report of the Board of Directors**

presented by Søren Mygind Eskildsen, chair of the Board of Directors

It is my great pleasure to welcome you to this meeting.

I now present the Board of Directors' report. I will speak briefly about the Group in general and go on to divide my report into continuing operations and discontinuing operations, as FurnMaster is still for sale. At the time of our last meeting, not all investigations in Mexico had been completed and I promised that we would leave no stone unturned. We have been true to our word, as I will explain under the heading of discontinuing operations.

I will then come back to our total operations, and our CEO Anders Hedegaard Petersen will review the accounts.

I want to highlight a couple of key figures for the total Group. Revenue was DKK 900 million, which is one percent below last year, and operating profit (EBIT) was DKK 28.2 million compared to DKK 10.9 million last year. In addition, we delivered cash flow from operations as high as DKK 120 million compared to DKK 37 million last year. The Group's cash flow was a high-priority key figure and the positive consequences of what we have achieved here are a feature throughout the financial statements. We are satisfied with this development – especially considering how this result was achieved. We will look at that in a minute.

Based on this performance – especially the cash flow – the Board of Directors recommends payment of a dividend equivalent to DKK 5 per DKK 20 share.

We know from market surveys and conversations with customers and partners that the market conditions for growth have been challenging in recent years. Behind me you'll see some of the headlines dominating our industry this year. The trend is difficult to quantify precisely, but a probable figure is a 10-15% decrease in the global contract furniture market from October last year to September this year.

In this light I'm impressed that we were able to deliver the key figures, particularly in Gabriel's continuing operations which we will look at now.

As stated, the general activity in the markets did not help us and on that basis I find revenue growth of 7% satisfactory. Among the reasons is our strong execution of our long-standing, good and strong strategy which has secured opportunities for growth. Revenue was a record DKK 516 million.

The growth of DKK 32.5 million is a result of big increases in both Asia and the USA. It is particularly good to see that years of investments in the USA are now yielding positive returns and we expect great things from them in the years to come.

We navigated the generally difficult conditions in Asia in a manner which resulted in major growth and a return to the level of revenue of our 2022 record year.

In Europe, we delivered revenue growth in fabrics while our European business as a whole was on a par with the previous year.

Gabriel is a strong global brand in the furniture industry and recognised for exceptional products and services. This year, we identified and started five strategic projects which we believe are essential to fulfil our ambitions for the future.

In the first project we developed our understanding of Gabriel's brand and strengthened our communication about it.

We based our branding project on dialogue with the market and a large selection of other stakeholders. It makes a powerful impression to find that Gabriel is recognised for its key position as "the experts" in the market. We have now delivered growth in continuing operations for two years in a row, and attribute this in part to the market striving for "exceptional by every measure".

Three well-chosen drivers support our brand promise:

1. Superior product performance
2. Deep expertise in every corner
3. Dedication in every relationship

To support opportunities for growth in the coming years, we have decided to invest in two additional segments: hospitality (i.e. the hotel industry) and fabrics for outdoor furniture. On a rather dull December day here in Aalborg, scope for the outdoor segment might sound a bit limited, but we act globally and consider the segment attractive because of new relationships and because several of our existing customers are looking for furniture that can be used both indoors and outdoors. New segments are not developed overnight and our expectation is that the two strategic projects will only contribute to growth after a few years.

Our fourth strategic project is a digitalisation project aimed at supporting productivity and developing the corporate model to make it more digital. We made a number of investments in IT infrastructure last year and this year to support this journey. We are now ready to take real initiatives that will make the many digital interactions with users and potential customers on our platforms faster and more precise.

It is a key priority to keep improving our profitability and, with an increase in operating profit from DKK 20 million to DKK 44 million, we have come a long way. This results in an operating margin of 8.5%, a commendable upward leap compared to last year.

