

REFINITIV

# DELTA REPORT

## 10-Q

UFI - UNIFI INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1272

CHANGES	92
DELETIONS	844
ADDITIONS	336

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)



QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December March 31, 2023 2024

OR



TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-10542

UNIFI, INC.

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of  
incorporation or organization)

11-2165495

(I.R.S. Employer  
Identification No.)

7201 West Friendly Avenue  
Greensboro, North Carolina

(Address of principal executive offices)

27410

(Zip Code)

(336) 294-4410

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.10 per share	UFI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 1, 2024 May 6, 2024, there were 18,158,306 18,251,545 shares of the registrant's common stock, par value \$0.10 per share, outstanding.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that relate to our plans, objectives, estimates, and goals. Statements expressing expectations regarding our future, or projections or estimates relating to products, sales, revenues, expenditures, costs, strategies, initiatives, or earnings, are typical of such statements and are made under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's beliefs, assumptions, and expectations about our future performance, considering the information currently available to management. The words "believe," "may," "could," "will," "should," "would," "anticipate," "plan," "estimate," "project," "expect," "intend," "seek," "strive," and words of similar import, or the negative of such words, identify or signal the presence of forward-looking statements. These statements are not statements of historical fact; they involve risks and uncertainties that may cause our actual results, performance, or financial condition to differ materially from the expectations of future results, performance, or financial condition that we express or imply in any forward-looking statement. Factors that could contribute to such differences include, but are not limited to:

- the competitive nature of the textile industry and the impact of global competition;
- changes in the trade regulatory environment and governmental policies and legislation;
- the availability, sourcing, and pricing of raw materials;

- general domestic and international economic and industry conditions in markets where the Company competes, including economic and political factors over which the Company has no control;
- changes in consumer spending, customer preferences, fashion trends, and end-uses for the Company's products;
- the financial condition of the Company's customers;
- the loss of a significant customer or brand partner;
- natural disasters, industrial accidents, power or water shortages, extreme weather conditions, and other disruptions at one of the Company's facilities;
- the disruption of operations, global demand, or financial performance as a result of catastrophic or extraordinary events, including, but not limited to epidemics or pandemics such as strains of coronavirus (such as "COVID-19"); pandemics;
- the success of the Company's strategic business initiatives;
- the volatility of financial and credit markets, including the impacts of counterparty risk (e.g., deposit concentration and recent depositor sentiment and activity);
- the ability to service indebtedness and fund capital expenditures and strategic business initiatives;
- the availability of and access to credit on reasonable terms;
- changes in foreign currency exchange, interest, and inflation rates;
- fluctuations in production costs;
- the ability to protect intellectual property;
- the strength and reputation of the Company's brands;
- employee relations;
- the ability to attract, retain, and motivate key employees;
- the impact of climate change or environmental, health, and safety regulations;
- the impact of tax laws, the judicial or administrative interpretations of tax laws, and/or changes in such laws or interpretations; and
- other factors discussed in "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended July 2, 2023 or in the Company's other periodic reports and information filed with the Securities and Exchange Commission (the "SEC").

All such factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the impact of each such factor on the Company. Any forward-looking statement speaks only as of the date on which such statement is made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, except as may be required by federal securities laws.

In light of all of the above considerations, we reiterate that forward-looking statements are not guarantees of future performance, and we caution you not to rely on them as such.

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## UNIFI, INC.

### QUARTERLY REPORT ON FORM 10-Q

FOR THE THREE MONTHS AND SIX NINE MONTHS ENDED DECEMBER MARCH 31, 2023 2024

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# PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements

### CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and per share amounts)

	December 31, 2023	July 2, 2023	March 31, 2024	July 2, 2023
<b>ASSETS</b>				
Cash and cash equivalents	\$ 35,979	\$ 46,960	\$ 27,662	\$ 46,960
Receivables, net	69,583	83,725	78,931	83,725
Inventories	135,676	150,810	134,125	150,810
Income taxes receivable	2,421	238	2,002	238
Other current assets	12,290	12,327	9,460	12,327
Total current assets	255,949	294,060	252,180	294,060
Property, plant and equipment, net	209,435	218,521	204,795	218,521
Operating lease assets	7,094	7,791	7,500	7,791
Deferred income taxes	4,812	3,939	4,741	3,939
Other non-current assets	14,839	14,508	13,402	14,508
Total assets	\$ 492,129	\$ 538,819	\$ 482,618	\$ 538,819
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Accounts payable	\$ 34,709	\$ 44,455	\$ 42,343	\$ 44,455
Income taxes payable	2,263	789	1,883	789
Current operating lease liabilities	1,733	1,813	1,956	1,813
Current portion of long-term debt	12,357	12,006	12,368	12,006
Other current liabilities	17,409	12,932	19,173	12,932
Total current liabilities	68,471	71,995	77,723	71,995
Long-term debt	120,144	128,604	116,058	128,604
Non-current operating lease liabilities	5,515	6,146	5,683	6,146
Deferred income taxes	2,526	3,364	1,906	3,364
Other long-term liabilities	4,133	5,100	3,439	5,100
Total liabilities	200,789	215,209	204,809	215,209
Commitments and contingencies				
Common stock, \$0.10 par value (500,000,000 shares authorized; 18,150,602 and 18,081,538 shares issued and outstanding as of December 31, 2023 and July 2, 2023, respectively)	1,815	1,808		

Common stock, \$0.10 par value (500,000,000 shares authorized; 18,249,837 and 18,081,538 shares issued and outstanding as of March 31, 2024 and July 2, 2023, respectively)	1,825	1,808		
Capital in excess of par value	70,254	68,901	70,675	68,901
Retained earnings	273,676	306,792	263,381	306,792
Accumulated other comprehensive loss	(54,405)	(53,891)	(58,072)	(53,891)
Total shareholders' equity	291,340	323,610	277,809	323,610
Total liabilities and shareholders' equity	\$ 492,129	\$ 538,819	\$ 482,618	\$ 538,819

See accompanying notes to condensed consolidated financial statements.

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## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(In thousands, except per share amounts)

	For the Three Months Ended				For the Three Months Ended				For the Nine Months Ended			
	December 31,		January 1,		December 31,		January 1,		March 31,		March 31,	
	2023		2023		2023		2023		2024		2024	
Net sales	\$ 136,917	\$ 136,212	\$ 275,761	\$ 315,731	\$ 148,996	\$ 156,738	\$ 424,757	\$ 472,469				
Cost of sales	135,281	144,212	274,700	317,168	144,232	147,085	418,932	464,253				
Gross profit (loss)	1,636	(8,000)	1,061	(1,437)								
Gross profit	4,764	9,653	5,825	8,216								
Selling, general and administrative expenses	12,408	11,748	24,017	23,521	11,372	12,063	35,389	35,584				
Provision (benefit) for bad debts	1,289	(156)	1,080	18	179	(56)	1,259	(38)				
Restructuring costs	5,101	—	5,101	—	—	—	5,101	—				
Other operating expense (income), net	481	226	535	(463)	139	324	674	(139)				
Operating loss	(17,643)	(19,818)	(29,672)	(24,513)	(6,926)	(2,678)	(36,598)	(27,191)				
Interest income	(697)	(514)	(1,278)	(1,061)	(432)	(554)	(1,710)	(1,615)				
Interest expense	2,613	1,889	5,098	3,136	2,407	2,073	7,505	5,209				
Equity in earnings of unconsolidated affiliates	(93)	(86)	(293)	(381)								

Equity in loss (earnings) of unconsolidated affiliates								
	604	(158)	311	(539)				
Loss before income taxes	(19,466)	(21,107)	(33,199)	(26,207)	(9,505)	(4,039)	(42,704)	(30,246)
Provision (benefit) for income taxes	380	(3,070)	(83)	(336)				
Provision for income taxes	790	1,145	707	809				
Net loss	<u>\$ (19,846)</u>	<u>\$ (18,037)</u>	<u>\$ (33,116)</u>	<u>\$ (25,871)</u>	<u>\$ (10,295)</u>	<u>\$ (5,184)</u>	<u>\$ (43,411)</u>	<u>\$ (31,055)</u>
Net loss per common share:	Net loss per common share:				Net loss per common share:			
Basic	\$ (1.10)	\$ (1.00)	\$ (1.83)	\$ (1.44)	\$ (0.57)	\$ (0.29)	\$ (2.40)	\$ (1.72)
Diluted	\$ (1.10)	\$ (1.00)	\$ (1.83)	\$ (1.44)	\$ (0.57)	\$ (0.29)	\$ (2.40)	\$ (1.72)

**Comprehensive loss:**

	For the Three Months Ended				For the Three Months Ended		For the Nine Months Ended	
	December 31,		January 1,		March 31,		March 31,	
	2023		2023		2024		2024	
Net loss	\$ (19,846)	\$ (18,037)	\$ (33,116)	\$ (25,871)	\$ (10,295)	\$ (5,184)	\$ (43,411)	\$ (31,055)
Other comprehensive income (loss):								
Other comprehensive (loss) income:								
Foreign currency translation adjustments	5,026	3,447	(514)	(2,461)	(3,667)	4,526	(4,181)	2,065
Other comprehensive income (loss), net	5,026	3,447	(514)	(2,461)				
Other comprehensive (loss) income, net	(3,667)	4,526	(4,181)	2,065				
Comprehensive loss	<u>\$ (14,820)</u>	<u>\$ (14,590)</u>	<u>\$ (33,630)</u>	<u>\$ (28,332)</u>	<u>\$ (13,962)</u>	<u>\$ (658)</u>	<u>\$ (47,592)</u>	<u>\$ (28,990)</u>

See accompanying notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**



(Unaudited)  
(In thousands)

	Capital in Excess Common Shares						Capital in Excess Common Shares					
	Shares	Stock	of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Shares	Stock	of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at October 1, 2023	18,085	\$ 1,808	\$ 69,130	\$ 293,522	\$ (59,431)	\$ 305,029						
Balance at December 31, 2023	18,150	\$ 1,815	\$ 70,254	\$ 273,676	\$ (54,405)	\$ 291,340						
Options exercised	2	—	18	—	—	18	7	1	38	—	—	39
Conversion of equity units	65	7	(7)	—	—	—	95	9	(9)	—	—	—
Stock-based compensation	7	1	1,172	—	—	1,173	—	—	407	—	—	407
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(9)	(1)	(59)	—	—	(60)	(2)	—	(15)	—	—	(15)
Other comprehensive income, net of tax	—	—	—	—	5,026	5,026						
Other comprehensive loss, net of tax	—	—	—	—	(3,667)	(3,667)						
Net loss	—	—	—	(19,846)	—	(19,846)	—	—	—	(10,295)	—	(10,295)
Balance at December 31, 2023	18,150	\$ 1,815	\$ 70,254	\$ 273,676	\$ (54,405)	\$ 291,340						
Balance at March 31, 2024	18,250	\$ 1,825	\$ 70,675	\$ 263,381	\$ (58,072)	\$ 277,809						

	Capital in Excess of Par						Capital in Excess of Par					
	Common		Retained		Accumulated Other Comprehensive Loss		Common		Retained		Accumulated Other Comprehensive Loss	
	Shares	Stock	Value	Earnings	Loss	Shareholders' Equity	Shares	Stock	Value	Earnings	Loss	Shareholders' Equity
Balance at July 2, 2023	18,081	\$ 1,808	\$ 68,901	\$ 306,792	\$ (53,891)	\$ 323,610	18,081	\$ 1,808	\$ 68,901	\$ 306,792	\$ (53,891)	\$ 323,610
Options exercised	5	—	39	—	—	39	12	1	77	—	—	78
Conversion of equity units	66	7	(7)	—	—	—	161	16	(16)	—	—	—
Stock-based compensation	7	1	1,381	—	—	1,382	7	1	1,788	—	—	1,789
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(9)	(1)	(60)	—	—	(61)	(11)	(1)	(75)	—	—	(76)
Other comprehensive loss, net of tax	—	—	—	—	(514)	(514)	—	—	—	—	(4,181)	(4,181)
Net loss	—	—	—	(33,116)	—	(33,116)	—	—	—	(43,411)	—	(43,411)
Balance at December 31, 2023	18,150	\$ 1,815	\$ 70,254	\$ 273,676	\$ (54,405)	\$ 291,340						
Balance at March 31, 2024	18,250	\$ 1,825	\$ 70,675	\$ 263,381	\$ (58,072)	\$ 277,809						

	Capital in Excess of Par						Capital in Excess of Par					
	Common		Retained		Accumulated Other Comprehensive Loss		Common		Retained		Accumulated Other Comprehensive Loss	
	Shares	Stock	Value	Earnings	Loss	Shareholders' Equity	Shares	Stock	Value	Earnings	Loss	Shareholders' Equity

Balance at												
October 2,												
2022	18,012	\$	1,801	\$	66,709	\$	345,302	\$	(65,513)	\$	348,299	
Balance at												
January 1,												
2023	18,049	\$	1,805	\$	67,875	\$	327,265	\$	(62,066)	\$	334,879	
Options												
exercised	—	—	2	—	—	2	4	1	33	—	—	34
Conversion of												
equity units	31	4	(4)	—	—	—	1	(1)	1	—	—	—
Stock-based												
compensation	12	1	1,217	—	—	1,218	—	—	656	—	—	656
Common stock												
withheld in												
satisfaction of												
tax withholding												
obligations												
under net												
share settle												
transactions	(6)	(1)	(49)	—	—	(50)	—	—	(3)	—	—	(3)
Other												
comprehensive												
income, net of												
tax	—	—	—	—	3,447	3,447	—	—	—	—	4,526	4,526
Net loss	—	—	—	(18,037)	—	(18,037)	—	—	—	(5,184)	—	(5,184)
Balance at												
January 1,												
2023	18,049	\$	1,805	\$	67,875	\$	327,265	\$	(62,066)	\$	334,879	
Balance at												
April 2, 2023	18,054	\$	1,805	\$	68,562	\$	322,081	\$	(57,540)	\$	334,908	

	Capital						Capital					
	in			Accumulated			in			Accumulated		
	Excess	Other	Total	Excess	Other	Total	Excess	Other	Total	Excess	Other	Total
	Common	of Par	Retained	Common	of Par	Retained	Common	of Par	Retained	Common	of Par	Retained
	Shares	Stock	Value	Earnings	Loss	Equity	Shares	Stock	Value	Earnings	Loss	Equity
Balance at July												
3, 2022	17,979	\$	1,798	\$	66,120	\$	353,136	\$	(59,605)	\$	361,449	
Options												
exercised	3	—	19	—	—	19	7	1	52	—	—	53

Conversion of equity units	62	7	(7)	—	—	—	63	6	(6)	—	—	—
Stock-based compensation	12	1	1,808	—	—	1,809	12	1	2,464	—	—	2,465
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(7)	(1)	(65)	—	—	(66)	(7)	(1)	(68)	—	—	(69)
Other comprehensive loss, net of tax	—	—	—	—	(2,461)	(2,461)						
Other comprehensive income, net of tax	—	—	—	—	2,065	2,065						
Net loss	—	—	—	(25,871)	—	(25,871)	—	—	—	(31,055)	—	(31,055)
Balance at January 1, 2023	18,049	\$ 1,805	\$ 67,875	\$ 327,265	\$ (62,066)	\$ 334,879						
Balance at April 2, 2023	18,054	\$ 1,805	\$ 68,562	\$ 322,081	\$ (57,540)	\$ 334,908						

See accompanying notes to condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

For the Six Months Ended		For the Nine Months Ended	
December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023

Cash and cash equivalents at beginning of period	\$	46,960	\$	53,290	\$	46,960	\$	53,290
<i>Operating activities:</i>								
Net loss		(33,116)		(25,871)		(43,411)		(31,055)
Adjustments to reconcile net loss to net cash provided by operating activities:								
Equity in earnings of unconsolidated affiliates		(293)		(381)				
Equity in loss (earnings) of unconsolidated affiliates		311		(539)				
Distribution received from unconsolidated affiliate		1,000		—				
Depreciation and amortization expense		13,988		13,478		20,780		20,388
Non-cash compensation expense		1,387		1,976		1,798		2,791
Recovery of income taxes		—		(3,799)		—		(3,799)
Deferred income taxes		(1,714)		(304)		(2,403)		(1,199)
Other, net		(120)		289		(93)		252
Changes in assets and liabilities:								
Receivables, net		14,367		40,552		4,225		18,585
Inventories		15,081		25,422		15,174		31,080
Other current assets		(402)		5,525		2,217		4,271
Income taxes		(727)		(2,655)		(685)		(1,241)
Accounts payable and other current liabilities		(4,763)		(47,599)		3,577		(31,644)
Other, net		(1,171)		639		(1,330)		459
Net cash provided by operating activities		2,517		7,272		1,160		8,349
<i>Investing activities:</i>								
Capital expenditures		(5,982)		(23,950)		(8,566)		(32,461)
Other, net		488		(576)		490		(193)
Net cash used by investing activities		(5,494)		(24,526)		(8,076)		(32,654)
<i>Financing activities:</i>								
Proceeds from ABL Revolver		80,600		96,800		109,700		142,400
Payments on ABL Revolver		(82,700)		(82,200)		(112,800)		(121,000)
Payments on ABL Term Loan		(4,600)		(2,500)		(6,900)		(4,800)
Proceeds from construction financing		—		4,900		—		6,533
Payments on finance lease obligations		(1,440)		(899)		(2,230)		(1,413)
Payments of debt financing fees		—		(658)				
Other, net		(27)		(47)		(6)		(683)
Net cash (used) provided by financing activities		(8,167)		15,396		(12,236)		21,037
Effect of exchange rate changes on cash and cash equivalents		163		(651)		(146)		(316)
Net decrease in cash and cash equivalents		(10,981)		(2,509)		(19,298)		(3,584)

Cash and cash equivalents at end of period	\$	35,979	\$	50,781	\$	27,662	\$	49,706
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See accompanying notes to condensed consolidated financial statements.

Unifi, Inc.

