13D PROXY VIEWS

ETHAN ALLEN INTERIORS, INC. (ETD) / DOUG BERGERON (5.11%)

KEY FIGURES

Record Date: September 11, 2026

Annual Meeting Date: November 4, 2026

Board Size: 5

Number of Seats Up for Election: 5

Number of Activist Nominees: 5

SUMMARY OF EVENTS

August 5, 2026 - Doug Bergeron filed his 13D and issued a letter to the Company's Board nominating the following six director candidates to replace the Company's entire Board: (ii) Doug Bergeron, former Co-Managing Partner of Hudson Executive Capital; (ii) Anna Brockway, Chairish Co-Founder & Former President; (iii) Kristine Miller, Former eBay Chief Strategy Officer & Bain Head of North America retail practice; (iv) Steve Oblak, former Wayfair Chief Commercial Officer; (v) Lindsay O'Reilly, former Barclays Group Chief Internal Auditor; and (vi) Stefanie Tsen Ward, former Neiman Marcus Chief Integrated Retail and Customer Officer.

August 27, 2026 - Doug Bergeron withdrew his nomination of Lindsay O'Reilly for election to the Board at the 2026 Annual Meeting after the Company reduced the size of the Board from six to five directors.

September 18, 2026 - Doug Bergeron filed his definitive proxy statement urging shareholders to vote for his nominees. Mr. Bergeron argues that the Company has suffered nearly two decades of prolonged underperformance under Chairman, President and CEO Farooq Kathwari, citing a 46% revenue decline from its 2006 peak, a multiple that has compressed from ~12x EV/EBITDA in 2011 to ~6x today, and total shareholder returns that have lagged the broader market by 149% since October 2015, while peers have grown. Mr. Bergeron further contends that he believes the Company's digital strategy is underinvested, with the lowest website traffic among peers. Mr. Bergeron believes that the Board has failed to hold management accountable for this underperformance, citing the combined Chairman/CEO role, the absence of a succession plan, lowered incentive targets in 2025 that coincided with a higher cash bonus for Mr. Kathwari despite declining results, and Mr. Kathwari's sale of over 10% of his position since June 2024. Mr. Bergeron believes that his nominees bring the retail, omnichannel and operating experience needed to restore growth and accountability at the Company.

September 21, 2026 - Ethan Allen announced that the Company's Board has launched a formal CEO succession process. The Board has committed to publicly announcing the Company's next CEO no later than June 30, 2027. As part of the planned succession, CEO Kathwari has agreed to remain as a non-executive member of the board after such date and until the Company's 2027 Annual Meeting, at which time he will step down from the Board. This announcement follows reports that Doug Bergeron had hired an executive search firm to consider CEO candidates for the Company.

September 24, 2026 - Ethan Allen filed its definitive proxy statement urging shareholders to vote for the Company's nominees. The Company highlighted its 49.1% five-year

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shareholder return, compared with a negative 42.7% median return for its peers, and $768 million in dividends returned to shareholders. It also emphasized its debt-free balance sheet, vertically integrated business model, sustained gross margins above 59%, and five-year average operating margins more than double its peers. Finally, the Board argued that its repositioning was complete, its growth plan was delivering improved close rates and higher order values, and its CEO succession process would provide an orderly transition. In contrast, the Company characterized Mr. Bergeron's slate as lacking an operating plan, a CEO candidate, and sufficient knowledge of the business.

October 15, 2026 - Doug Bergeron issues a follow up presentation and letter calling for Board change and further laying out his value creation plan. On the same day, Ethan Allen files an investor presentation highlighting focused growth plan in response to Mr. Bergeron.

October 19, 2026 - Ethan Allen announces it decision to report Q1 financial results after the Annual Meeting.

October 28, 2026 - Doug Bergeron announces that he has identified Stefanie Tsen Ward, one of his director nominees, as interim CEO candidate for the Company following the 2026 Annual Meeting. Mr. Bergeron noted that he intends to recommend such an appointment to the Board if elected.