The theme of our fifth and last strategic project is “Operational Excellence” with the objective of improving profitability and cash flow. We improved all parameters this year. I mention improved gross profit, reduced working capital and strong cash flow as a good, solid step, and we expect even more benefits from our efforts. We are pleased with this year’s improved results. They are obvious in our statement of financial position, which shows a considerable reduction of debts.

In addition to our strategic focus areas I would also like to share two extremely important initiatives in our business: sustainability and product development.

This year we wrestled with the CSRD – Corporate Social Responsibility Directive – which the EU has imposed on listed undertakings and which our financial reporting had to comply with for the first time. It has regrettably replaced our former sustainability report and expanded the annual report to well over 100 pages. Behind me is our sustainability manager Rikke Lyhne Jensen, who we are also fortunate to have as an employee representative on our Board of Directors. She will now say a few words about Gabriel and sustainability.

It is reassuring for us board members to know that Gabriel holds a strong position in its sustainability work. It is what we call a hygiene factor – something we must have and be good at – now and in our future business.

We launched six new fabrics in 2024/25 and those of you who have been with us for many years may notice that six are fewer than normal. The reason is that we adjusted our design process a couple of years ago to further strengthen the business case for the launched products and increase their potential.

Three of these fabrics are displayed behind me:

- **Umi** is a wool fabric extremely well suited for soft seating in office lounge areas or your homes.
- **Uptown** and **Downtown** are the results of a development partnership with Gensler, one of the world’s biggest architecture firms.
- **Cura Loop** is a technological advance consisting of 100% recycled textiles. It is a new strong member of the Cura family, which is one of the most frequently selected furniture fabrics for offices in Europe. Cura Loop pursues the aim of creating circular economy solutions and is the most recent in the string of innovations produced by Gabriel over many years. Sustainability is part of Gabriel’s brand and our promise to the world around us.

My final point concerns the discontinuing operations.

The total FurnMaster business is still for sale. The uncertainty in Mexico plus a good deal of impact on M&A activity from the US President encumbered our process. We continue our effort and expect to complete a sale in the current financial year.

Discontinued operations are therefore also included as a single line in this year's income statement as contribution to profit from discontinued operations after tax. The 2024/25 contribution to profit was negative at DKK 17 million, comprising a fine result in Europe and a major, yet expected negative contribution from Mexico. We will return to this under the next agenda point. My only comment is that we delivered a positive cash flow from the total FurnMaster business.

Last year's financial reporting process was marked by the big adjustment we ended up having to make due to a number of system errors in Mexico. We initiated an adaptation of the business and its procedures to prevent such errors from happening again, and carried out thorough investigations in collaboration with three different audit firms and a team of forensic experts. We explained the conclusions from this process in our Q3 report. The process was complex and the big reduction of business volume in Mexico was costly, but necessary. As an overview of the causes of the deviations, I mention three things:

- 1) There were system errors in Mexico, both in the ERP system and in the procedure for conversion between Pesos and Dollars.
- 2) Local employees were not sufficiently skilled to identify and correct the errors.
- 3) Local auditing was not sufficiently thorough.

We naturally also carried out a comprehensive investigation to uncover any fraud. Fortunately, no fraud was found.

All three areas have been addressed and we are now restructuring FurnMaster in Mexico.

I will leave FurnMaster and Mexico behind for the purpose of my report, but we will of course take comments and questions afterwards.

It is time to sum up before we move on to discuss the accounts as the next point on the agenda. We are pleased with the development we have seen during the year.

Gabriel has a strong brand and we put a determined effort into strengthening it.

We continue developing our global presence.

We develop strong, relevant products that are in demand in today's market and the market of the future.

Our strategic projects improve both potentials and key figures.

Against this background, our expectations for the coming year are revenue growth of up to 7% and an increase in operating profit (EBIT) of up to 25%; i.e. expected revenue of DKK 510 - 550 million and operating profit of DKK 40 - 55 million. Uncertainty surrounds these expectations but with the positive trends and the great effort throughout Gabriel, I expect good development this year and in the years to come.

Thank you.