Notes to Condensed Consolidated Financial Statements  
(Unaudited)

1. Background

Unifi, Inc., a New York corporation formed in 1969 (together with its subsidiaries, “UNIFI,” the “Company,” “we,” “us,” or “our”), is a multinational company that manufactures and sells innovative recycled and synthetic products, made from polyester and nylon, primarily to other yarn manufacturers and knitters and weavers (UNIFI’s “direct customers”) that produce yarn and/or fabric for the apparel, hosiery, home furnishings, automotive, industrial, medical, and other end-use markets (UNIFI’s “indirect customers”). We sometimes refer to these indirect customers as “brand partners.” Polyester products include partially oriented yarn (“POY”) and textured, solution and package dyed, twisted, beamed, and draw wound yarns, and each is available in virgin or recycled varieties. Recycled solutions, made from both pre-consumer and post-consumer waste, include plastic bottle flake (“Flake”), polyester polymer beads (“Chip”), and staple fiber. Nylon products include virgin or recycled textured, solution dyed, and spandex covered yarns.

UNIFI maintains one of the textile industry’s most comprehensive product offerings that includes a range of specialized, value-added, and commodity solutions, with principal geographic markets in North America, Central America, South America, Asia, and Europe. UNIFI has direct manufacturing operations in four countries and participates in joint ventures with operations in Israel and the United States (the “U.S.”). During the **second** quarter **ended December 31, 2023, of fiscal 2024**, UNIFI terminated the joint venture with operations in Israel.

2. Basis of Presentation; Condensed Notes

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information. As contemplated by the instructions of the SEC to Form 10-Q, the following notes have been condensed and, therefore, do not contain all disclosures required in connection with annual financial statements. Reference should be made to UNIFI’s year-end audited consolidated financial statements and related notes thereto contained in its Annual Report on Form 10-K for the fiscal year ended July 2, 2023 (the “2023 Form 10-K”).

The financial information included in this report has been prepared by UNIFI, without audit. In the opinion of management, all adjustments, which consist of normal, recurring adjustments, considered necessary for a fair statement of the results for interim periods have been included. Nevertheless, the results shown for interim periods are not necessarily indicative of results to be expected for the full year. The preparation of financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the amounts reported and certain financial statement disclosures. Actual results may vary from these estimates.

All amounts, except per share amounts, are presented in thousands (000s), except as otherwise noted.

The fiscal quarter for each of Unifi, Inc., and its primary domestic material operating subsidiaries and its subsidiary in El Salvador ended on December 31, 2023. Unifi, Inc.'s remaining material operating subsidiaries' fiscal quarter ended on December 31, 2023 March 31, 2024. The three-month periods ended December 31, 2023 March 31, 2024 and January 1, 2023 April 2, 2023 both consisted of 13 weeks. The six-month nine-month periods ended December 31, 2023 March 31, 2024 and January 1, 2023 April 2, 2023 both consisted of 26 39 weeks.

### 3. Recent Accounting Pronouncements

#### *Issued and Pending Adoption*

In November December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 modifies the rules on income tax disclosures to require entities to disclose (i) specific categories in the rate reconciliation, (ii) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (iii) income tax expense or benefit from continuing operations (separated by federal, state, and foreign). The ASU also requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. The ASU is effective for UNIFI's fiscal 2026, with early adoption permitted, and should be applied on a prospective basis, but retrospective application is permitted. UNIFI is currently evaluating the impact on the Company's disclosures but does not expect this standard will have a material impact on its consolidated financial position, results of operations, or cash flows.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU No. 2023-07 expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The ASU is effective for UNIFI's fiscal year 2025 for annual reporting and in the first quarter of fiscal 2026 for interim reporting, with early adoption permitted. UNIFI has not adopted, and does not expect to early adopt, this standard. UNIFI is currently evaluating the impact on the Company's disclosures but does not expect this standard will have a material impact on its consolidated financial position, results of operations, or cash flows.

Based on UNIFI's review of ASUs issued since the filing of the 2023 Form 10-K, there have been no other newly issued or newly applicable accounting pronouncements that have had, or are expected to have, a material impact on UNIFI's consolidated financial statements.

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Unifi, Inc.

#### Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

### 4. Revenue

The following tables present net sales disaggregated by (i) classification of customer type and (ii) REPVEVE® Fiber sales:

#### *Third-Party Manufacturer*

	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended	
	December 31,	January 1,	December 31,	January 1,	March 31,	April 2,	March 31, 2024	April 2, 2023
	2023	2023	2023	2023	2024	2023		
Third-party manufacturer	\$ 135,841	\$ 135,018	\$ 273,461	\$ 313,230	\$ 147,857	\$ 155,423	\$ 421,318	\$ 468,653
Service	1,076	1,194	2,300	2,501	1,139	1,315	3,439	3,816
Net sales	\$ 136,917	\$ 136,212	\$ 275,761	\$ 315,731	\$ 148,996	\$ 156,738	\$ 424,757	\$ 472,469

	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended	
	December 31,	January 1,	December 31,	January 1,	March 31,	April 2,	March 31,	April 2,
	2023	2023	2023	2023	2024	2023	2024	2023
REPREVE® Fiber	\$ 45,725	\$ 42,866	\$ 88,186	\$ 92,045	\$ 46,754	\$ 49,619	\$ 134,940	\$ 141,664
All other products and services	91,192	93,346	187,575	223,686	102,242	107,119	289,817	330,805
Net sales	\$ 136,917	\$ 136,212	\$ 275,761	\$ 315,731	\$ 148,996	\$ 156,738	\$ 424,757	\$ 472,469

Third-party manufacturer revenue is primarily generated through sales to direct customers. Such sales represent satisfaction of UNIFI's performance obligations required by the associated revenue contracts. Each of UNIFI's reportable segments derives revenue from sales to third-party manufacturers.

#### Service Revenue

Service revenue is primarily generated, as services are rendered, through fulfillment of toll manufacturing of textile products or transportation services governed by written agreements. Such toll manufacturing and transportation services represent satisfaction of UNIFI's performance obligations required by the associated revenue contracts.

#### REPREVE® Fiber

REPREVE® Fiber represents UNIFI's collection of fiber products on our recycled platform, with or without added technologies.

#### Variable Consideration

For all variable consideration, where appropriate, UNIFI estimates the amount using the expected value method, which takes into consideration historical experience, current contractual requirements, specific known market events, and forecasted customer buying and payment patterns. Overall, these reserves reflect UNIFI's best estimates of the amount of consideration to which the customer is entitled based on the terms of the contracts. Variable consideration has been immaterial to UNIFI's financial statements for all periods presented.

## 5. Long-Term Debt

#### Debt Obligations

The following table and narrative presents the detail of UNIFI's debt obligations. Capitalized terms not otherwise defined within this Note shall have the meanings attributed to them in the Second Amended and Restated Credit Agreement, dated as of October 28, 2022 (the "2022 Credit Agreement").

Weighted Average	Weighted Average
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	Interest Rate as				Interest Rate as			
	Scheduled	of	Principal Amounts as of		Scheduled	of	Principal Amounts as of	
	Maturity	December 31,	December 31,	July 2,	Maturity	March 31, 2024	March 31,	July 2,
	Date	2023	2023	2023	Date	March 31, 2024	2024	2023
	October				October			
ABL Revolver	2027	7.0 %	\$ 16,000	\$ 18,100	2027	6.9 %	\$ 15,000	\$ 18,100
	October				October			
ABL Term Loan	2027	7.0 %	105,800	110,400	2027	6.9 %	103,500	110,400
Finance lease obligations	(1)	5.1 %	10,960	10,767	(1)	5.1 %	10,170	10,767
Construction financing	(2)	0.0 %	—	1,632	(2)	0.0 %	—	1,632
Total debt			132,760	140,899			128,670	140,899
Current ABL Term Loan			(9,200)	(9,200)			(9,200)	(9,200)
Current portion of finance lease obligations			(3,157)	(2,806)			(3,168)	(2,806)
Unamortized debt issuance costs			(259)	(289)			(244)	(289)
Total long-term debt			\$ 120,144	\$ 128,604			\$ 116,058	\$ 128,604

(1) Scheduled maturity dates for finance lease obligations range from March 2025 to September 2028.

(2) Refer to the discussion below under "Construction Financing" for further information.

#### ABL Facility and Amendments

There have been no changes to the 2022 Credit Agreement following the filing of the 2023 Form 10-K.

#### Construction Financing

In connection with the construction financing arrangement, UNIFI has borrowed a total of \$9,755 and transitioned \$9,755 of completed asset costs to finance lease obligations as of **December 31, 2023** **March 31, 2024**. There were no borrowings outstanding on this financing arrangement as of **December 31, 2023** **March 31, 2024**.

Unifi, Inc.

#### Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

## 6. Income Taxes

The provision **(benefit)** for income taxes and effective tax rate were as follows:

					For the Three Months		For the Nine Months	
	For the Three Months Ended		For the Six Months Ended		Ended		Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Provision (benefit) for income taxes	\$ 380	\$ (3,070)	\$ (83)	\$ (336)				
Provision for income taxes	\$ 790	\$ 1,145	\$ 707	\$ 809				
Effective tax rate	(2.0)%	14.5%	0.3%	1.3%	(8.3)%	(28.3)%	(1.7)%	(2.7)%

#### Income Tax Expense

UNIFI's provision (benefit) for income taxes for the six nine months ended December 31, 2023 March 31, 2024 and January 1, 2023 April 2, 2023 was calculated by applying the estimated annual effective tax rate to year-to-date pre-tax book income and adjusting for discrete items that occurred during the period.

The effective tax rate for the three and six nine months ended December 31, 2023 March 31, 2024 varied from the U.S. federal statutory rate primarily due to the U.S. generated losses for which UNIFI does not expect to realize a future tax benefit.

During the six nine months ended December 31, 2023 March 31, 2024, the Internal Revenue Service ("IRS" (the "IRS")) audit of fiscal years 2014 through 2019 was concluded with a refund of \$1,275, which has been received along with \$457 of interest on the overpayments. The impact from the IRS audit adjustments to the prior periods was insignificant.

The effective tax rates for the three and six nine months ended January 1, 2023 April 2, 2023 varied from the U.S. federal statutory rate primarily due to the U.S. generated losses for which UNIFI does not expect to realize a future tax benefit and a discrete tax benefit related to the recovery of certain Brazilian income taxes paid in prior years.

#### Unrecognized Tax Benefits

UNIFI regularly assesses the outcomes of both completed and ongoing examinations to ensure that its provision for income taxes is sufficient.

Following the conclusion of the IRS audit, UNIFI adjusted the uncertain tax positions for fiscal years 2014 through 2019 that were effectively settled. The impact from releasing the netted uncertain tax position liabilities was insignificant.

During the three months ended December 31, 2023, UNIFI released \$853 accrued for interest and penalties after receiving the final assessment from the IRS.

## 7. Shareholders' Equity

On October 31, 2018, UNIFI announced that the Company's Board of Directors (the "Board") approved a share repurchase program (the "2018 SRP") under which UNIFI is authorized to acquire up to \$50,000 of its common stock. The share repurchase authorization is discretionary and has no expiration date. No shares have been repurchased in fiscal 2023 and 2024 and \$38,859 remains available for repurchase.

## 8. Stock-Based Compensation

On October 31, 2023, UNIFI's shareholders approved a First Amendment (the "First Amendment") to the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (the "2020 Plan"). The 2020 Plan set the initial number of shares available for future issuance ("share reserve") pursuant to awards granted under the 2020 Plan to 850. The First Amendment increased the remaining share reserve by 1,100. No additional awards can be granted under prior plans; however, awards outstanding under a respective prior plan remain subject to that plan's provisions.

The following table provides information as of **December 31, 2023** **March 31, 2024** with respect to the number of securities remaining available for future issuance under the 2020 Plan:

Authorized under the 2020 Plan	850
Plus: Share reserve increase from <b>the</b> First Amendment	1,100
Plus: Awards expired, forfeited, or otherwise terminated unexercised	<b>48,179</b>
Less: Awards granted to employees	<b>(1,083,106)</b>
Less: Awards granted to non-employee directors	(197)
Available for issuance under the 2020 Plan	<b>718,826</b>

9. Fair Value of Financial Instruments and Non-Financial Assets and Liabilities

Financial Instruments

For the **six** **nine** months ended **December 31, 2023** **March 31, 2024** and **January 1, 2023** **April 2, 2023**, there were no significant changes to UNIFI's assets and liabilities measured at fair value, and there were no transfers into or out of the levels of the fair value hierarchy.

UNIFI believes that there have been no significant changes to its credit risk profile or the interest rates available to UNIFI for debt issuances with similar terms and average maturities, and UNIFI estimates that the fair values of its debt obligations approximate the carrying amounts. Other financial instruments

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Unifi, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

include cash and cash equivalents, receivables, accounts payable, and accrued expenses. The financial statement carrying amounts of these items approximate the fair values due to their short-term nature.

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Unifi, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

Grantor Trust

The UNIFI, Inc. Deferred Compensation Plan (the "DCP"), established in fiscal 2022, is an unfunded non-qualified deferred compensation plan in which certain key employees are eligible to participate. The fair values of the investment assets held by the grantor trust established in connection with the DCP were approximately \$2,618,289 and \$2,496 as of December 31, 2023 March 31, 2024 and July 2, 2023, respectively, and are classified as trading securities within Other non-current assets on the Condensed Consolidated Balance Sheets. The grantor trust assets have readily-available market values and are classified as Level 1 trading securities in the fair value hierarchy. Trading gains and losses associated with these investments are recorded to within Other operating expense (income), net on the Condensed Consolidated Statements of Operations and Comprehensive Loss. The associated DCP liability is recorded within Other long-term liabilities on the Condensed Consolidated Balance Sheets, and any increase or decrease in the liability is also recorded in Other operating expense (income), net on the Condensed Consolidated Statements of Operations and Comprehensive Loss. During the six nine months ended December 31, 2023 March 31, 2024 and January 1, 2023 April 2, 2023, we recorded net gains on investments held by the trust of \$122,255 and \$11,78, respectively.

## 10. Earnings Per Share

The components of the calculation of earnings per share ("EPS") are as follows:

	For the Three Months				For the Three Months		For the Nine Months	
	Ended		For the Six Months Ended		Ended		Ended	
	December 31,	January 1,	December	January 1,	March 31,	April 2,	March 31,	April 2,
	2023	2023	31, 2023	2023	2024	2023	2024	2023
Net loss	\$ (19,846)	\$ (18,037)	\$ (33,116)	\$ (25,871)	\$ (10,295)	\$ (5,184)	\$ (43,411)	\$ (31,055)
Basic weighted average shares	18,110	18,034	18,097	18,017	18,169	18,052	18,121	18,029
Net potential common share equivalents	—	—	—	—	—	—	—	—
Diluted weighted average shares	18,110	18,034	18,097	18,017	18,169	18,052	18,121	18,029
Excluded from the calculation of common share equivalents:								
Anti-dilutive common share equivalents	577	739	577	703	561	—	574	—
Excluded from the calculation of diluted shares:								
Unvested stock options that vest upon achievement of certain market conditions	333	333	333	333	333	333	333	333

The calculation of EPS is based on the weighted average number of Unifi, Inc.'s common shares outstanding for the applicable period. The calculation of diluted EPS presents the effect of all potential dilutive common shares that were outstanding during the respective period, unless the effect of doing so is anti-dilutive.

## 11. Commitments and Contingencies

### Collective Bargaining Agreements

While employees of UNIFI's Brazilian operations are unionized, none of the labor force employed by UNIFI's domestic or other foreign subsidiaries is currently covered by a collective bargaining agreement.

## 12. Related Party Transactions

Related party balances and transactions are not material to the condensed consolidated financial statements and, accordingly, are not presented separately from other financial statement captions.

There were no related party receivables as of **December 31, 2023** **March 31, 2024** and July 2, 2023.

Related party payables for Salem Leasing Corporation consisted of the following:

	December 31, 2023		July 2, 2023		March 31, 2024		July 2, 2023	
Accounts payable	\$	350	\$	457	\$	429	\$	457
Operating lease obligations		403		502		352		502
Finance lease obligations		3,031		3,677		2,704		3,677
Total related party payables	\$	3,784	\$	4,636	\$	3,485	\$	4,636

The following were the Company's significant related party transactions:

Affiliated Entity	Transaction Type	For the Three Months Ended		For the Six Months Ended		Transaction Type	For the Three Months Ended		For the Nine Months Ended	
		December	January	December	January		March	April	March	April
		31, 2023	1, 2023	31, 2023	1, 2023		31, 2024	2, 2023	31, 2024	2, 2023
Salem Leasing Corporation	Payments for transportation equipment costs and finance lease debt service	\$ 1,228	\$ 1,184	\$ 2,437	\$ 2,383	Payments for transportation equipment costs and finance lease debt service	\$ 1,066	\$ 1,048	\$ 3,503	\$ 3,431

13. Business Segment Information

UNIFI defines operating segments as components of the organization for which discrete financial information is available and operating results are evaluated on a regular basis by UNIFI's principal executive officer, who is the chief operating decision maker (the "CODM"), in order to assess performance and allocate resources. Characteristics of UNIFI which were relied upon in making the determination of reportable segments include the nature of the products sold, the internal organizational structure, the trade policies in the geographic regions in which UNIFI operates, and the information that is regularly reviewed by the CODM for the purpose of assessing performance and allocating resources.

UNIFI's three reportable segments are organized as follows:

- The operations within the Americas Segment exhibit similar long-term economic characteristics and primarily sell into an economic trading zone covered by the **USMCA United States-Mexico-Canada Agreement** and **CAFTA-DR the Dominican Republic—Central America Free Trade Agreement** to similar customers utilizing similar methods of distribution. These operations derive revenues primarily from manufacturing synthetic and recycled textile products with sales primarily to yarn manufacturers, knitters, and weavers that produce yarn and/or fabric for the apparel, hosiery, automotive, home furnishings, industrial, medical, and other end-use markets principally in North and Central America. The Americas Segment consists of sales and manufacturing operations in the U.S., El Salvador, and Colombia.
- The Brazil Segment primarily manufactures and sells polyester-based products to knitters and weavers that produce fabric for the apparel, automotive, home furnishings, industrial, and other end-use markets principally in Brazil. The Brazil Segment includes a manufacturing location and sales offices in Brazil.
- The operations within the Asia Segment exhibit similar long-term economic characteristics and sell to similar customers utilizing similar methods of distribution primarily in Asia and Europe. The Asia Segment primarily sources synthetic and recycled textile products from third-party suppliers and sells to yarn manufacturers, knitters, and weavers that produce fabric for the apparel, automotive, home furnishings, industrial, and other end-use markets principally in Asia. The Asia Segment includes sales offices in China, Turkey, and Hong Kong.