DOUG BERGERON'S THESIS

Mr. Bergeron refers to the Company as a "melting ice cube" and paints a convincing picture as to why that is so. He states that Ethan Allen has failed to modernize its business for an increasingly digital retail environment. In an era where approximately 75% of furniture purchases begin online, Bergeron believes that digital should be central to Ethan Allen's growth strategy – not simply as an e-commerce channel, but as the front door to brand discovery, inspiration, customer acquisition and designer-led conversion. On the contrary, Ethan Allen's management has had a backwards mindset when it comes to e-commerce – treating it as a potential threat rather than a growth opportunity. In last year's 10-K, they warned that a significant shift in consumer preference toward online purchasing "could have a materially adverse impact on our sales and operating margin." As a result, Ethan Allen has the lowest website traffic among its premium peers and e-commerce currently represents less than 5% of revenue. Bergeron wants to prioritize profitable growth, modernize the customer experience and improve execution across brand, digital, stores and operations and has the plan and team to do it.

Moreover, Bergeron believes that these operational failures are directly related to the Company's poor governance. The Company's CEO, Chairman, and President, Farooq Kathwari (now 82 years old), has served in this role since 1988. Perhaps unsurprisingly, this type of tenure at an underperforming company has led to organizational entrenchment that has discouraged new ideas and accountability. The results speak for themselves: since revenue peaked two decades ago, sales were down 46%, gross profit down 34%, operating income down 68%, enterprise value down 70% and market cap down 53%. Yet the Board has failed to hold management accountable at all.

More recently, Mr. Bergeron has addressed Ethan Allen's September 21 announcement of a formal CEO succession process. While Mr. Bergeron acknowledges the need for new leadership, he argues it comes far too late for them to keep their positions. He argues that questions surrounding succession have persisted for more than a decade, giving the Board ample time to develop a thoughtful transition plan; yet the process became public only after Bergeron launched his campaign and announced an independent CEO search.

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And as icing on the cake, on October 19, 2026, Ethan Allen announced its decision to report Q1 financial results after the Annual Meeting. This raises serious concerns, including forcing shareholders to cast one of their most important votes ever and potentially an existential vote without the most timely information that is readily available.

THE COMPANY'S POSITION

The Company argues that Mr. Bergeron is seeking to take control of the Company by replacing the entire Board and the CEO without a detailed operating plan and that his nominees have not demonstrated experience overseeing the full complexity of a vertically integrated, designer-led manufacturer-retailer model, which presents a significant risk to the ongoing business. In support of the incumbent Board, Ethan Allen highlights several initiatives and metrics that it believes supports the Company's current trajectory:

SHAREHOLDER RETURNS

Ethan Allen argues that while Mr. Bergeron points to the Company's underperformance, it delivered a 49.1% five-year total shareholder return through September 21, 2026, compared with a median return of -42.7% for its proxy peers; outperforming 10 of the Company's 11 proxy peers. The Company also points to its vertically integrated, designer-led model, which has supported gross margins above 59% for five consecutive fiscal years, an average operating margin of 12.8% over the past five years - more than double its peer-group average - and a debt-free balance sheet. The Company emphasizes that this model has allowed them to return $768 million to shareholders through cash dividends since going public.

GROWTH PLAN ALREADY IN PLACE

Ethan Allen argues that it has already used its strong operating margins and profitability to complete a repositioning of its business designed to strengthen its platform for sustainable, long-term growth. Initiatives include investments in product visualization and room-planning technology to improve the customer experience and support a more efficient retail footprint. Specifically, they have refreshed and right-sized more than 100 design centers. With the repositioning largely complete, management argues that it is positioned to translate its designer-led, vertically integrated business model into profitable growth while maintaining margin and balance-sheet discipline and that Mr. Bergeron's campaign would upend this progress.

CEO TRANSITION

While Mr. Bergeron is advocating for managerial change, the Board contends that its ongoing CEO Succession process - ran by its Corporate Governance, Nominations and Sustainability Committee, which is comprised by all independent directors – is already working towards such an outcome. Ethan Allen notes that the committee has engaged a nationally recognized executive search firm to identify and evaluate internal and external candidates; and that the Board has committed to announcing Ethan Allen's next CEO no later than June 30, 2027, when CEO Kathwari's current contract is scheduled to end.

