

OPPORTUNITY SCENARIOS

OPERATING LEVERAGE

ETHAN ALLEN®

(\$, millions except per share)

	Baseline	GROWTH OPPORTUNITES			
		A	B	C	D
Net sales	\$ 750	\$ 1,000	\$ 1,200	\$ 1,500	\$ 2,000
Gross margin	58.5%	58.7%	58.9%	59.2%	59.5%
Operating expenses	\$ 348	\$ 440	\$ 520	\$ 640	\$ 840
% of NS	46.4%	44.0%	43.3%	42.7%	42.0%
Operating income	\$ 91	\$ 147	\$ 187	\$ 248	\$ 350
% of NS	12.1%	14.7%	15.6%	16.5%	17.5%
Net interest & other	\$ -	\$ -	\$ -	\$ -	\$ -
Pretax income	\$ 91	\$ 147	\$ 187	\$ 248	\$ 350
Net income	\$ 68	\$ 110	\$ 140	\$ 186	\$ 263
Diluted EPS	\$ 2.67	\$ 4.31	\$ 5.49	\$ 7.29	\$ 10.31
Wtd. Avg. shares	25.5	25.5	25.5	25.5	25.5

Assumptions: After-tax amounts calculated using an effective tax rate of 25.0% and exclude certain non-recurring charges and gains and the tax effect of these adjustments, and are normalized annual opportunities. The Opportunity Scenarios are not intended to be projections but rather hypothetical outcomes that show the sensitivity of results to certain variables. Actual circumstances and results could differ materially from those contemplated by the opportunity scenarios above due to a number of risks and uncertainties, including those disclosed in the Company's 2021 Annual Report on Form 10-K.