UNIFI evaluates the operating performance of its segments based upon Segment Profit (Loss), which represents segment gross profit (loss) plus segment depreciation expense. This measurement of segment profit or loss best aligns segment reporting with the current assessments and evaluations performed by, and information provided to, the CODM.

The accounting policies for the segments are consistent with UNIFI's accounting policies. Intersegment sales are omitted from segment disclosures, as they are (i) insignificant to UNIFI's segments and eliminated from consolidated reporting and (ii) excluded from segment evaluations performed by the CODM.

Selected financial information is presented below:

	For the Three Months Ended December 31, 2023				For the Three Months Ended March 31, 2024			
	Americas	Brazil	Asia	Total	Americas	Brazil	Asia	Total
Net sales	\$ 80,549	\$ 26,061	\$ 30,307	\$ 136,917	\$ 91,130	\$ 29,573	\$ 28,293	\$ 148,996
Cost of sales	87,287	22,922	25,072	135,281	94,644	25,736	23,852	144,232
Gross (loss) profit	(6,738)	3,139	5,235	1,636	(3,514)	3,837	4,441	4,764
Segment depreciation expense	5,508	766	—	6,274	5,473	841	—	6,314
Segment (Loss) Profit	\$ (1,230)	\$ 3,905	\$ 5,235	\$ 7,910				
Segment Profit	\$ 1,959	\$ 4,678	\$ 4,441	\$ 11,078				

	For the Three Months Ended January 1, 2023				For the Three Months Ended April 2, 2023			
	Americas	Brazil	Asia	Total	Americas	Brazil	Asia	Total
Net sales	\$ 85,242	\$ 25,687	\$ 25,283	\$ 136,212	\$ 101,946	\$ 27,380	\$ 27,412	\$ 156,738
Cost of sales	98,326	24,357	21,529	144,212	98,788	24,998	23,299	147,085
Gross (loss) profit	(13,084)	1,330	3,754	(8,000)				
Gross profit	3,158	2,382	4,113	9,653				
Segment depreciation expense	5,542	391	—	5,933	5,574	549	—	6,123
Segment (Loss) Profit	\$ (7,542)	\$ 1,721	\$ 3,754	\$ (2,067)				
Segment Profit	\$ 8,732	\$ 2,931	\$ 4,113	\$ 15,776				

	For the Six Months Ended December 31, 2023				For the Nine Months Ended March 31, 2024			
	Americas	Brazil	Asia	Total	Americas	Brazil	Asia	Total
Net sales	\$ 162,122	\$ 55,970	\$ 57,669	\$ 275,761	\$ 253,252	\$ 85,543	\$ 85,962	\$ 424,757
Cost of sales	176,240	50,664	47,796	274,700	270,884	76,400	71,648	418,932

Gross (loss) profit	(14,118)	5,306	9,873	1,061	(17,632)	9,143	14,314	5,825
Segment depreciation expense	11,005	1,606	—	12,611	16,478	2,447	—	18,925
Segment (Loss) Profit	<u>\$ (3,113)</u>	<u>\$ 6,912</u>	<u>\$ 9,873</u>	<u>\$ 13,672</u>	<u>\$ (1,154)</u>	<u>\$ 11,590</u>	<u>\$ 14,314</u>	<u>\$ 24,750</u>

	For the Six Months Ended January 1, 2023				For the Nine Months Ended April 2, 2023			
	Americas	Brazil	Asia	Total	Americas	Brazil	Asia	Total
Net sales	\$ 192,886	\$ 64,566	\$ 58,279	\$ 315,731	\$ 294,832	\$ 91,946	\$ 85,691	\$ 472,469
Cost of sales	210,839	56,449	49,880	317,168	309,627	81,447	73,179	464,253
Gross (loss) profit	(17,953)	8,117	8,399	(1,437)	(14,795)	10,499	12,512	8,216
Segment depreciation expense	11,022	861	—	11,883	16,596	1,410	—	18,006
Segment (Loss) Profit	<u>\$ (6,931)</u>	<u>\$ 8,978</u>	<u>\$ 8,399</u>	<u>\$ 10,446</u>				
Segment Profit	<u>\$ 1,801</u>	<u>\$ 11,909</u>	<u>\$ 12,512</u>	<u>\$ 26,222</u>				

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Unifi, Inc.

# Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

The reconciliations of segment gross profit (loss) to consolidated loss before income taxes are as follows:

	For the Three Months Ended				For the Three Months Ended				For the Nine Months Ended			
	December 31,		January 1,		December 31,		January 1,		March 31,		April 2,	
	2023	2023	2023	2023	2023	2023	2023	2023	2024	2023	2024	2023
Americas	\$ (6,738)	\$ (13,084)	\$ (14,118)	\$ (17,953)	\$ (3,514)	\$ 3,158	\$ (17,632)	\$ (14,795)				
Brazil	3,139	1,330	5,306	8,117	3,837	2,382	9,143	10,499				
Asia	5,235	3,754	9,873	8,399	4,441	4,113	14,314	12,512				
Segment gross profit (loss)	1,636	(8,000)	1,061	(1,437)								
Segment gross profit	4,764	9,653	5,825	8,216								
Selling, general and administrative expenses	12,408	11,748	24,017	23,521	11,372	12,063	35,389	35,584				
Provision (benefit) for bad debts	1,289	(156)	1,080	18	179	(56)	1,259	(38)				

Restructuring costs	5,101	—	5,101	—	—	—	5,101	—
Other operating expense (income), net	481	226	535	(463)	139	324	674	(139)
Operating loss	(17,643)	(19,818)	(29,672)	(24,513)	(6,926)	(2,678)	(36,598)	(27,191)
Interest income	(697)	(514)	(1,278)	(1,061)	(432)	(554)	(1,710)	(1,615)
Interest expense	2,613	1,889	5,098	3,136	2,407	2,073	7,505	5,209
Equity in earnings of unconsolidated affiliates	(93)	(86)	(293)	(381)				
Equity in loss (earnings) of unconsolidated affiliates	604	(158)	311	(539)				
Loss before income taxes	\$ (19,466)	\$ (21,107)	\$ (33,199)	\$ (26,207)	\$ (9,505)	\$ (4,039)	\$ (42,704)	\$ (30,246)

There have been no material changes in segment assets during fiscal 2024.

#### 14. Investments in Unconsolidated Affiliates

Included within Other non-current assets are UNIFI's investments in unconsolidated affiliates: U.N.F. Industries, Ltd. ("UNF") and UNF America LLC ("UNFA").

##### *U.N.F. Industries, Ltd.*

In December 2023, UNIFI dissolved its interest in UNF under an agreement whereby UNIFI agreed to pay the former joint venture partner \$2,750 and recorded it as an associated contract termination cost within Restructuring costs on the Condensed Consolidated Statements of Operations and Comprehensive Loss. UNIFI made a payment to the former joint venture partner of \$1,200 in the second quarter of fiscal 2024 and the remaining \$1,550 is included in Other current liabilities, expected to be paid in the third quarter of fiscal 2024. Accordingly, the balance sheet information presented below as of **December 31, 2023** **March 31, 2024** does not include any amounts related to UNF.

##### *UNF America LLC*

Raw material and production services for UNFA are provided by Nilit America Inc. under separate supply and services agreements. UNFA's fiscal year end is December 31, and it is a limited liability company located in Ridgeway, Virginia. UNFA is treated as a partnership for its income tax reporting.

In conjunction with the formation of UNFA, UNIFI entered into a supply agreement with UNF and UNFA whereby UNIFI agreed to purchase all of its first quality nylon POY requirements for texturing (subject to certain exceptions) from either UNF or UNFA. The supply agreement has no stated minimum purchase quantities and pricing is typically negotiated every six months, based on market rates. As of **December 31, 2023** **March 31, 2024**, UNIFI's open purchase orders related to this supply agreement, all with UNFA, were **\$571,618**.

UNIFI's raw material purchases under this supply agreement consisted of the following:

	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
UNFA	\$ 3,787	\$ 5,390	\$ 6,913	\$ 12,791	\$ 2,586	\$ 6,604	\$ 9,499	\$ 19,395
UNF	—	—	—	37	—	—	—	37
Total	\$ 3,787	\$ 5,390	\$ 6,913	\$ 12,828	\$ 2,586	\$ 6,604	\$ 9,499	\$ 19,432

As of **December 31, 2023** **March 31, 2024**, UNIFI had accounts payable due to UNFA of **\$2,020,168**, and as of July 2, 2023, UNIFI had combined accounts payable due to UNF and UNFA of \$3,440.



UNIFI previously determined that UNF and UNFA were variable interest entities and also determined that UNIFI is the primary beneficiary of these entities, based on the terms of the supply agreement. As a result, these entities should be consolidated with UNIFI's financial results. As (i) UNIFI purchases substantially all of the output from these entities and all intercompany sales would be eliminated in consolidation, (ii) the entities' balance sheets constitute 5% or less of UNIFI's current assets and total assets, and (iii) such balances are not expected to comprise a larger portion in the future, UNIFI has not included the accounts of UNF and UNFA in its consolidated financial statements and instead is accounting for these entities as equity investments. The financial results of UNF and UNFA are included in UNIFI's consolidated financial statements with a one-month lag, using the equity method of accounting and with intercompany profits eliminated in accordance with UNIFI's accounting policy. Other than the supply agreement discussed above, UNIFI does not provide any other commitments or guarantees related to UNFA. As of **December 31, 2023** **March 31, 2024**, UNIFI's investment in UNFA was **\$3,101** **1,537**.

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**Unifi, Inc.**  
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(Unaudited)**

Condensed balance sheet and income statement information for UNIFI's unconsolidated affiliates (including reciprocal balances) are presented in the tables below.

	<b>December 31, 2023</b>	<b>July 2, 2023</b>	<b>March 31, 2024</b>	<b>July 2, 2023</b>
Current assets	\$ 9,363	\$ 10,608	\$ 4,658	\$ 10,608
Non-current assets	473	494	466	494
Current liabilities	3,634	7,304	2,050	7,304
Non-current liabilities	—	—	—	—
Shareholders' equity and capital accounts	6,202	3,798	3,074	3,798
UNIFI's portion of undistributed earnings	3,042	2,938	1,477	2,938

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>December 31, 2023</b>	<b>January 1, 2023</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Net sales	\$ 4,368	\$ 7,224	\$ 9,109	\$ 16,035
Gross profit	9	444	647	933
(Loss) income from operations	(467)	26	(271)	51
Net (loss) income	(483)	14	(318)	29
Depreciation and amortization	7	28	21	56
Distributions received	—	—	—	—

	For the Three Months Ended		For the Nine Months Ended	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Net sales	\$ 1,673	\$ 5,041	\$ 10,782	\$ 21,076
Gross (loss) profit	(654)	282	(7)	1,215
Loss from operations	(1,128)	(138)	(1,399)	(87)
Net loss	(1,128)	(154)	(1,446)	(125)
Depreciation and amortization	7	27	28	83
Distribution received	1,000	—	1,000	—

## 15. Supplemental Cash Flow Information

Cash payments for interest and taxes consist of the following:

	For the Six Months Ended		For the Nine Months Ended	
	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023
Interest, net of capitalized interest of \$104 and \$239, respectively	\$ 4,740	\$ 2,739		
Interest, net of capitalized interest of \$153 and \$403, respectively	\$ 7,182	\$ 4,143		
Income tax payments, net	2,606	4,064	4,103	4,760

Cash payments for taxes shown above consist primarily of income and withholding tax payments made by UNIFI in both U.S. and foreign jurisdictions, net of refunds.

### Non-Cash Investing and Financing Activities

As of December 31, 2023 March 31, 2024 and July 2, 2023, \$621 201 and \$1,137, respectively, were included in accounts payable for unpaid capital expenditures. As of January 1, 2023 April 2, 2023 and July 3, 2022, \$1,594 1,332 and \$2,456, respectively, were included in accounts payable for unpaid capital expenditures.

During the six nine months ended December 31, 2023 March 31, 2024 and January 1, 2023 April 2, 2023, UNIFI recorded non-cash activity relating to finance leases of \$1,633 and \$729 3,179, respectively.

In connection with the commencement of the 2022 Credit Agreement in October 2022, \$52,500 of borrowings outstanding on the revolving credit facility were transferred to the term loan, such that revolver borrowings were reduced by \$52,500 and term loan borrowings were increased by \$52,500 with no flow of cash.

## 16. Other Financial Data

Select balance sheet information is presented in the following table.

	December 31, 2023	July 2, 2023	March 31, 2024	July 2, 2023
Receivables, net:				
Customer receivables	\$ 66,537	\$ 79,174	\$ 77,320	\$ 79,174
Allowance for uncollectible accounts	(2,452)	(1,362)	(2,488)	(1,362)
Reserves for quality claims	(709)	(682)	(750)	(682)
Net customer receivables	63,376	77,130	74,082	77,130
Banker's acceptance notes	5,446	5,870	3,963	5,870
Other receivables	761	725	886	725
Total receivables, net	\$ 69,583	\$ 83,725	\$ 78,931	\$ 83,725
Inventories:				
Raw materials	\$ 58,448	\$ 59,983	\$ 57,232	\$ 59,983
Supplies	11,871	11,787	11,964	11,787
Work in process	7,077	6,633	8,800	6,633
Finished goods	65,646	78,032	60,955	78,032
Gross inventories	143,042	156,435	138,951	156,435
Net realizable value adjustment	(7,366)	(5,625)	(4,826)	(5,625)
Total inventories	\$ 135,676	\$ 150,810	\$ 134,125	\$ 150,810
Other current assets:				
Vendor deposits	\$ 4,608	\$ 3,863	\$ 3,463	\$ 3,863
Prepaid expenses and other	3,826	2,584	2,858	2,584
Value-added taxes receivable	2,893	3,398	2,628	3,398
Contract assets	769	549	511	549
Recovery of non-income taxes, net	194	1,933	—	1,933
Total other current assets	\$ 12,290	\$ 12,327	\$ 9,460	\$ 12,327
Property, plant and equipment, net:				
Land	\$ 2,512	\$ 2,512	\$ 2,501	\$ 2,512
Land improvements	16,445	16,443	16,445	16,443
Buildings and improvements	168,231	167,589	167,955	167,589
Assets under finance leases	18,030	16,397	18,030	16,397
Machinery and equipment	659,553	656,431	659,235	656,431
Computers, software and office equipment	25,370	26,654	25,589	26,654
Transportation equipment	10,731	10,710	10,752	10,710

Construction in progress	3,635	10,003	4,097	10,003
Gross property, plant and equipment	904,507	906,739	904,604	906,739
Less: accumulated depreciation	(688,687)	(682,768)	(692,949)	(682,768)
Less: accumulated amortization – finance leases	(6,385)	(5,450)	(6,860)	(5,450)
Total property, plant and equipment, net	<u>\$ 209,435</u>	<u>\$ 218,521</u>	<u>\$ 204,795</u>	<u>\$ 218,521</u>
Other non-current assets:				
Recovery of taxes	\$ 6,156	\$ 5,957	\$ 6,072	\$ 5,957
Grantor trust	2,891	2,496		
Investments in unconsolidated affiliates	3,101	2,997	1,537	2,997
Grantor trust	2,618	2,496		
Intangible assets, net	736	1,210	709	1,210
Other	2,228	1,848	2,193	1,848
Total other non-current assets	<u>\$ 14,839</u>	<u>\$ 14,508</u>	<u>\$ 13,402</u>	<u>\$ 14,508</u>
Other current liabilities:				
Payroll and fringe benefits	\$ 4,827	\$ 6,981	\$ 8,060	\$ 6,981
Incentive compensation	2,200	298		
Deferred revenue	2,090	1,441		
Utilities	2,037	1,634		
Severance <sup>(1)</sup>	2,351	—	1,402	—
Incentive compensation	1,856	298		
Dissolution of joint venture	1,550	—		
Utilities	1,476	1,634		
Deferred revenue	1,293	1,441		
Property taxes, interest and other	4,056	2,578	3,384	2,578
Total other current liabilities	<u>\$ 17,409</u>	<u>\$ 12,932</u>	<u>\$ 19,173</u>	<u>\$ 12,932</u>
Other long-term liabilities:				
Nonqualified deferred compensation plan obligation	\$ 2,675	\$ 2,659	\$ 1,958	\$ 2,659
Uncertain tax positions	1,032	1,973	1,074	1,973
Other	426	468	407	468
Total other long-term liabilities	<u>\$ 4,133</u>	<u>\$ 5,100</u>	<u>\$ 3,439</u>	<u>\$ 5,100</u>

- (1) During the second quarter of fiscal 2024, UNIFI recorded \$2,351 of severance expenses related to a cost reduction plan intended to lower operating expenses for both production and administrative activities, which are included in Restructuring costs on the Condensed Consolidated Statements of Operations and Comprehensive Loss. Most of the restructuring expenses incurred impact the Americas Segment and UNIFI does not anticipate any additional, material restructuring costs at this time. The change in the liability is due to \$949 of cash disbursements during the current period.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that have affected UNIFI's operations, along with material changes in financial condition, during the periods included in the accompanying condensed consolidated financial statements. A reference to a "note" in this section refers to the accompanying notes to condensed consolidated financial statements. A reference to the "current period" refers to the three-month period ended **December 31, 2023** **March 31, 2024**, while a reference to the "prior period" refers to the three-month period ended **January 1, 2023** **April 2, 2023**. A reference to the "current **six-month nine-month** period" refers to the **six-month nine-month** period ended **December 31, 2023** **March 31, 2024**, while a reference to the "prior **six-month nine-month** period" refers to the **six-month nine-month** period ended **January 1, 2023** **April 2, 2023**. Such references may be accompanied by certain phrases for added clarity. The current period and the prior period each consisted of 13 weeks. The current **six-month nine-month** period and the prior **six-month nine-month** period each consisted of **26 39** weeks.