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COMMENTARY

BERGERON PLAN

Mr. Bergeron presents a comprehensive, thoughtful plan for the Company that could very well address the issues it has had over the past 20 years and reverse its negative growth trend. If we have one criticism of this plan, it is that it is too comprehensive. The first 50 pages show the plan; the next 100 show a lack of organizational skills and focus. ISS's Andrew Borek recently said that brevity is the soul of wit, but also the heart of persuasion. If a dissident cannot make their case in 50 pages, they are not going to make it in 150 pages. We completely agree with this. Moreover, you do not want to walk into a new boardroom with a 150 - page plan that covers everything but the kitchen sink. Having said that, given the choice between too much plan needing more focus and a plan that has clearly not been working for the past 20 years, we would take the former every time.

One of the strengths to Mr. Bergeron's argument is that he sets forth certain inalienable truths: steep revenue decline, significant long-term TSR underperformance, decline in operating margins and an 82 year-old CEO with no succession plan. With regard to their revenue analysis, Williams Sonoma may not be a perfect comp, but RH certainly is. And while it is just one competitor, it is a main one, and it has increased its revenue five-fold over the past 20 years. Over the same time frame, Ethan Allen nearly halved its revenue. Clearly, this is more than a macro or market issue. This is something that the Board should have been seriously concerned about many times during the past 20 years as enterprise value consistently fell from $1.2 billion to $377 million yet has never really seemed to do anything about it.

While not the most fundamental point to his analysis and argument, it is certainly a compelling point that Mr. Kathwari has not purchased any common stock since May 14, 2020, after the stock had fallen to $9.80 per share during the depths of COVID. In fact, he has been a consistent seller since then, even as recent as September 2, 2026. What makes this point glaring is that over the past five months, Doug Bergeron has spent $28.6 million of his own money acquiring 1.3 million shares (5.11%) of the Company's common stock. Even if you are indifferent between management's plan and Bergeron's plan or if you do not think you are capable of genuinely analyzing the two plans, you have to ask yourself, do you want your company run by a buyer or a seller?

COMPANY RESPONSE

When your revenues decline by 46% and your enterprise value by 69% over 20 years with the same CEO at the helm, it is difficult to make a compelling argument for the status quo. But management gives it a shot anyway. The Company's main arguments are:

> ***Ethan Allen has repositioned its platform and is now executing on a focused growth plan.*** This is contrary to the facts – revenue is still declining, down 5.7% over the past fiscal year. Moreover, this recalls memories of the 2015 proxy fight, where the same CEO said: "beginning in fiscal 2017, we will be well positioned to begin an accelerated growth phase, towards sales of $1 billion." Since then, sales have declined by 23% to $579 million. We are all for second chances, but only if you earn it, and a failed second chance here could lead to a bankruptcy.
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> ***The Board has preserved financial strength through the repositioning*** because, among other things, gross margins have remained steady and they have a debt

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free balance sheet. In the scheme of things, these are not the most important financial or operational metrics, particularly as revenue is falling, operating margins are declining and shareholder value is deteriorating. This is like a winless football team emphasizing that they do well on first down and have nice uniforms.

Ethan Allen has the right Board to oversee growth and CEO succession. This is a Board who did not even have a CEO succession plan for an 82-year-old CEO until a second activist forced the issue. A good board continually monitors the CEO, and replaces them if they are not performing – they do this without the threat of an activist. More importantly, this Board has not been the exemplar of good corporate governance. Having a dual CEO/Chair role is widely recognized as poor corporate governance but acceptable and reasonable under the right circumstances. Those circumstances almost always include creating tremendous long-term shareholder value. In other words, the exact opposite of this situation. Even worse, in 2024, every one of these Board members approved a new contract for the then 80 year-old CEO that provided that Mr. Kathwari would be entitled to terminate his employment for "Good Reason" if the Board were to remove him from his position as Chairman, in which case he would be entitled to significant severance payments including 24 months of base salary and a lump sum bonus payment of up to $2 million. This for a CEO who had overseen tremendous destruction of shareholder value – and the Board unanimously codified a horrible corporate governance decision. Having a dual Chairman/CEO of a perpetually underperforming company is bad enough, but having a board that contractually awards that to the CEO is a new level of poor corporate governance. Finally, the Board's decision to move the earnings release to after the Annual Meeting indicates that this is a board who cares more about their jobs than transparency for shareholders.

