

COMPANY ANNOUNCEMENT

Gabriel Holding A/S

Gabriel Holding A/S: Preliminary results, and changed expectations, for the full financial year 2021/22.

Group revenue realised as expected whereas operating profit (EBIT) fails to meet previous expectations.

The annual report will be published as planned on 17 November 2022.

After nine months of the 2021/22 financial year, management expected revenue of the order of DKK 1,060 million and operating profit (EBIT) of the order of DKK 73 million. The preliminary, not yet audited, results for the full 2021/22 financial year show revenue of DKK 1,065 (DKK 809.7 last year) and operating profit (EBIT) of approximately DKK 65 million (DKK 58.6 million).

This is equivalent to revenue growth of approximately 31% and an increase in the operating profit of 11%. Profit before tax, which is positively affected by currency movement in the financial year, increases by approximately 38% to approximately DKK 81 million (DKK 58.8 million).

The downward adjustment is a result of profit generation in the last two months of the year not being in line with the expectations. The reason for the lower-than-expected profit generation is a combination of several factors.

- The Group's realised gross profit is below expectations as a result of increases, in particular in the costs of raw materials and of energy, and shifts in the Group's product mix.
- Towards the end of the year there was a fall in the order intake in the FurnMaster business units in particular, which meant a sudden fall in the utilisation of the production units and thus a fall in productivity.
- In addition, the Group's external costs were negatively impacted by inflation, which broadly affects all cost items but gas and electricity for operation of the Group's physical facilities and production in particular.
- In response to the falling order intake, a process of reorganisation and structural adjustment was initiated. Towards the end of the year, major one-off adjustment costs were thus incurred which negatively affect the Group's cost of sales and staff costs.

Selected comments on the full financial statements:

- The realised revenue is the highest in the Group's history and a record for the eighth consecutive year. The realised EBIT and profit before tax are also the highest in the Group's history.
- The economic conditions for growth were stable throughout the year but the general trend was downward in the last quarter.
- The operating profit for the full financial year is negatively affected by increases in costs of raw materials, components, carriage and energy which have not been fully compensated through adjustments to the Group's selling prices. Shifts in the Group's product mix and adjustment costs incurred must be added to this.
- In the 2021/22 financial year, the Group's net finance income and costs were positive by approximately DKK 15.5 million, compared to an expense of DKK 2.8 million in 2020/21. This is a result of currency movement in the period associated primarily with intragroup financing of the American and Mexican subsidiaries. Intragroup

financing will not be adjusted in future as it is treated as non-current receivables from 1 October 2022, which means that the exchange rate impact will be included in comprehensive income as an adjustment to equity.

Preliminary expectations for the 2022/23 financial year

- Management believes that revenue and profit in the coming 2022/23 financial year will continue to be challenged by the international political situation and inflation and the resulting market and logistics challenges and uncertainties. On this basis, management expects revenue of the order of DKK 1,000-1,100 million and operating profit (EBIT) of the order of DKK 50-60 million.