Our discussions in this Item 2 focus on our results during, or as of, the three months ended **December 31, 2023** **March 31, 2024** and **January 1, 2023** **April 2, 2023**, and, to the extent applicable, any material changes from the information discussed in the 2023 Form 10-K or other important intervening developments or information. These discussions should be read in conjunction with the 2023 Form 10-K for more detailed and background information about our business, operations, and financial condition.

Discussion of foreign currency translation is primarily associated with changes in the Brazilian Real ("BRL") and changes in the Chinese Renminbi ("RMB") versus the U.S. Dollar ("USD"). Weighted average exchange rates were as follows:

	For the Three Months Ended		For the Six Months Ended		For the Three Months Ended		For the Nine Months Ended	
	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
BRL to USD	4.96	5.26	4.92	5.25	4.95	5.19	4.93	5.23
RMB to USD	7.22	7.09	7.23	6.95	7.19	6.85	7.21	6.92

All amounts, except per share amounts, are presented in thousands (000s), except as otherwise noted.

### Overview and Significant General Matters

UNIFI focuses on delivering products and solutions to direct customers and brand partners throughout the world, leveraging our internal manufacturing capabilities and an enhanced global supply chain that delivers a diverse range of synthetic and recycled fibers and polymers. Our strategic initiatives include (i) leveraging our competitive advantages to grow market share in each of the major geographies we serve, (ii) expanding our presence in non-apparel markets with additional REPVEVE® products, (iii) advancing the development and commercialization of innovative and sustainable solutions, and (iv) increasing brand awareness for REPVEVE®. We have increased our focus on sales opportunities beyond traditional apparel customers and continue to drive innovation throughout our portfolio to further diversify the business and enhance gross profit. We believe our strategic initiatives will increase revenue and profitability and generate improved cash flows from operations.

#### Current Economic Environment

The current economic environment and significant decrease in textile product demand adversely impacted our consolidated sales and profitability in fiscal 2023 and the first **half nine months** of fiscal 2024. In addition to the current unfavorable economic environment and the inventory destocking measures taken by brands and retailers, the following pressures have been present: (i) the impact of inflation on consumer spending, (ii) rising interest rates for consumers and customers, including the impact on the carrying costs

of customer inventories, (iii) the Russia-Ukraine conflict, and (iv) the conflict in the Middle East and the potential impacts to petroleum pricing and geopolitics. UNIFI will continue to monitor these and other aspects of the current economic environment and work closely with stakeholders to ensure business continuity and liquidity.

We While we recognize the disruption to global markets and supply chains caused by (i) Russia's invasion of Ukraine and (ii) the conflict in the Middle East. While we had a raw material supplier based in Israel for which the recent supply levels have been insignificant, East, we have not been directly impacted by either conflict. Indirectly, we recognize that additional or prolonged impacts to the petroleum or other global markets could cause further inflationary pressures to our global raw material costs or unforeseen adverse impacts.

During the second quarter of fiscal 2024, we terminated our supply agreement and relationship with our joint venture partner in Israel, which was not due to the current conflicts in that region. The supply levels prior to the termination were insignificant.

#### *Input Costs and Global Production Volatility*

Despite lowered input and freight costs and a marginally more stable labor pool during fiscal 2023 and 2024, the global demand volatility and uncertainty that existed in fiscal 2023 continued into fiscal 2024. The threat of recession and global tensions continue to create uncertainty. Such existing challenges and future uncertainty, particularly for rising input costs, labor productivity, and global demand, could worsen and/or continue for prolonged periods, materially impacting our consolidated sales and gross profit. Also, the need for future selling price adjustments in connection with inflationary costs could impact our ability to retain current customer programs and compete successfully for new programs in certain regions.

#### *Cash Deposits and Financial Institution Risk*

During fiscal 2023, certain regional bank crises and failures generated additional uncertainty and volatility in the financial and credit markets. UNIFI currently holds the vast majority of its cash deposits with large foreign banks in our associated operating regions, and management maintains the ability to repatriate cash to the U.S. relatively quickly when presently available. Accordingly, UNIFI has not modified its mix of financial institutions holding cash deposits, but UNIFI will continue to monitor the environment and current events to ensure any increase in concentration or credit risk is appropriately and timely addressed. If any of our lending counterparties are unable to perform on their commitments, our liquidity could be impacted. We actively monitor all lending counterparties, and none have indicated that they may be unable to perform on their commitments. In addition, we periodically review our lending counterparties, considering the stability of the institutions and other aspects of the relationships. Based on our monitoring activities, we currently believe our lending counterparties will be able to perform their commitments.

#### **Key Performance Indicators and Non-GAAP Financial Measures**

UNIFI continuously reviews performance indicators to measure its success. These performance indicators form the basis of management's discussion and analysis included below:

- sales volume and revenue for UNIFI and for each reportable segment;
- gross (loss) profit and gross margin for UNIFI and for each reportable segment;

- net loss and diluted EPS;
- Segment (Loss) Profit, which equals segment gross (loss) profit plus segment depreciation expense;
- unit conversion margin, which represents unit net sales price less unit raw material costs, for UNIFI and for each reportable segment;
- working capital, which represents current assets less current liabilities;
- Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), which represents net loss before net interest expense, income tax expense, and depreciation and amortization expense;
- Adjusted EBITDA, which represents EBITDA adjusted to exclude, from time to time, certain other adjustments necessary to understand and compare the underlying results of UNIFI;
- Adjusted Net Loss, which represents net loss calculated under GAAP, adjusted to exclude certain amounts which management believes do not reflect the ongoing operations and performance of UNIFI and/or for which exclusion may be necessary to understand and compare the underlying results of UNIFI;
- Adjusted EPS, which represents Adjusted Net Loss divided by UNIFI's diluted weighted average common shares outstanding;
- Adjusted Working Capital, which equals receivables plus inventories and other current assets, less accounts payable and other current liabilities; and
- Net Debt, which represents debt principal less cash and cash equivalents.

EBITDA, Adjusted EBITDA, Adjusted Net Loss, Adjusted EPS, Adjusted Working Capital, and Net Debt (collectively, the "non-GAAP financial measures") are not determined in accordance with GAAP and should not be considered a substitute for performance measures determined in accordance with GAAP. The calculations of the non-GAAP financial measures are subjective, based on management's belief as to which items should be included or excluded in order to provide the most reasonable and comparable view of the underlying operating performance of the business. We may, from time to time, modify the amounts used to determine our non-GAAP financial measures. When applicable, management's discussion and analysis includes specific consideration for items that comprise the reconciliations of its non-GAAP financial measures. We believe that these non-GAAP financial measures better reflect UNIFI's underlying operations and performance and that their use, as operating performance measures, provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets, among otherwise comparable companies.

Management uses Adjusted EBITDA (i) as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis, as it removes the impact of items (a) directly related to our asset base (primarily depreciation and amortization) and/or (b) that we would not expect to occur as a part of our normal business on a regular basis; (ii) for planning purposes, including the preparation of our annual operating budget; (iii) as a valuation measure for evaluating our operating performance and our capacity to incur and service debt, fund capital expenditures, and expand our business; and (iv) as one measure in determining the value of other acquisitions and dispositions. Adjusted EBITDA is a key performance metric utilized in the determination of variable compensation. We also believe Adjusted EBITDA is an appropriate supplemental measure of debt service capacity because it serves as a high-level proxy for cash generated from operations and is relevant to our fixed charge coverage ratio.

Management uses Adjusted Net Loss and Adjusted EPS (i) as measurements of net operating performance because they assist us in comparing such performance on a consistent basis, as they remove the impact of (a) items that we would not expect to occur as a part of our normal business on a regular basis and (b) components of the provision for income taxes that we would not expect to occur as a part of our underlying taxable operations; (ii) for planning purposes, including the preparation of our annual operating budget; and (iii) as measures in determining the value of other acquisitions and dispositions.

Management uses Adjusted Working Capital as an indicator of UNIFI's production efficiency and ability to manage inventories and receivables.

Management uses Net Debt as a liquidity and leverage metric to determine how much debt would remain if all cash and cash equivalents were used to pay down debt principal.

## Review of Results of Operations

Three Months Ended **December 31, 2023** **March 31, 2024** Compared to Three Months Ended **January 1, 2023** **April 2, 2023**

### Consolidated Overview

The below tables provide:

- the components of net loss and the percentage increase or decrease over the prior period amounts, and
- a reconciliation from net loss to EBITDA and Adjusted EBITDA, and

following the tables is a discussion and analysis of the significant components of net loss.

### Net loss Loss

	For the Three Months Ended					For the Three Months Ended				
	December 31, 2023		January 1, 2023		% Change	March 31, 2024		April 2, 2023		% Change
	% of		% of			% of		% of		
	Net Sales		Net Sales			Net Sales		Net Sales		
Net sales	\$ 136,917	100.0	\$ 136,212	100.0	0.5	\$ 148,996	100.0	\$ 156,738	100.0	(4.9)
Cost of sales	135,281	98.8	144,212	105.9	(6.2)	144,232	96.8	147,085	93.8	(1.9)
Gross profit (loss)	1,636	1.2	(8,000)	(5.9)	(120.5)					
Gross profit	4,764	3.2	9,653	6.2	(50.6)					
SG&A	12,408	9.1	11,748	8.6	5.6	11,372	7.6	12,063	7.7	(5.7)
Provision (benefit) for bad debts	1,289	0.9	(156)	(0.1)	nm	179	0.1	(56)	—	nm
Restructuring costs	5,101	3.7	—	—	nm					
Other operating expense, net	481	0.4	226	0.2	112.8	139	0.1	324	0.2	(57.1)
Operating loss	(17,643)	(12.9)	(19,818)	(14.6)	(11.0)	(6,926)	(4.6)	(2,678)	(1.7)	158.6
Interest expense, net	1,916	1.4	1,375	1.0	39.3	1,975	1.4	1,519	1.0	30.0
Equity in earnings of unconsolidated affiliates	(93)	(0.1)	(86)	(0.1)	8.1					
Equity in loss (earnings) of unconsolidated affiliates	604	0.4	(158)	(0.1)	nm					
Loss before income taxes	(19,466)	(14.2)	(21,107)	(15.5)	(7.8)	(9,505)	(6.4)	(4,039)	(2.6)	135.3
Provision (benefit) for income taxes	380	0.3	(3,070)	(2.3)	(112.4)					
Provision for income taxes	790	0.5	1,145	0.7	(31.0)					
Net loss	\$ (19,846)	(14.5)	\$ (18,037)	(13.2)	10.0	\$ (10,295)	(6.9)	\$ (5,184)	(3.3)	98.6

nm = not meaningful



### EBITDA and Adjusted EBITDA (Non-GAAP Financial Measures)

The reconciliations of the amounts reported under GAAP for Net loss to EBITDA and Adjusted EBITDA were as follows:

	For the Three Months Ended		For the Three Months Ended	
	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023
Net loss	\$ (19,846)	\$ (18,037)	\$ (10,295)	\$ (5,184)
Interest expense, net	1,916	1,375	1,975	1,519
Provision (benefit) for income taxes	380	(3,070)		
Provision for income taxes	790	1,145		
Depreciation and amortization expense <sup>(1)</sup>	6,922	6,693	6,753	6,871
EBITDA	(10,628)	(13,039)	(777)	4,351
Loss on joint venture dissolution <sup>(2)</sup>	2,750	—		
Severance <sup>(3)</sup>	2,351	—		
Contract modification costs <sup>(2)</sup>	—	623		
Adjusted EBITDA	\$ (5,527)	\$ (13,039)	\$ (777)	\$ 4,974

- (1) Within this reconciliation, depreciation and amortization expense excludes the amortization of debt issuance costs, which are reflected in interest expense, net. Within How within the accompanying condensed Condensed Consolidated Statements of Cash Flows, amortization of debt issuance costs is reflected in depreciation and amortize expense.
- (2) In the third quarter of fiscal 2023, UNIFI amended certain existing contracts related to future purchases of texturing machinery by delaying the scheduled receipt and install of such equipment in the U.S. and El Salvador for 18 months. UNIFI paid the associated vendor \$623 to facilitate the 18-month delay.

### Adjusted Net Loss and Adjusted EPS (Non-GAAP Financial Measures)

	For the Three Months Ended March 31, 2024				For the Three Months Ended April 2, 2023			
	Pre-tax				Pre-tax			
	Loss	Tax Impact	Net Loss	Diluted EPS	Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (9,505)	\$ (790)	\$ (10,295)	\$ (0.57)	\$ (4,039)	\$ (1,145)	\$ (5,184)	\$ (0.29)
Contract modification costs <sup>(1)</sup>	—	—	—	—	623	—	623	0.04
Adjusted results	\$ (9,505)	\$ (790)	\$ (10,295)	\$ (0.57)	\$ (3,416)	\$ (1,145)	\$ (4,561)	\$ (0.25)
Weighted average common shares outstanding				18,169				18,052

- (1) In the third quarter of fiscal 2023, UNIFI amended certain existing contracts related to future purchases of texturing machinery by delaying the scheduled receipt and install of such equipment in the U.S. and El Salvador for 18 months. UNIFI paid the associated vendor \$623 to facilitate the 18-month delay. The associated tax impact was estim to be \$0 due to (i) a valuation allowance against net operating losses in the U.S. and (ii) UNIFI's effective tax rate in El Salvador.

**Net Sales**

Consolidated net sales for the current period decreased by \$7,742, or 4.9%, while consolidated statements sales volumes increased 10.7%, compared to the prior period. Weighted average selling prices decreased 15.6% in response to sales mix changes and lower raw material costs, primarily in the Americas Segment. Sales levels continue to remain below historical averages, primarily due to lower global demand in connection with economic and industry factors described above.

REPVE® Fiber products for the current period comprised 31%, or \$46,754, of cash flows, consolidated net sales, compared to 32%, or \$49,619, for the prior period.

**Gross Profit**

Gross profit for the current period decreased by \$4,889, or 50.6%, compared to the prior period. Gross profit declined primarily due to (i) the unfavorable impact of higher manufacturing costs related to the timing and extent of the Company's holiday shutdown periods and (ii) lower conversion margins. These were partially offset by (a) variable cost saving initiatives, (b) improved productivity, and (c) stable raw material costs. However, gross profit continues to be negatively impacted by weak fixed cost absorption in the Americas Segment, where utilization and productivity remain below historical averages due to depressed demand.

- For the Americas Segment, the gross loss was primarily due to (i) higher manufacturing costs related to the timing and extent of the holiday shutdown periods and lower conversion margins. These were partially offset by (a) variable cost management efforts and (b) a stable raw material cost environment.
- For the Brazil Segment, gross profit increased primarily due to (i) improved underlying unit margins and (ii) higher sales volumes.
- For the Asia Segment, gross profit increased primarily due to (i) improved underlying unit margins and sales mix and (ii) higher sales volumes compared to the prior period despite continued weak global demand.

**SG&A**

SG&A for the current period decreased compared to the prior period, primarily due to lower amortization, compensation, and discretionary expenses.

**Provision (Benefit) for Bad Debts**

The current period and the prior period bad debt changes reflect no material activity.

**Other Operating Expense, Net**

The current period and the prior period include foreign currency transaction (gains) losses of (\$35) and \$174, respectively, with no other meaningful activity. The prior period also includes \$623 paid to a vendor to facilitate an 18-month delay for contracted equipment purchases.

**Interest Expense, Net**

Interest expense, net increased in connection with higher borrowings on the revolving credit facility and higher average interest rates.

**Equity in Loss (Earnings) of Unconsolidated Affiliates**

The current period reflects net losses shared with our unconsolidated affiliate whereas the prior period benefited from more favorable results.

**Income Taxes**

Provision for income taxes and the effective tax rate were as follows:

	For the Three Months Ended	
	March 31, 2024	April 2, 2023
Provision for income taxes	\$ 790	\$ 1,145

Effective tax rate	(8.3)%	(28.3)%
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The effective tax rate is subject to variation due to a number of factors, including: variability in pre-tax book income; the mix of income by jurisdiction; changes in deferred tax valuation allowances; and changes in statutes, regulations, and case law. Additionally, the impacts of discrete and other rate impacting items are more pronounced when loss before income taxes is lower.

The increase in the effective tax rate from the prior period to the current period was primarily attributable to lower book income for foreign subsidiaries, in combination with lower deferred tax expense on unremitted foreign earnings in the current period.

### Net Loss

The increase in net loss was primarily attributable to lower gross margin and lower earnings from an unconsolidated affiliate, partially offset by lower SG&A expenses and lower income tax expense.

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### Adjusted EBITDA and Adjusted EPS (Non-GAAP Financial Measures)

Adjusted EBITDA and Adjusted EPS decreased primarily due to lower gross profit and lower earnings from an unconsolidated affiliate, partially offset by lower SG&A expenses.

### Segment Overview

Following is a discussion and analysis of the revenue and profitability performance of UNIFI's reportable segments for the current period.

### Americas Segment

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior period amounts for the Americas Segment, were as follows:

	For the Three Months Ended				
	March 31, 2024		April 2, 2023		% Change
		% of Net Sales		% of Net Sales	
Net sales	\$ 91,130	100.0	\$ 101,946	100.0	(10.6)
Cost of sales	94,644	103.9	98,788	96.9	(4.2)
Gross (loss) profit	(3,514)	(3.9)	3,158	3.1	nm
Depreciation expense	5,473	6.0	5,574	5.5	(1.8)
Segment Profit	\$ 1,959	2.1	\$ 8,732	8.6	(77.6)
Segment net sales as a percentage of consolidated amounts	61.2 %		65.0 %		

Segment Profit as a percentage of consolidated amounts	17.7 %	55.3 %
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nm = not meaningful

The change in net sales for the Americas Segment was as follows:

Net sales for the prior period	\$	101,946
Change in average selling price and sales mix		(14,902 )
Increase in sales volumes		4,086
Net sales for the current period	\$	91,130

The decrease in net sales for the Americas Segment from the prior period to the current period was primarily attributable to the net change in average selling price and sales mix that includes lower raw material input costs, partially offset by an increase in sales volumes in connection with recent commercial efforts. Both periods were unfavorably impacted by the continued weak global textile demand environment.