Their five-year average operating margin of 12.8% is double the peer average. To quote British economist Ronald Coase, "If you torture the data long enough, it will confess to anything." This is impressive if margins are going up, not down, and you are outperforming peers. Instead, this statistic highlights the deterioration of operating margins. Despite a 12.8% average over five years, today (which is all that matters) margins are 7.8%, a huge decline from 17.3% in 2023 and compared to 11.3% for RH today.

Five year TSR beats peers. This is a misleading metric because it uses the period right after the depths of COVID as a starting point and can be skewed depending on how it and its peers did during COVID and how quickly they rebound. Moreover, when you have 20-year numbers and a CEO who has been at the helm for that time, 20-year TSR is certainly more relevant. Over 20 years, Ethan Allen's TSR has been 43.6%, significantly below the S&P 600 (+402.6%) and virtually any accurate peer composite, and, in fact, has just slightly outperformed T – Bills.

Changing the Board during an active CEO transition creates unnecessary risk. This is not an argument the Company should be allowed to make when they decided to conduct a CEO search after the proxy fight was launched. Even less so when it was the activist engagement that was the impetus for the CEO change.

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CONCLUSION

Since Bergeron launched his proxy fight the most eventful thing the Company did occurred on September 21, 2026, when the Board committed to announcing the next CEO no later than June 30, 2027. By doing that, this proxy fight was no longer about changing the CEO, but who should change the CEO.

While it appears that Bergeron has put together a top rate nominee slate with the relevant industry experience to run the Company, much of which the current board lacks, we are not going to compare director versus director – we have not met them and do not know them. Nor do we evaluate directors by the returns of companies they were on the boards of – they were one of many; we do evaluate CEO's by stock performance. We are not prepared to say that this Board lacks the experience or expertise to successfully run this Company under different circumstances, but having focused on corporate governance for the past 20 years, we believe they lack the objectivity and backbone to hold management accountable. Moreover, while many of the Company's nominees may be qualified to serve on this Board, their individual credentials versus an at least comparable slate are largely irrelevant if you believe this is a Company with a pressing need for change.

Ethan Allen's CEO has failed miserably and the various boards and directors during his tenure, including the current board, have failed to hold him accountable. Even worse, they not only failed to ever contemplate a succession plan for the CEO until a second activist showed up, but they contractually awarded him the dual roles of CEO and Chairman, even as total shareholder value continued to plummet.

Who would you want to select the new CEO, a new board who identified the problem and forced the solution or the old board who never even considered a succession plan until a second activist started a proxy fight and then made the decision kicking and screaming? Moreover, given their history do you even completely trust that this Board will continue with the succession plan if they win the proxy fight? If there is even an iota of doubt in your mind, then you should be voting for the dissident slate.

Every year in the United States, 99%+ of public companies nominate a slate of directors who go unopposed and are elected to the board as a mere formality. And that is ok, that is the way it should be. There is no need for change at a vast majority of public companies. But less than 1% of the time a shareholder feels the need to nominate an opposing slate of directors to give other shareholders who might feel like them an opportunity to elect someone new to the Board. Very rarely, the dissident nominates a majority slate because a minority change will just not fix the issues at the Company and a complete change to corporate culture is required. This process is always disruptive, but in many cases, disruption is needed and well worth the change. This is one of those cases. Ethan Allen criticizes Bergeron for nominating a majority of the Board, and institutional investors and proxy advisory services do not like supporting majority change. And they are right to be frugal in their support for majority slates. But sometimes, majority change is required as it is here. And in fact, we think a majority of new directors will not only be better for long term shareholder value, but even less disruptive in the short-term than the election of a minority slate of new directors.

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