The change in Segment Profit for the Americas Segment was as follows:

Segment Profit for the prior period	\$	8,732
Decrease in underlying unit margins		(7,123 )
Increase in sales volumes		350
Segment Profit for the current period	\$	1,959

The decrease in Segment Profit for the Americas Segment from the prior period to the current period was primarily attributable to (i) higher manufacturing costs related to the timing and extent of the holiday shutdown periods and (ii) lower conversion margins. Segment Profit for the Americas Segment continues to be negatively impacted by weak fixed cost absorption as fiber production remains below historical averages. As fiber products carry a higher selling price and allocation of production costs versus Flake and Chip, lower fiber production drives weaker fixed cost absorption and adversely impacts gross profit and gross margin.

**Brazil Segment**

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior period amounts for the Brazil Segment, were as follows:

	For the Three Months Ended				
	March 31, 2024		April 2, 2023		% Change
		% of		% of	
		Net Sales		Net Sales	
Net sales	\$ 29,573	100.0	\$ 27,380	100.0	8.0
Cost of sales	25,736	87.0	24,998	91.3	3.0

Gross profit	3,837	13.0	2,382	8.7	61.1
Depreciation expense	841	2.8	549	2.0	53.2
Segment Profit	<u>\$ 4,678</u>	<u>15.8</u>	<u>\$ 2,931</u>	<u>10.7</u>	59.6
Segment net sales as a percentage of consolidated amounts					
	19.8 %		17.5 %		
Segment Profit as a percentage of consolidated amounts					
	42.2 %		18.6 %		

The change in net sales for the Brazil Segment was as follows:

Net sales for the prior period	\$	27,380
Increase in sales volumes		5,556
Favorable foreign currency translation effects		1,321
Decrease in average selling price		(4,684)
Net sales for the current period	<u>\$</u>	<u>29,573</u>

The increase in net sales for the Brazil Segment from the prior period to the current period was primarily attributable to (i) higher sales volumes resulting from gains in market share and (ii) favorable foreign currency translation effects from the strengthening of the BRL versus the USD, partially offset by lower average selling prices associated with lower raw material input costs.

The change in Segment Profit for the Brazil Segment was as follows:

Segment Profit for the prior period	\$	2,931
Increase in underlying unit margins		1,021
Increase in sales volumes		593
Favorable foreign currency translation effects		133
Segment Profit for the current period	<u>\$</u>	<u>4,678</u>

The increase in Segment Profit for the Brazil Segment from the prior period to the current period was primarily attributable to (i) an overall increase in conversion margins and (ii) improved sales volumes with recent market share gains. We continue to prioritize innovation and differentiation to improve our portfolio and competitive position in Brazil.

### Asia Segment

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior period amounts for the Asia Segment, were as follows:

	For the Three Months Ended				
	March 31, 2024		April 2, 2023		% Change
		% of Net Sales		% of Net Sales	
Net sales	\$ 28,293	100.0	\$ 27,412	100.0	3.2
Cost of sales	23,852	84.3	23,299	85.0	2.4
Gross profit	4,441	15.7	4,113	15.0	8.0

Depreciation expense	—	—	—	—	—
Segment Profit	\$ 4,441	15.7	\$ 4,113	15.0	8.0
Segment net sales as a percentage of consolidated amounts	19.0 %		17.5 %		
Segment Profit as a percentage of consolidated amounts	40.1 %		26.1 %		

The change in net sales for the Asia Segment was as follows:

Net sales for the prior period	\$ 27,412
Increase in sales volumes	3,965
Change in average selling price and sales mix	(1,957)
Unfavorable foreign currency translation effects	(1,127)
Net sales for the current period	\$ 28,293

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The increase in net sales for the Asia Segment from the prior period to the current period was primarily attributable to an increase in sales volumes compared to the prior period, despite continued weak global demand during the current period, partially offset by (i) lower average selling prices compared to the prior period and (ii) unfavorable foreign currency translation effects due to the weakening of the RMB versus the USD.

The change in Segment Profit for the Asia Segment was as follows:

Segment Profit for the prior period	\$ 4,113
Increase in sales volumes	593
Unfavorable foreign currency translation effects	(181)
Change in underlying unit margins and sales mix	(84)
Segment Profit for the current period	\$ 4,441

The increase in Segment Profit for the Asia Segment from the prior period to the current period was primarily attributable to the increase in sales volumes discussed above, partially offset by unfavorable foreign currency translation effects due to the weakening of the RMB versus the USD.

#### Nine Months Ended March 31, 2024 Compared to Nine Months Ended April 2, 2023

##### Consolidated Overview

The below tables provide:

- the components of net loss and the percentage increase or decrease over the prior nine-month period amounts, and
- a reconciliation from net loss to EBITDA and Adjusted EBITDA, and

following the tables is a discussion and analysis of the significant components of net loss.

#### Net Loss

	For the Nine Months Ended					
	March 31, 2024			April 2, 2023		
		% of			% of	%
		Net Sales			Net Sales	Change
Net sales	\$ 424,757	100.0	\$ 472,469	100.0	(10.1)	
Cost of sales	418,932	98.6	464,253	98.3	(9.8)	
Gross profit	5,825	1.4	8,216	1.7	(29.1)	
SG&A	35,389	8.3	35,584	7.5	(0.5)	
Provision (benefit) for bad debts	1,259	0.3	(38)	—	nm	
Restructuring costs	5,101	1.2	—	—	nm	
Other operating expense (income), net	674	0.2	(139)	—	nm	
Operating loss	(36,598)	(8.6)	(27,191)	(5.8)	34.6	
Interest expense, net	5,795	1.3	3,594	0.7	61.2	
Equity in loss (earnings) of unconsolidated affiliates	311	0.1	(539)	(0.1)	(157.7)	
Loss before income taxes	(42,704)	(10.0)	(30,246)	(6.4)	41.2	
Provision for income taxes	707	0.2	809	0.2	(12.6)	
Net loss	\$ (43,411)	(10.2)	\$ (31,055)	(6.6)	39.8	

nm = not meaningful

#### EBITDA and Adjusted EBITDA (Non-GAAP Financial Measures)

The reconciliations of the amounts reported under GAAP for Net loss to EBITDA and Adjusted EBITDA were as follows:

	For the Nine Months Ended	
	March 31, 2024	April 2, 2023
Net loss	\$ (43,411)	\$ (31,055)
Interest expense, net	5,795	3,594
Provision for income taxes	707	809
Depreciation and amortization expense <sup>(1)</sup>	20,663	20,261
EBITDA	(16,246)	(6,391)
Loss on joint venture dissolution <sup>(2)</sup>	2,750	—
Severance <sup>(3)</sup>	2,351	—
Contract modification costs <sup>(4)</sup>	—	623
Adjusted EBITDA	\$ (11,145)	\$ (5,768)

(1) Within this reconciliation, depreciation and amortization expense excludes the amortization of debt issuance costs, which are reflected in interest expense, net. However, within the accompanying Condensed Consolidated Statements of Cash Flows, amortization of debt issuance costs is reflected in depreciation and amortization expense.

(2) In the second quarter of fiscal 2024, UNIFI recorded a loss of \$2,750 related to the dissolution of UNF.

(3) In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with overall cost reduction efforts in the U.S.

- (4) In the third quarter of fiscal 2023, UNIFI amended certain existing contracts related to future purchases of texturing machinery by delaying the scheduled receipt and installation of such equipment in the U.S. and El Salvador for 18 months. UNIFI paid the associated vendor \$623 to facilitate the 18-month delay.

Adjusted Net Loss and Adjusted EPS (Non-GAAP Financial Measures)

	For the Three Months Ended December 31, 2023				For the Three Months Ended January 1, 2023			
	Pre-tax				Pre-tax			
	Loss	Tax Impact	Net Loss	Diluted EPS	Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (19,466)	\$ (380)	\$ (19,846)	\$ (1.10)	\$ (21,107)	\$ 3,070	\$ (18,037)	\$ (1.00)
Loss on joint venture dissolution <sup>(1)</sup>	2,750	—	2,750	0.15	—	—	—	—
Severance <sup>(2)</sup>	2,351	—	2,351	0.14	—	—	—	—
Recovery of income taxes <sup>(3)</sup>	—	—	—	—	—	(3,799)	(3,799)	(0.21)
Adjusted results	<u>\$ (14,365)</u>	<u>\$ (380)</u>	<u>\$ (14,745)</u>	<u>\$ (0.81)</u>	<u>\$ (21,107)</u>	<u>\$ (729)</u>	<u>\$ (21,836)</u>	<u>\$ (1.21)</u>
Weighted average common shares outstanding	18,110				18,034			

	For the Nine Months Ended March 31, 2024				For the Nine Months Ended April 2, 2023			
	Pre-tax				Pre-tax			
	Loss	Tax Impact	Net Loss	Diluted EPS	Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (42,704)	\$ (707)	\$ (43,411)	\$ (2.40)	\$ (30,246)	\$ (809)	\$ (31,055)	\$ (1.72)
Loss on joint venture dissolution <sup>(1)</sup>	2,750	—	2,750	0.16	—	—	—	—
Severance <sup>(2)</sup>	2,351	—	2,351	0.13	—	—	—	—
Contract modification costs <sup>(3)</sup>	—	—	—	—	623	—	623	0.03
Recovery of income taxes <sup>(4)</sup>	—	—	—	—	—	(3,799)	(3,799)	(0.21)
Adjusted results	<u>\$ (37,603)</u>	<u>\$ (707)</u>	<u>\$ (38,310)</u>	<u>\$ (2.11)</u>	<u>\$ (29,623)</u>	<u>\$ (4,608)</u>	<u>\$ (34,231)</u>	<u>\$ (1.90)</u>
Weighted average common shares outstanding	18,121				18,029			

- (1) In the second quarter of fiscal 2024, UNIFI recorded a loss of \$2,750 related to the dissolution of UNF.



- (2) In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with overall cost reduction efforts in the U.S.
- (3) In the second third quarter of fiscal 2023, UNIFI recorded a recovery amended certain existing contracts related to future purchases of income taxes in connection with amended tax returns in Brazil relating to certain income taxes paid in prior fiscal years.

### Net Sales

Consolidated net sales for texturing machinery by delaying the current period increased by \$705, or 0.5%, scheduled receipt and consolidated sales volumes increased 13.0%, compared to the prior period. The increase was primarily due to improvements in volumes in all segments, however sales levels remain below historical averages, primarily due to lower global demand in connection with the weakness in apparel sector and inventory destocking efforts installation of major brands and retailers, especially those impacting the Americas and Asia Segments.

Consolidated weighted average sales prices decreased 13.5%, primarily attributable to lower selling prices in response to lower input costs, along with (a) competitive pricing pressures in Brazil and (b) a greater mix of Chip product sales such equipment in the Americas Segment.

REPREVE® Fiber products U.S. and El Salvador for 18 months. UNIFI paid the current period comprised 33%, or \$45,725, of consolidated net sales, compared associated vendor \$623 to 31%, or \$42,866, for facilitate the prior period.

### Gross Profit (Loss)

Gross profit for the current period improved by \$9,636, or 120.5%, compared to the prior period. Gross profit improved as a result of (i) increased sales volumes, (ii) cost saving initiatives, and (iii) more stable raw material costs. However, gross profit continues 18-month delay. The associated tax impact was estimated to be negatively impacted by weak fixed cost absorption in the Americas Segment, where utilization and productivity remain below historical averages due to depressed demand.

- For the Americas Segment, gross loss improved \$0 due to (i) higher sales volumes, (ii) variable cost management efforts, and (iii) a more stable raw material environment, but remains adversely impacted by overall weak global demand and weak fixed cost absorption in connection with low production.
- For the Brazil Segment, gross profit increased primarily due to (i) improved underlying unit margins and (ii) higher sales volumes.
- For the Asia Segment, gross profit increased primarily due to (i) improved underlying margins and sales mix and (ii) higher sales volumes compared to the prior period despite continued weak global demand.

### SG&A

SG&A for the current period increased compared to the prior period, primarily due to (i) higher compensation expenses prior to the cost reduction actions executed in the current period.

### Provision (Benefit) for Bad Debts

The current period's provision reflects an increase for a specifically identified customer balance originating valuation allowance against net operating losses in the U.S. fiber market.

### Restructuring Costs

Restructuring costs consisted of (i) a loss of \$2,750 for the dissolution of UNF and (ii) severance charges of \$2,351 in connection with overall cost reduction efforts in the U.S.

### Other Operating Expense, Net

The current period and prior period include foreign currency transaction losses (gains) of \$464 and (\$78), respectively, with no other meaningful activity.

### Interest Expense, Net

Interest expense, net increased in connection with higher debt principal and higher interest rates.

Equity in Earnings of Unconsolidated Affiliates

There was no material activity for the current period or the prior period.

Income Taxes

Provision (benefit) for income taxes and the UNIFI's effective tax rate were as follows:

	For the Three Months Ended	
	December 31, 2023	January 1, 2023
Provision (benefit) for income taxes	\$ 380	\$ (3,070 )
Effective tax rate	(2.0 )%	14.5 %

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The effective tax rate is subject to variation due to a number of factors, including: variability in pre-tax book income; the mix of income by jurisdiction; changes in deferred tax valuation allowances; and changes in statutes, regulations, and case law. Additionally, the impacts of discrete and other rate impacting items are more pronounced when income (loss) before income taxes is lower.

The decrease in the effective tax rate from the prior period to the current period is primarily attributable to a discrete tax benefit related to the recovery of certain Brazilian income taxes in the prior period.

Net Loss

The increase in net loss was primarily attributable to restructuring costs, higher bad debt expense, higher interest expense, net, and higher income tax expense, partially offset by improved gross profit.

Adjusted EBITDA and Adjusted EPS (Non-GAAP Financial Measures)

Adjusted EBITDA and Adjusted EPS increased primarily due to improved gross profit, partially offset by higher bad debt and SG&A expenses.

Segment Overview

Following is a discussion and analysis of the revenue and profitability performance of UNIFI's reportable segments for the current period.

Americas Segment

The components of Segment Loss, each component as a percentage of net sales and the percentage increase or decrease over the prior period amounts for the Americas Segment, were as follows:

	For the Three Months Ended	
	December 31, 2023	January 1, 2023

		% of		% of	%
		Net Sales		Net Sales	Change
Net sales	\$ 80,549	100.0	\$ 85,242	100.0	(5.5)
Cost of sales	87,287	108.4	98,326	115.3	(11.2)
Gross loss	(6,738)	(8.4)	(13,084)	(15.3)	(48.5)
Depreciation expense	5,508	6.9	5,542	6.5	(0.6)
Segment Loss	\$ (1,230)	(1.5)	\$ (7,542)	(8.8)	(83.7)
Segment net sales as a percentage of					
consolidated amounts	58.8 %		62.6 %		
Segment Loss as a percentage of					
consolidated amounts	(15.5)%		nm		

The change in net sales for the Americas Segment was as follows:

Net sales for the prior period	\$ 85,242
Net change in average selling price and sales mix	(12,152)
Increase in sales volumes	7,459
Net sales for the current period	\$ 80,549

The change in net sales for the Americas Segment from the prior period to the current period was primarily attributable to (i) the net change in average selling price and sales mix that reflects both (a) lower input costs and (b) a larger proportion of lower-priced Chip sales in the current period and (ii) lower proportion of fiber sales volumes following continued weak global textile demand.

The change in Segment Loss for the Americas Segment was as follows:

Segment Loss for the prior period	\$ (7,542)
Net increase in underlying margins	6,972
Change in sales volumes	(660)
Segment Loss for the current period	\$ (1,230)

The improvement in Segment Loss for the Americas Segment from the prior period to the current period was primarily attributable to variable cost management efforts and more stable raw material costs in the current period, along with volume improvements. Segment Loss for the Americas Segment continued to be negatively impacted by weak fixed cost absorption as fiber production remains below historical averages. As fiber products carry a higher selling price and allocation of production costs versus Flake and Chip, lower fiber production drives weaker fixed cost absorption and adversely impacts gross profit and gross margin.

## Brazil Segment

The components of Segment Profit, each component as a percentage of net sales and the percentage increase or decrease over the prior period amounts for the Brazil Segment, were as follows:

	For the Three Months Ended				
	December 31, 2023		January 1, 2023		% Change
		% of		% of	
		Net Sales		Net Sales	
Net sales	\$ 26,061	100.0	\$ 25,687	100.0	1.5
Cost of sales	22,922	87.9	24,357	94.8	(5.9)
Gross profit	3,139	12.1	1,330	5.2	136.0
Depreciation expense	766	2.9	391	1.5	95.9
Segment Profit	\$ 3,905	15.0	\$ 1,721	6.7	126.9
Segment net sales as a percentage of					
consolidated amounts	19.0 %		18.9 %		
Segment Profit as a percentage of					
consolidated amounts	49.4 %		(83.3) %		

The change in net sales for the Brazil Segment was as follows:

Net sales for the prior period	\$ 25,687
Increase in sales volumes	3,782
Favorable foreign currency translation effects	1,522
Decrease in average selling price	(4,930)
Net sales for the current period	\$ 26,061

The increase in net sales for the Brazil Segment from the prior period to the current period was primarily attributable to (i) higher sales volumes and (ii) favorable foreign currency translation effects, partially offset by selling price pressures from low-priced imports.

The change in Segment Profit for the Brazil Segment was as follows:

Segment Profit for the prior period	\$ 1,721
Increase in underlying unit margins	1,848
Increase in sales volumes	251
Favorable foreign currency translation effects	85
Segment Profit for the current period	\$ 3,905

The increase in Segment Profit for the Brazil Segment from the prior period to the current period was primarily attributable to an overall increase in underlying unit margins and improved sales volumes, partially offset by pressure on selling prices from low-priced import competition. We continue to prioritize innovation and differentiation to improve our portfolio and competitive position in Brazil.

#### Asia Segment

The components of Segment Profit, each component as a percentage of net sales and the percentage increase or decrease over the prior period amounts for the Asia Segment, were as follows:

	For the Three Months Ended				
	December 31, 2023		January 1, 2023		% Change
		% of		% of	
		Net Sales		Net Sales	
Net sales	\$ 30,307	100.0	\$ 25,283	100.0	19.9
Cost of sales	25,072	82.7	21,529	85.2	16.5
Gross profit	5,235	17.3	3,754	14.8	39.5
Depreciation expense	—	—	—	—	—
Segment Profit	\$ 5,235	17.3	\$ 3,754	14.8	39.5
Segment net sales as a percentage of					
consolidated amounts	22.1 %		18.6 %		
Segment Profit as a percentage of					
consolidated amounts	66.2 %		(181.6)%		

The change in net sales for the Asia Segment was as follows:

Net sales for the prior period	\$ 25,283
Net increase in sales volumes	4,811
Change in average selling price and sales mix	592
Unfavorable foreign currency translation effects	(379)
Net sales for the current period	\$ 30,307

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The increase in net sales for the Asia Segment from the prior period to the current period was primarily attributable to (i) increase in sales volume compared to the prior period despite continued weak global demand during the current period and (ii) improved sales mix compared to the prior period, partially offset by unfavorable foreign currency translation effects due to the weakening of the RMB versus the USD.

The change in Segment Profit for the Asia Segment was as follows:

Segment Profit for the prior period	\$ 3,754
Change in underlying margins and sales mix	836
Increase in sales volumes	712
Unfavorable foreign currency translation effects	(67)
Segment Profit for the current period	\$ 5,235

The increase in Segment Profit for the Asia Segment from the prior period to the current period is attributable to (i) an improved gross margin rate associated with a strong sales mix of REPREVE products and (ii) the increase in sales volumes discussed above.

## Six Months Ended December 31, 2023 Compared to Six Months Ended January 1, 2023

### Consolidated Overview

The below tables provide:

- the components of net loss and the percentage increase or decrease over the prior period amounts, El Salvador.
- a reconciliation from net loss to EBITDA and Adjusted EBITDA, and

following the tables is a discussion and analysis of the significant components of net loss.

### Net loss

	For the Six Months Ended				
	December 31, 2023		January 1, 2023		% Change
		% of Net Sales		% of Net Sales	
Net sales	\$ 275,761	100.0	\$ 315,731	100.0	(12.7)
Cost of sales	274,700	99.6	317,168	100.5	(13.4)
Gross profit (loss)	1,061	0.4	(1,437)	(0.5)	(173.8)
SG&A	24,017	8.7	23,521	7.4	2.1
Provision for bad debts	1,080	0.4	18	—	nm
Restructuring costs	5,101	1.8	—	—	nm
Other operating expense (income), net	535	0.2	(463)	(0.1)	nm
Operating loss	(29,672)	(10.7)	(24,513)	(7.8)	21.0
Interest expense, net	3,820	1.4	2,075	0.6	84.1
Equity in earnings of unconsolidated affiliates	(293)	(0.1)	(381)	(0.1)	(23.1)
Loss before income taxes	(33,199)	(12.0)	(26,207)	(8.3)	26.7
Benefit for income taxes	(83)	—	(336)	(0.1)	(75.3)
Net loss	\$ (33,116)	(12.0)	\$ (25,871)	(8.2)	28.0

nm = not meaningful

### EBITDA and Adjusted EBITDA (Non-GAAP Financial Measures)

The reconciliations of the amounts reported under GAAP for Net loss to EBITDA and Adjusted EBITDA were as follows:

	For the Six Months Ended	
	December 31, 2023	January 1, 2023
Net loss	\$ (33,116)	\$ (25,871)
Interest expense, net	3,820	2,075
Benefit for income taxes	(83)	(336)
Depreciation and amortization expense <sup>(1)</sup>	13,910	13,390

EBITDA	(15,469)	(10,742)
Loss on joint venture dissolution <sup>(2)</sup>	2,750	—
Severance <sup>(3)</sup>	2,351	—
Adjusted EBITDA	<u>\$ (10,368)</u>	<u>\$ (10,742)</u>

(1) Within this reconciliation, depreciation and amortization expense excludes the amortization of debt issuance costs, which are reflected in interest expense, net. Within accompanying condensed consolidated statements of cash flows, amortization of debt issuance costs is reflected in depreciation and amortization expense.

(2) In the second quarter of fiscal 2024, UNIFI recorded a loss of \$2,750 related to the dissolution of UNF.

(3) In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with overall cost reduction efforts in the U.S.

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#### Adjusted Net Loss and Adjusted EPS (Non-GAAP Financial Measures)

	For the Six Months Ended December 31, 2023				For the Six Months Ended January 1, 2023			
	Pre-tax				Pre-tax			
	Loss	Tax Impact	Net Loss	Diluted EPS	Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (33,199)	\$ 83	\$ (33,116)	\$ (1.83)	\$ (26,207)	\$ 336	\$ (25,871)	\$ (1.44)
Loss on joint venture dissolution <sup>(1)</sup>	2,750	—	2,750	0.15	—	—	—	—
Severance <sup>(2)</sup>	2,351	—	2,351	0.13	—	—	—	—
Recovery of income taxes <sup>(3)</sup>	—	—	—	—	—	(3,799)	(3,799)	(0.21)
Adjusted results	<u>\$ (28,098)</u>	<u>\$ 83</u>	<u>\$ (28,015)</u>	<u>\$ (1.55)</u>	<u>\$ (26,207)</u>	<u>\$ (3,463)</u>	<u>\$ (29,670)</u>	<u>\$ (1.65)</u>
Weighted average common shares outstanding	18,097				18,017			

(1) In the second quarter of fiscal 2024, UNIFI recorded a loss of \$2,750 related to the dissolution of UNF.

(2) In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with overall cost reduction efforts in the U.S.

(3) (4) In the second quarter of fiscal 2023, UNIFI recorded a recovery of income taxes in connection with filing amended tax returns in Brazil relating to certain income taxes paid in prior fiscal years.

#### Net Sales

Consolidated net sales for the current six-month nine-month period decreased by \$39,970, \$47,712, or 12.7% 10.1%, while consolidated sales volumes increased 3.1% 5.7%, compared to the prior six-month nine-month period. Despite modest sales volume improvements in each of the reportable segments, volumes remain depressed, particularly in the Americas and Asia Segments as a result of low global demand in connection with the apparel market.

Consolidated weighted average sales prices decreased 15.8% which drove the decrease in net sales. The decrease in sales price was primarily attributable to (a) lower selling prices in response to lower raw material input costs along with (a) competitive pricing pressures in Brazil and (b) a greater mix of Chip and Flake product sales, both particularly in the Americas Segment. Segment, together with (c) competitive pricing pressures in Brazil.

REPVE® Fiber products for the current six-month nine-month period comprised 32%, or \$88,186, \$134,940, of consolidated net sales, compared to 29% 30%, or \$92,045, \$141,664, for the prior six-month nine-month period.

### Gross Profit (Loss)

Gross profit for the current six-month nine-month period improved decreased by \$2,498, \$2,391, or 173.8% 29.1%, compared to the prior six-month nine-month period. Gross profit improved as a result of declined primarily due to (i) higher manufacturing costs and (ii) lower conversion margins. These were partially offset by (a) increased sales volumes, (b) variable cost management efforts saving initiatives, (c) improved productivity, and (d) more stable raw material costs, along with increased sales volume. Gross costs. However, gross profit was negatively continues to be unfavorably impacted by weak fixed cost absorption in the Americas Segment, where utilization and productivity are materially impactful remain below historical averages due to gross profit. Although raw material costs for the Americas Segment were stable in fiscal 2024, low production levels and weak demand were significantly adverse, depressed demand.

- For the Americas Segment, gross loss improved profit declined primarily due to (i) higher manufacturing costs and (ii) lower conversion margins. These were partially offset by (a) higher sales volumes, (b) variable cost management efforts, and (c) a more stable raw material costs in the current six-month period, partially offset by weak global demand and weak fixed cost absorption in connection with low production levels, environment.
- For the Brazil Segment, gross profit decreased primarily due to decreasing market prices in Brazil due to low-cost import competition, competition, partially offset by high sales volume from market share gains and favorable foreign currency translation effects.
- For the Asia Segment, gross profit increased primarily due to (i) a strong sales mix and (ii) higher sales volumes compared to the period six-month prior nine-month period despite continued weak global demand.

### SG&A

SG&A did not change meaningfully from the prior six-month nine-month period to the current nine-month period, nor did the change include any significant offsetting impacts.

### Provision (Benefit) for Bad Debts

The current six-month nine-month period's provision reflects an increase for a specifically identified customer balance originating in the U.S. fiber market.

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### Restructuring Costs

Restructuring costs consisted of (i) a loss of \$2,750 when UNIFI dissolved its interest in for the dissolution of UNF, under an agreement with its our former joint venture partner in Israel, and (ii) severance charges of \$2,351 in connection with overall cost reduction efforts in the U.S.

### Other Operating Expense (Income), Net

The current six-month nine-month period and the prior six-month nine-month period include foreign currency transaction losses (gains) of \$430 \$395 and (\$803) 629), respectively, with no other meaningful activity.

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The prior nine-month period also includes \$623 paid to a vendor to facilitate an 18-month delay for contracted equipment purchases.

#### Interest Expense, Net

Interest expense, net increased in connection with higher debt principal and average borrowings on the revolving credit facility combined with higher average interest rates.

#### Equity in Earnings Loss (Earnings) of Unconsolidated Affiliates

There was no material activity for the current six-month nine-month period or the prior six-month nine-month period.

#### Income Taxes

Benefit Provision for income taxes and the effective tax rate were as follows:

	For the Six Months Ended		For the Nine Months Ended	
	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023
Benefit for income taxes	\$ (83 )	\$ (336 )		
Provision for income taxes	\$ 707	\$ 809		
Effective tax rate	0.3 %	1.3 %	(1.7 )%	(2.7 )%

The effective tax rate is subject to variation due to a number of factors, including variability in pre-tax book income; the mix of income by jurisdiction; changes in deferred tax valuation allowances; and changes in statutes, regulations, and case law. Additionally, the impacts of discrete and other rate impacting items are more pronounced when income (loss) loss before income taxes is lower.

The decrease increase in the effective tax rate from the prior six-month nine-month period to the current six-month nine-month period is was primarily attributable to a discrete lower book income for foreign subsidiaries, in combination with lower deferred tax benefit related to the recovery of certain Brazilian income taxes expense on unremitted foreign earnings in the prior six-month current nine-month period.

#### Net Loss

The increase in net loss was primarily attributable to lower gross profit, restructuring costs, higher bad debt expense, lower earnings from unconsolidated affiliates, and higher interest expense, net, partially offset by improved gross profit. net.

#### Adjusted EBITDA and Adjusted EPS (Non-GAAP Financial Measures)

Adjusted EBITDA and Adjusted EPS increased decreased primarily due to improved lower gross profit, partially offset by higher bad debt expense, lower earnings from unconsolidated affiliates, and other operating expenses. expenses (income), net.

#### Segment Overview

Following is a discussion and analysis of the revenue and profitability performance of UNIFI's reportable segments for the current six-month nine-month period.

#### Americas Segment

The components of Segment Loss, (Loss) Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior six-month nine-month period amounts for the Americas Segment, were as follows:

	For the Six Months Ended					For the Nine Months Ended								
	December 31, 2023		January 1, 2023		%	March 31, 2024		April 2, 2023		%				
	% of		% of			% of		% of						
	Net Sales		Net Sales			Net Sales		Net Sales						
					Change					Change				
Net sales	\$ 162,122	100.0	\$ 192,886	100.0	(15.9)	\$ 253,252	100.0	\$ 294,832	100.0	(14.1)				
Cost of sales	176,240	108.7	210,839	109.3	(16.4)	270,884	107.0	309,627	105.0	(12.5)				
Gross loss	(14,118)	(8.7)	(17,953)	(9.3)	(21.4)	(17,632)	(7.0)	(14,795)	(5.0)	19.2				
Depreciation expense	11,005	6.8	11,022	5.7	(0.2)	16,478	6.5	16,596	5.6	(0.7)				
Segment Loss	\$ (3,113)	(1.9)	\$ (6,931)	(3.6)	(55.1)									
Segment (Loss) Profit	\$ (1,154)	(0.5)	\$ 1,801	0.6	(164.1)									
Segment net sales as a percentage of consolidated amounts	58.8 %					61.1 %					59.6 %		62.4 %	
Segment Loss as a percentage of consolidated amounts	(22.8)%					(66.4)%								
Segment (Loss) Profit as a percentage of consolidated amounts	(4.7)%					6.9 %								

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The change in net sales for the Americas Segment was as follows:

Net sales for the prior six-month period	\$	192,886
Net change in average selling price and sales mix		(35,980)
Increase in sales volumes		5,216
Net sales for the current six-month period	\$	162,122
Net sales for the prior nine-month period	\$	294,832
Change in average selling price and sales mix		(50,942)
Increase in sales volumes		9,362
Net sales for the current nine-month period	\$	253,252

The change decrease in net sales for the Americas Segment from the prior six-month nine-month period to the current six-month nine-month period was primarily attributable to (i) the net change in average selling price and sales mix that reflects both (a) includes lower raw material input costs, and (b) a larger proportion of lower-priced Chip and Flake partially offset by an increase in sales in volumes. Both periods were unfavorably impacted by the current six-month period and (ii) lower fiber sales volumes following weaker continued weak global textile demand.

## demand environment.

The change in Segment **Loss (Loss) Profit** for the Americas Segment was as follows:

Segment Loss for the prior six-month period	\$	(6,931)
Change in underlying margins and sales mix		4,005
Change in sales volumes		(187)
Segment Loss for the current six-month period	\$	(3,113)

  

Segment Profit for the prior nine-month period	\$	1,801
Change in underlying unit margins and sales mix		(3,012)
Increase in sales volumes		57
Segment Loss for the current nine-month period	\$	(1,154)

The **improvement decrease** in Segment **Loss Profit** for the Americas Segment from the prior **six-month nine-month** period to the current **six-month nine-month** period was primarily attributable to **variable cost management efforts (i) higher manufacturing costs and more stable raw material costs in the current six-month period. (ii) lower conversion margins.** Segment Loss for the Americas Segment **continued continues** to be negatively impacted by **low a lower proportion of** fiber sales volumes. As fiber products carry a higher selling price and allocation of production costs versus Chip and Flake, lower fiber production drives weaker fixed cost absorption and adversely impacts gross profit and gross margin. **These negative impacts were partially offset by variable cost management efforts and more stable raw material costs in the current nine-month period.**

**Brazil Segment**

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior **six-month nine-month** period amounts for the Brazil Segment, were as follows:

	For the Six Months Ended					For the Nine Months Ended				
	December 31, 2023		January 1, 2023		% Change	March 31, 2024		April 2, 2023		% Change
	% of		% of			% of		% of		
	Net Sales		Net Sales			Net Sales		Net Sales		
Net sales	\$ 55,970	100.0	\$ 64,566	100.0	(13.3)	\$ 85,543	100.0	\$ 91,946	100.0	(7.0)
Cost of sales	50,664	90.5	56,449	87.4	(10.2)	76,400	89.3	81,447	88.6	(6.2)
Gross profit	5,306	9.5	8,117	12.6	(34.6)	9,143	10.7	10,499	11.4	(12.9)
Depreciation expense	1,606	2.8	861	1.3	86.5	2,447	2.8	1,410	1.6	73.5
Segment Profit	\$ 6,912	12.3	\$ 8,978	13.9	(23.0)	\$ 11,590	13.5	\$ 11,909	13.0	(2.7)
Segment net sales as a percentage of consolidated amounts	20.3 %		20.4 %			20.1 %		19.5 %		

Segment Profit as a percentage of consolidated amounts	50.6 %	85.9 %	46.8 %	45.4 %
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The change in net sales for the Brazil Segment was as follows:

Net sales for the prior six-month period	\$	64,566	
Net sales for the prior nine-month period	\$	91,946	
Decrease in average selling price and change in sales mix		(15,632)	(20,660)
Increase in sales volumes		8,527	
Favorable foreign currency translation effects		4,409	5,730
Increase in sales volumes		2,627	
Net sales for the current six-month period	\$	55,970	
Net sales for the current nine-month period	\$	85,543	

The decrease in net sales for the Brazil Segment from the prior six-month nine-month period to the current six-month nine-month period was primarily attributable to lower average selling price pressures prices due to pressure from low-priced imports, import competition, partially offset by (i) an improvement in sales volumes from market share gains and (ii) favorable foreign currency translation effects and an improvement in sales volumes from the strengthening of the BRL versus the USD.

The change in Segment Profit for the Brazil Segment was as follows:

Segment Profit for the prior six-month period	\$	8,978	
Decrease in underlying margins		(3,044)	
Favorable foreign currency translation effects		613	
Increase in sales volumes		365	
Segment Profit for the current six-month period	\$	6,912	
Segment Profit for the prior nine-month period	\$	11,909	
Decrease in underlying unit margins		(2,170)	
Increase in sales volumes		1,105	
Favorable foreign currency translation effects		746	
Segment Profit for the current nine-month period	\$	11,590	

The decrease in Segment Profit for the Brazil Segment from the prior six-month nine-month period to the current six-month nine-month period was primarily attributable to an overall decrease in gross margin lower conversion margins mainly due to pressure on selling prices from low-priced import competition. imports, mostly offset by (i) increases in sales volumes discussed above and (ii) favorable foreign currency translation effects. We continue to prioritize innovation and differentiation to improve our portfolio and competitive position in Brazil.

## Asia Segment

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior **six-month** **nine-month** period amounts for the Asia Segment, were as follows:

	For the Six Months Ended					For the Nine Months Ended				
	December 31, 2023		January 1, 2023		%	March 31, 2024		April 2, 2023		%
	% of		% of			% of		% of		
	Net Sales		Net Sales			Net Sales		Net Sales		
Net sales	\$ 57,669	100.0	\$ 58,279	100.0	(1.0)	\$ 85,962	100.0	\$ 85,691	100.0	0.3
Cost of sales	47,796	82.9	49,880	85.6	(4.2)	71,648	83.3	73,179	85.4	(2.1)
Gross profit	9,873	17.1	8,399	14.4	17.5	14,314	16.7	12,512	14.6	14.4
Depreciation expense	—	—	—	—	—	—	—	—	—	—
Segment Profit	\$ 9,873	17.1	\$ 8,399	14.4	17.5	\$ 14,314	16.7	\$ 12,512	14.6	14.4
Segment net sales as a percentage of consolidated amounts	20.9 %		18.5 %			20.2 %		18.1 %		
Segment Profit as a percentage of consolidated amounts	72.2 %		80.4 %			57.8 %		47.7 %		

The change in net sales for the Asia Segment was as follows:

Net sales for the prior six-month period	\$	58,279
Unfavorable foreign currency translation effects		(2,040)
Change in average selling price and sales mix		(277)
Net increase in sales volumes		1,707
Net sales for the current six-month period	\$	57,669
Net sales for the prior nine-month period	\$	85,691
Increase in sales volumes		5,593
Unfavorable foreign currency translation effects		(3,167)
Change in average selling price and sales mix		(2,155)
Net sales for the current nine-month period	\$	85,962

The **nominal** change in net sales for the Asia Segment from the prior **six-month** **nine-month** period to the current **six-month** **nine-month** period was primarily attributable to **an improvement in sales volumes compared to the prior nine-month period despite continued weak global demand and inventory destocking by brands and retailers, particularly for apparel, mostly offset by (i) unfavorable foreign currency translation effects due to the weakening of the RMB versus the USD offset by an improvement and (ii) changes in average selling prices and sales volume compared to the prior six-month period despite continued weak global demand and inventory destocking by brands and retailers, particularly for apparel, mix.**

The change in Segment Profit for the Asia Segment was as follows:

Segment Profit for the prior six-month period	\$	8,399
Change in underlying margins and sales mix		1,550
Increase in sales volumes		245
Unfavorable foreign currency translation effects		(321)
Segment Profit for the current six-month period	\$	9,873

  

Segment Profit for the prior nine-month period	\$	12,512
Change in underlying unit margins and sales mix		1,490
Increase in sales volumes		814
Unfavorable foreign currency translation effects		(502)
Segment Profit for the current nine-month period	\$	14,314

The increase in Segment Profit for the Asia Segment from the prior **six-month nine-month** period to the current **six-month nine-month** period **is** was attributable to (i) an improved gross margin rate associated with a strong sales mix of REPVE products and (ii) the increase in sales volumes discussed above, **partially** offset by unfavorable foreign currency translation effects.

#### Liquidity and Capital Resources

Note 5, "Long-Term Debt" to the condensed consolidated financial statements includes the detail of UNIFI's debt obligations and terms and conditions thereof. Further discussion and analysis of liquidity and capital resources follow.

UNIFI's primary capital requirements are for working capital, capital expenditures, debt service, and share repurchases. UNIFI's primary sources of capital are cash generated from operations, borrowings available under the 2022 Credit Agreement, and asset financing arrangements. For the current **six-month nine-month** period, cash provided by operations was **\$2,517, \$1,160** and, at **December 31, 2023 March 31, 2024**, availability under the ABL Revolver was **\$43,082, \$47,369**.

As of **December 31, 2023 March 31, 2024**, all of UNIFI's **\$132,760 \$128,670** of debt obligations were guaranteed by certain of its domestic operating subsidiaries, while nearly all of UNIFI's cash and cash equivalents were held by its foreign subsidiaries. Cash and cash equivalents held by foreign subsidiaries may not be presently available to fund UNIFI's domestic capital requirements, including its domestic debt obligations. UNIFI employs a variety of strategies to ensure that its worldwide cash is available in the locations where it is needed.

The following table presents a summary of cash and cash equivalents, borrowings available under financing arrangements, liquidity, working capital, and total debt obligations as of **December 31, 2023 March 31, 2024** for domestic operations compared to foreign operations:

	Domestic	Foreign	Total	Domestic	Foreign	Total
Cash and cash equivalents	\$ 25	\$ 35,954	\$ 35,979	\$ 21	\$ 27,641	\$ 27,662
Borrowings available under financing arrangements	43,082	—	43,082	47,369	—	47,369
Liquidity	\$ 43,107	\$ 35,954	\$ 79,061	\$ 47,390	\$ 27,641	\$ 75,031
Working capital	\$ 73,768	\$ 113,710	\$ 187,478	\$ 66,031	\$ 108,426	\$ 174,457
Total debt obligations	\$ 132,760	\$ —	\$ 132,760	\$ 128,670	\$ —	\$ 128,670

UNIFI's primary cash requirements, in addition to normal course operating activities (e.g., working capital and payroll), primarily include (i) capital expenditures that generally have commitments of up to 12 months, (ii) contractual obligations that support normal course ongoing operations and production, (iii) operating leases and finance leases, (iv) debt service, and (v) share repurchases.

#### *Liquidity Considerations*

Following the establishment of the 2022 Credit Agreement, UNIFI's UNIFI believes its global cash and liquidity positions are sufficient to sustain its operations and to meet its growth needs. needs for the foreseeable future. Additionally, UNIFI considers opportunities to repatriate existing cash to reduce debt and preserve or enhance liquidity. However, further degradation in the macroeconomic environment could introduce additional liquidity risk and require UNIFI to limit cash outflows for discretionary activities while further utilizing available and additional forms of credit.

We do not currently anticipate that any adverse events or circumstances will place critical pressure on our liquidity position or our ability to fund our operations and expected business growth. Should global demand, economic activity, or input availability decline considerably for an even longer period of time, UNIFI maintains the ability to (i) seek additional credit or financing arrangements and/or (ii) re-implement cost reduction initiatives to preserve cash and secure the longevity of the business and operations. Management continues to (i) explore cost savings opportunities and (ii) prioritize repayment of debt in the current operating environment.

When business levels increase, we expect to use cash in support of working capital needs.

The following outlines the attributes relating to our credit facility as of December 31, 2023 March 31, 2024:

- UNIFI was in compliance with all applicable financial covenants in the 2022 Credit Agreement;
- excess availability before the Trigger Level (as defined in the 2022 Credit Agreement) under the ABL Revolver was \$21,002; \$25,519;
- the Trigger Level was \$22,080; \$21,850; and
- \$0 of standby letters of credit were outstanding.

In addition to making payments in accordance with the scheduled maturities of debt required under its existing debt obligations, UNIFI may, from time to time, elect to repay additional amounts borrowed under the ABL Facility. Funds to make such repayments may come from the operating cash flows of the business or other sources and will depend upon UNIFI's strategy, prevailing market conditions, liquidity requirements, contractual restrictions, and other factors.

#### *Liquidity Summary*

UNIFI has met its historical liquidity requirements for working capital, capital expenditures, debt service requirements, and other operating needs from its cash flows from operations and available borrowings. UNIFI believes that its existing cash balances, cash provided by operating activities, and credit facility will enable UNIFI to meet its foreseeable liquidity requirements. Domestically, UNIFI's UNIFI believes cash balances, cash provided by operating activities, and borrowings available under the ABL Revolver continue to be sufficient to fund UNIFI's domestic operating activities as well as cash commitments for its investing and financing activities. For its foreign operations, UNIFI expects its existing cash balances, cash provided by operating activities, and available financing arrangements will provide the needed liquidity to fund the associated operating

activities and investing activities, such as future capital expenditures. UNIFI's UNIFI believes its operations in Asia and Brazil are in a position to obtain local country financing arrangements due to the operating results of each subsidiary.

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Net Debt (Non-GAAP Financial Measure)

The reconciliations for Net Debt are as follows:

	December 31, 2023	July 2, 2023	March 31, 2024	July 2, 2023
Long-term debt	\$ 120,144	\$ 128,604	\$ 116,058	\$ 128,604
Current portion of long-term debt	12,357	12,006	12,368	12,006
Unamortized debt issuance costs	259	289	244	289
Debt principal	132,760	140,899	128,670	140,899
Less: cash and cash equivalents	35,979	46,960	27,662	46,960
Net Debt	\$ 96,781	\$ 93,939	\$ 101,008	\$ 93,939

The increase in Net Debt primarily reflects capital expenditures during the fiscal year, current nine-month period, partially offset by the generation of operating cash flows during fiscal 2024.

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that period.

Working Capital and Adjusted Working Capital (Non-GAAP Financial Measure)

The following table presents the components of working capital and the reconciliation of working capital to Adjusted Working Capital:

	December 31, 2023	July 2, 2023	March 31, 2024	July 2, 2023
Cash and cash equivalents	\$ 35,979	\$ 46,960	\$ 27,662	\$ 46,960
Receivables, net	69,583	83,725	78,931	83,725
Inventories	135,676	150,810	134,125	150,810
Income taxes receivable	2,421	238	2,002	238
Other current assets	12,290	12,327	9,460	12,327
Accounts payable	(34,709)	(44,455)	(42,343)	(44,455)
Other current liabilities	(17,409)	(12,932)	(19,173)	(12,932)
Income taxes payable	(2,263)	(789)	(1,883)	(789)



Current operating lease liabilities	(1,733)	(1,813)	(1,956)	(1,813)
Current portion of long-term debt	(12,357)	(12,006)	(12,368)	(12,006)
Working capital	\$ 187,478	\$ 222,065	\$ 174,457	\$ 222,065
Less: Cash and cash equivalents	(35,979)	(46,960)	(27,662)	(46,960)
Less: Income taxes receivable	(2,421)	(238)	(2,002)	(238)
Less: Income taxes payable	2,263	789	1,883	789
Less: Current operating lease liabilities	1,733	1,813	1,956	1,813
Less: Current portion of long-term debt	12,357	12,006	12,368	12,006
Adjusted Working Capital	\$ 165,431	\$ 189,475	\$ 161,000	\$ 189,475

Adjusted Working Capital decreased \$24,044 \$28,475 from July 2, 2023 to December 31, 2023 March 31, 2024.

The decrease in receivables, net was primarily due to a decrease in sales and the timing of cash receipts. The decrease in inventories was primarily attributable to lower weighted average costs in the current six-month period and lower units on hand. nine-month period. The change in income taxes receivable reflects the foreign tax payments made in the current nine-month period. The decrease in other current assets was primarily due to the decrease in Brazil's recovery of non-income taxes in the current nine-month period. The decrease in accounts payable followed the decrease in inventories and production activity in the current six-month nine-month period. The increase in other current liabilities primarily reflects the liabilities recorded in the current nine-month period for severance and the dissolution of UNF. The change incentive compensation earned in income taxes receivable reflects the foreign tax payments made in the current six-month period. fiscal 2024. The change in income taxes payable reflects the impact of the interim tax provision. The changes in other current assets, current operating lease liabilities and current portion of long-term debt were insignificant.

## Operating Cash Flows

The significant components of net cash provided by operating activities are summarized below.

	For the Six Months Ended		For the Nine Months Ended	
	December 31, 2023	January 1, 2023	March 31, 2024	April 2, 2023
Net loss	\$ (33,116)	\$ (25,871)	\$ (43,411)	\$ (31,055)
Equity in earnings of unconsolidated affiliates	(293)	(381)		
Equity in loss (earnings) of unconsolidated affiliates	311	(539)		
Distribution received from unconsolidated affiliate	1,000	—		
Depreciation and amortization expense	13,988	13,478	20,780	20,388
Recovery of income taxes	—	(3,799)	—	(3,799)
Non-cash compensation expense	1,387	1,976	1,798	2,791
Deferred income taxes	(1,714)	(304)	(2,403)	(1,199)
Subtotal	(19,748)	(14,901)	(21,925)	(13,413)
Receivables, net	14,367	40,552	4,225	18,585
Inventories	15,081	25,422	15,174	31,080
Accounts payable and other current liabilities	(4,763)	(47,599)	3,577	(31,644)
Other changes	(2,420)	3,798	109	3,741
Net cash provided by operating activities	\$ 2,517	\$ 7,272	\$ 1,160	\$ 8,349

The decrease in operating cash flows was primarily due to weaker earnings in the current six-month nine-month period compared to the prior six-month period, nine-month period, partially offset by working capital improvements.

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### Investing Cash Flows

Investing activities primarily includes \$5,982 include \$8,566 for capital expenditures. UNIFI expects recent and future capital projects to provide benefits to future profitability. The additional assets from these capital projects consist primarily of machinery and equipment. In March 2023, UNIFI amended certain existing contracts related to future purchases of texturing machinery by delaying the scheduled receipt and installation of such equipment in the U.S. and El Salvador for 18 months. In December 2023, UNIFI extended this delay by an additional 12 months at no cost to the Company.

### Financing Cash Flows

Financing activities primarily include net payments on the ABL Revolver and payments on the ABL Term Loan.

### Share Repurchase Program

As described in Note 7, "Shareholders' Equity," no share repurchases have been completed in fiscal 2024.

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### Contractual Obligations

UNIFI incurs various financial obligations and commitments in the ordinary course of business. Financial obligations are considered to represent known future cash payments that UNIFI is required to make under existing contractual arrangements, such as debt and lease agreements.

There have been no material changes in the scheduled maturities of UNIFI's contractual obligations as disclosed under the heading "Contractual Obligations" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2023 Form 10-K, except for the capital purchase obligations are approximately \$6,000, \$0 and \$19,000 for fiscal years 2024, 2025, and 2026, respectively.

### Off-Balance Sheet Arrangements

UNIFI is not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on UNIFI's financial condition, results of operations, liquidity, or capital expenditures.

### Critical Accounting Policies

UNIFI's critical accounting policies are discussed in the 2023 Form 10-K. There have been no changes to UNIFI's critical accounting policies in fiscal 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

UNIFI is exposed to market risks associated with changes in interest rates, fluctuations in foreign currency exchange rates, and raw material and commodity costs, which may adversely affect its financial position, results of operations, or cash flows. UNIFI does not enter into derivative financial instruments for trading purposes, nor is it a party to any leveraged financial instruments.

Interest Rate Risk

UNIFI is exposed to interest rate risk through its borrowing activities. As of December 31, 2023 March 31, 2024, UNIFI had borrowings under its ABL Facility that totaled \$121,800. \$118,500. UNIFI's sensitivity analysis indicates that a 50-basis point interest rate increase as of December 31, 2023 March 31, 2024 would result in an increase in annual interest expense of approximately \$600. \$700.

Foreign Currency Exchange Rate Risk

A complete discussion of foreign currency exchange rate risk is included in the 2023 Form 10-K and is supplemented by the following disclosures.

As of December 31, 2023 March 31, 2024, UNIFI had no outstanding foreign currency forward contracts. As of December 31, 2023 March 31, 2024, foreign currency exchange rate risk positions included the following:

	Approximate Amount or Percentage	Approximate Amount or Percentage
Percentage of total consolidated assets held by UNIFI's subsidiaries outside the U.S. whose functional currency is not the USD	29.9 %	30.3 %
Cash and cash equivalents held outside the U.S.:		
Denominated in USD	\$ 13,259	\$ 16,316
Denominated in RMB	6,707	1,219
Denominated in BRL	14,789	8,532
Denominated in other foreign currencies	256	195
Total cash and cash equivalents held outside the U.S.	\$ 35,011	\$ 26,262
Percentage of total cash and cash equivalents held outside the U.S.	97.3 %	94.9 %
Cash and cash equivalents held inside the U.S. in USD by foreign subsidiaries	\$ 943	\$ 1,379

Raw Material and Commodity Cost Risks

A complete discussion of raw material and commodity cost risks is included in the 2023 Form 10-K.

## Other Risks

UNIFI is also exposed to geopolitical risk, including changing laws and regulations governing international trade, such as quotas, tariffs, and tax laws. The degree of impact and the frequency of these events cannot be predicted.

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## Item 4. Controls and Procedures

As of December 31, 2023 March 31, 2024, an evaluation of the effectiveness of UNIFI's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of UNIFI's management, including the principal executive officer and the principal financial officer. Based on that evaluation, UNIFI's principal executive officer and principal financial officer concluded that UNIFI's disclosure controls and procedures are effective to ensure that information required to be disclosed by UNIFI in its reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that information required to be disclosed by UNIFI in the reports UNIFI files or submits under the Exchange Act is accumulated and communicated to UNIFI's management, including its principal executive officer and its principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in UNIFI's internal control over financial reporting during the three months ended December 31, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, UNIFI's internal control over financial reporting.

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## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

We are from time to time a party to various lawsuits, claims, and other legal proceedings that arise in the ordinary course of business. With respect to all such lawsuits, claims, and proceedings, we record reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. We do not believe that any of these proceedings, individually or in the aggregate, would be expected to have a material adverse effect on our results of operations, financial position, or cash flows. We maintain liability insurance for certain risks that is subject to certain self-insurance limits.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 1A. Risk Factors

Not applicable. There have been no material changes in UNIFI's risk factors from those included in "Item 1A. Risk Factors" in the 2023 Form 10-K.

### Item 5. Other Information

## Insider Trading Arrangements

During the quarter ended March 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

## Item 6. Exhibits

Exhibit No.	Description
3.1	<a href="#">Restated Certificate of Incorporation of Unifi, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed October 31, 2016 (File No. 001-10542))</a> .
3.2	<a href="#">Amended and Restated By-laws of Unifi, Inc., as of October 26, 2016 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed October 31, 2016 (File No. 001-10542))</a> .
3.3	<a href="#">Declaration of Amendment to the Amended and Restated By-laws of Unifi, Inc. effective April 30, 2019 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed May 1, 2019 (File No. 001-10542))</a> .
10.1 10.1*	<a href="#">Employment Agreement by and between Unifi, Inc. and Brian D. Moore, effective as of January 22, 2024 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 (File No. 001-10542))</a> .
10.2 10.2*	<a href="#">Employment Agreement by and between Unifi, Inc. and Meredith S. Boyd, effective as of January 22, 2024 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 (File No. 001-10542))</a> .
10.3*	<a href="#">Employment Agreement by and between Unifi, Inc. and Andrew J. Eaker, dated as of February 2, 2024 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K/A filed February 6, 2024 (File No. 001-10542))</a> .
31.1+	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a> .
31.2+	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a> .
32++	<a href="#">Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a> .
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases <a href="#">Document Document</a> .
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

+ Filed herewith.

++ Furnished herewith.

\* Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNIFI, INC.

(Registrant)

Date: February 7, 2024 May 9, 2024

By: /s/ ANDREW J. EAKER

Andrew J. Eaker  
Executive Vice President & Chief Financial Officer  
Treasurer  
(Principal Financial Officer and Principal  
Accounting Officer)

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), effective this 22nd day of January, 2024 (the "Effective Date"), is entered into by and between Brian D. Moore ("Executive") and Unifi, Inc. (the "Employer" and, collectively with its successors, subsidiaries and affiliated companies, the "Company").

WHEREAS, the Employer desires to continue to retain the services of Executive on the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the

parties have agreed that the terms and conditions of their employment shall be governed by the following:

values. 1. Employment. The Employer hereby agrees to continue to employ Executive, and the Executive hereby agrees to continue employment with the Company, upon the terms and subject to the conditions of this Agreement, all as of the Effective Date set forth herein.

2. Position. During the period of Executive's employment hereunder, Executive agrees to serve the Company, and the Employer shall employ Executive, as Executive Vice President and President of Unifi Manufacturing, Inc. If appointed or elected, Executive also shall serve as an officer, director and/or manager of one or more of the Employer's subsidiaries and affiliated companies in such capacity or capacities as may be determined from time to time.

3. At-Will Employment and Duties.

(a) At-Will Employment. Executive and the Employer agree that Executive's employment by the Employer hereunder will be at-will (as defined under applicable law), and may be terminated at any time, for any reason, at the option of either party, subject to the provisions of this Agreement.

(b) Duties. During the period of Executive's employment hereunder and except for illness, reasonable vacation periods, and reasonable leaves of absence, Executive shall in good faith devote all of Executive's business time, attention, skill and efforts to the business and affairs of the Company. Executive's duties shall be performed under the supervision of the Board. The foregoing shall not be construed as prohibiting Executive from serving on corporate, civic or charitable boards or committees or making personal investments, so long as such activities do not materially interfere with the performance of Executive's obligations to the Company as set forth herein.

4. Salary; Bonus; Reimbursement of Expenses; Other Benefits.

(a) Salary. In consideration of the services to be rendered by Executive pursuant to this Agreement, the Employer shall pay, or cause to be paid, to Executive a base salary (the "Base Salary") as established by or pursuant to authority granted by the Employer's board of directors (the "Board"). Executive's initial Base Salary shall be \$367,000 per annum. The Base Salary shall be reviewed annually by or pursuant to authority granted by the Board in connection with its annual review of executive compensation to determine if such Base Salary should be increased for the following year in recognition of services to the Company. The Base Salary shall be payable at such intervals in conformity with the Employer's prevailing practice as such practice shall be established or modified from time to time.

(b) Bonuses; Additional Compensation. Executive will be eligible to receive bonuses and to participate in compensation plans of the Employer in accordance with any plan or decision that the Board, or any committee or other person authorized by the Board, may in its sole discretion determine from time to time.

(c) Reimbursement of Expenses. Executive shall be paid or reimbursed by the Employer, in accordance with and subject to the Employer's general expense reimbursement policies and practices, for all reasonable travel and other business expenses incurred by Executive in performing Executive's obligations under this Agreement.

(d) Other Benefits. During the period of employment hereunder, Executive shall be entitled to participate in all other benefits of employment generally available to other executives of the Employer and those benefits for which such persons are or shall become eligible, when and as Executive becomes eligible therefore. All outstanding unvested equity awards issued to Executive by the Employer shall vest in full upon a "Change of Control" (as such term is defined in the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan).

5. Termination of Employment.

(a) Termination as a Result of Executive's Death or Disability. Executive's employment hereunder shall terminate automatically upon Executive's death and may be terminated by the Employer upon Executive's "Disability" (as hereinafter defined). If Executive's employment hereunder is terminated by reason of Executive's death or Disability, Executive's (or Executive's estate's) right to benefits under this Agreement will terminate as of the date of such termination and all of the Employer's obligations hereunder shall immediately cease and terminate, except that (i) Executive or Executive's estate, as the case may be, will be entitled to receive accrued Base Salary and benefits through the date of termination, (ii) all outstanding unvested equity awards issued to Executive by the Employer shall vest in full upon such

termination, (ii) all outstanding unvested equity awards issued to Executive by the Employer shall vest in full upon such termination of employment, and (iii) if this Section 5(a) is applicable in the first twelve calendar months of Executive's employment under this Agreement, Employer will pay to Executive a pro rata bonus based on Executive's days of employment, on a per diem basis, payable at Employer's target level. As used herein, Executive's "Disability" shall have the meaning set forth in any long-term disability plan in which Executive participates, and in the absence thereof shall mean the determination in good faith by the Board that, due to physical or mental illness, Executive shall have failed to perform Executive's duties on a full-time basis hereunder for one hundred eighty (180) consecutive days and shall not have returned to the performance of Executive's duties hereunder on a full-time basis before the end of such period. If Disability has occurred, termination of Executive's employment hereunder shall occur within thirty (30) days after written notice of such termination is given (which notice may be given before the end of the one hundred eighty (180) day period described above so as to cause termination of employment to occur as early as the last day of such period).

(b) Termination by Executive for Good Reason or by the Employer other than as a Result of Executive's Death or Disability or for Cause.

(i) Executive may terminate Executive's employment hereunder for "Good Reason" (as hereinafter defined), if Good Reason exists, upon at least five (5) days prior written notice to the Employer, and the Employer may terminate Executive's employment hereunder for any reason or for no reason, other than as a result of Executive's death or Disability or for Cause (as hereinafter defined), in each case with the consequences set forth in this Section 5(b).

(ii) If Executive's employment hereunder is terminated by Executive for Good Reason or by the Employer other than by reason of Executive's death or Disability and other than

for Cause, then, subject to Executive entering into and not revoking a release of claims in favor of the Employer and the Company pursuant to Section 5(e) below, and Executive fully complying with the covenants set forth in Section 6, Executive shall be entitled to the following benefits:

(1) Cash severance payments equal in the aggregate to twelve (12) months of Executive's annual Base Salary at the time of termination, payable in twelve (12) equal monthly installments beginning at the end of the first full month following termination of employment.

(2) In the event Executive elects COBRA continuation coverage for the level of medical coverage Executive had in force at the time of Executive's termination, the Employer shall reimburse Executive for the monthly cost of such continuation coverage until the earlier of (A) the date Executive ceases to maintain such continuation coverage in effect or (B) twelve (12) months from the termination of Executive's employment.

(iii) For purposes of this Agreement, "Good Reason" shall mean: (1) a material reduction (without Executive's express written consent) in Executive's title, duties, authority, or responsibilities; (2) the requirement that Executive relocate to an employment location that is more than fifty (50) miles from Executive's employment location on the Start Date; (3) the Employer's material breach (without Executive's express written consent) of Sections 2 or 4 of this Agreement; or (4) following a Change of Control, Executive not being an officer of the ultimate surviving parent business entity resulting from such Change of Control transaction, in a substantially similar role to that performed by Executive for the Employer prior to such Change of Control, for a period of at least twelve (12) months thereafter; provided, that with respect to the foregoing clauses (1), (2) and (3), Executive has provided the Employer written notice of the event or circumstance purporting to constitute Good Reason within thirty (30) days of the event or circumstance occurring and the Employer has not cured such event or circumstance within fifteen (15) days following the date Executive provides such notice. If the Employer thereafter intentionally repeats the breach it previously cured, such breach shall no longer be deemed curable.

(c) Termination by Executive other than for Good Reason. Executive may terminate Executive's employment with the Employer other than for Good Reason upon thirty (30) days prior written notice to the Employer, after



employment with the Employer other than for Good Reason upon thirty (30) days prior written notice to the Employer, after which the Employer shall have no further obligation hereunder to Executive, except for payment of accrued Base Salary and benefits through the termination date. If Executive so notifies the Employer of such termination, the Employer shall have the right to accelerate the effective date of such termination to any date after the Employer's receipt of such notice, but such acceleration will not be deemed to constitute a termination of Executive's employment by the Employer without Cause, and the consequences of such termination will continue to be governed by this subsection.

(d) **Termination by the Employer for Cause.** The Employer may terminate Executive's employment under this Agreement at any time for "Cause" (as hereinafter defined) whereupon the Employer shall have no further obligation hereunder to Executive, except for payment of amounts of Base Salary and benefits accrued through the termination date. For purposes of this Agreement, "Cause" shall mean: (i) the continued willful failure by Executive to substantially perform Executive's duties to the Company, (ii) the willful engaging by Executive in gross misconduct materially and demonstrably injurious to the Company or (iii) Executive's material breach of Sections 3, 6 or 7 of this Agreement; provided, that with respect to any breach that is curable by Executive, as determined by the Board in good faith, the Employer has provided Executive written notice of the material breach and Executive has not cured such breach, as determined by the Board in good faith, within fifteen (15) days following the date the Employer provides such notice.

(e) **Waiver and Release.** In consideration for and as a condition to the payments and benefits provided and to be provided under Section 5(b)(ii) of this Agreement other than those provided under Section 10 (indemnification), Executive agrees that Executive will, within thirty (30) days after the termination of Executive's employment hereunder, deliver to the Employer a fully executed release agreement then currently used by the Employer. The waiver and release shall fully and irrevocably release and discharge the Company, its directors, officers, and employees from any and all claims, charges, complaints, liabilities of any kind, known or unknown, owed to Executive, other than any rights Executive may have under the terms of this Agreement that survive such termination of employment and other than any vested rights of Executive under any of the Company's employee benefit plans or programs that, by their terms, survive or are unaffected by such termination of employment. Unless consented to by Executive, the waiver and release will not modify the Executive's obligations pursuant to the Section 6, Certain Covenants by Executive.

#### 6. **Certain Covenants by Executive.**

(a) **Confidential Information.** Executive acknowledges that in Executive's employment hereunder Executive will occupy a position of trust and confidence. Executive shall not, except in the course of the good faith performance of Executive's duties hereunder or as required by applicable law, without limitation in time or until such information shall have become public other than by Executive's unauthorized disclosure, disclose to others or use, whether directly or indirectly, any Confidential Information (as hereinafter defined) regarding the Company. For purposes of this Agreement, "Confidential Information" shall mean information about the Company or its clients or customers that was learned by Executive in the course of Executive's employment by the Employer, including (without limitation) any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information, but excludes information (i) which is in the public domain through no unauthorized act or omission of Executive; or (ii) which becomes available to Executive on a non-confidential basis from a source other than the Company without breach of such source's confidentiality or non-disclosure obligations to the Company. Executive agrees to deliver or return to the Employer, at the Employer's request at any time or upon termination or expiration of Executive's employment or as soon thereafter as possible, (i) all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by the Company or prepared by Executive during the term of Executive's employment by the Employer and (ii) all notebooks and other data relating to research or experiments or other work conducted by Executive in the scope of such employment. Upon the date of termination of Executive's employment hereunder, Executive shall, as soon as possible but no later than two (2) days after the date of termination, surrender to the Employer all Confidential Information in Executive's possession and return to the Employer all Company property in Executive's possession or control, including but not limited to, all paper records and documents, computer disks and access cards and keys to any Company facilities.

(b) **Non-Competition.** During the period of Executive's employment hereunder and for a period of twelve

(b) Non-Competition. During the period of Executive's employment hereunder and for a period of twelve (12) months after the date of termination of Executive's employment, Executive shall not, directly or indirectly, in the "Restricted Territory" (as hereinafter defined), without the prior written consent of the Employer, provide consultative services or otherwise provide services to (whether as an employee or a consultant, with or without pay) or, own, manage, operate, join, control, participate in, or be connected with (as a shareholder, partner, or otherwise), any business, individual, partner, firm, corporation, or other entity that is then a competitor of the Company (each such competitor a "Competitor of the Company"); provided, however, that the "beneficial ownership" by Executive, either individually or as a member of a "group," as such terms are used in Rule 13d of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of not more than five percent (5%) of the voting stock of any publicly held corporation shall not alone constitute a violation of this Agreement. For purposes of this Agreement, "Restricted Territory" shall mean: (i) the State of North Carolina, (ii) the

other contiguous states of the United States of America, and (iii) any other jurisdiction in which the Company is doing or does business during Executive's employment hereunder. Executive and the Employer acknowledge and agree that the business of the Company extends throughout the contiguous states of the United States of America and internationally.

(c) Non-Solicitation of Customers and Suppliers. During the period of Executive's employment hereunder and for a period of twelve (12) months after the date of termination of Executive's employment hereunder, Executive shall not, directly or indirectly, influence or attempt to influence customers or suppliers of the Company to divert any of their business to any Competitor of the Company.

(d) Non-Solicitation of Employees. Executive recognizes that Executive possesses and will possess Confidential Information about other employees of the Company relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of the Company. Executive recognizes that the information Executive possesses and will possess about these other employees is not generally known, is of substantial value to the Company in developing its business and in securing and retaining customers, and has been and will be acquired by Executive because of Executive's business position with the Company. Executive agrees that, during the period of Executive's employment hereunder and for a period of twelve (12) months thereafter, Executive will not, directly or indirectly, solicit, recruit, induce or encourage or attempt to solicit, recruit, induce, or encourage any employee of the Company (i) for the purpose of being employed by Executive or by any Competitor of the Company on whose behalf Executive is acting as an agent, representative or employee or (ii) to terminate Executive's employment or any other relationship with the Company. Executive also agrees that Executive will not convey any Confidential Information or trade secrets about other employees of the Company to any other person.

(e) Post-Termination Covenants by Executive.

(i) Upon the termination of Executive's employment hereunder, regardless of (A) the date, cause, or manner of the Termination of Employment, (B) whether the Termination of Employment is with or without Cause or is a result of Executive's resignation, or (C) whether the Employer provides severance benefits to Executive under this Agreement (the "Termination of Employment"), Executive shall resign and does resign (1) as a member of the Board if serving on the Board at that time and (2) from all positions as an officer, director or manager of the Company and from any other positions with the Company, with all such resignations to be effective upon the date of the Termination of Employment.

(ii) From and after the Termination of Employment, Executive agrees to reasonably cooperate with and provide assistance to the Company and its legal counsel in connection with any litigation (including arbitration or administrative hearings) or investigation affecting the Company, in which, in the reasonable judgment of the Company's counsel, Executive's assistance or cooperation is needed. Executive shall, when requested by the Company, provide testimony or other assistance and shall travel at the Company's request in order to fulfill this obligation. In connection with such litigation or investigation, the Company shall attempt to accommodate Executive's schedule, shall reimburse Executive (unless prohibited by law) for any actual loss of wages in connection therewith, shall provide Executive with reasonable notice in advance of the times in which Executive's cooperation or assistance is needed, and shall reimburse Executive for any reasonable expenses incurred in connection with such

assistance is needed, and shall reimburse Executive for any reasonable expenses incurred in connection with such matters.

(f) **Injunctive Relief.** It is expressly agreed that the Employer will or would suffer irreparable injury, for which a remedy in monetary damages alone would be inadequate, if Executive were to violate any of the provisions of this Section 6 and that the Employer would by reason of such violation be entitled to injunctive relief in a court of appropriate jurisdiction, and Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting Executive from so violating Section 6 of this Agreement, in addition to any and all damages or other remedies to which the Employer would be entitled at law or in equity. Nothing herein shall be construed as prohibiting the Employer from pursuing any other equitable or legal remedies for such breach or threatened breach, including the recovery of monetary damages from Executive.

(g) **Executive's Acknowledgement.** Executive acknowledges and agrees that (i) the restrictive covenants in this Section 6 are reasonable in time, territory and scope, and in all other respects and (ii) should any part or provision of any covenant herein be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness, or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. The restrictive covenants contained herein shall be construed as agreements independent of any other provision in this Agreement and the existence of any claim or cause of action of Executive against the Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Employer of these covenants.

(h) **Protected Disclosures.** Pursuant to the Defend Trade Secrets Act of 2016 (8 U.S.C. § 1833(b)), Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement, is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Notwithstanding any provision in any agreement between Executive and the Company, Executive may disclose any confidential or non- public information (i) to report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the United States Congress and any agency Inspector General, or make other disclosures that are protected under the whistleblower provisions of federal law or regulation or (ii) as required by law or order by a court; provided, however, Executive agrees to notify the Company in advance if Executive is required to provide information or testimony in connection with any action brought by a non-governmental or non-regulatory person or entity.

(i) **Survival of Provisions.** The obligations contained in this Section 6 shall survive the termination or expiration of Executive's employment hereunder and shall be fully enforceable thereafter.

## **7. Non-Disparagement.**

(a) From and after the Termination of Employment, Executive agrees not to make any statements to the Company's employees, customers, vendors, or suppliers or to any public or media source, whether written or oral, regarding Executive's employment hereunder or termination from the Employer's employment, except as may be approved in writing by an executive officer of the Employer in advance. Executive further agrees not to make any statement (including to any media source, or to the

Company's suppliers, customers or employees) or take any action that would disrupt, impair, embarrass, harm or affect adversely the Company or any of the employees, officers, directors, or customers of the Company or place the Company or such individuals in any negative light.

(b) From and after the Termination of Employment, Employer shall not, and shall instruct the members of its

(b) From and after the termination of Employment, Employer shall not, and shall instruct the members of its Board, and its Senior Executives, Managers, and Directors not to, make any statements to the Company's employees, customers, vendors, or suppliers or to any public or media source, whether written or oral, regarding Executive's employment hereunder or termination from the Employer's employment, except as may be approved in writing by Executive in advance. Employers' Board, Senior Executives, Managers, and Directors further agree not to make any statement (including to any media source, or to the Company's suppliers, customers or employees) or take any action that would disrupt, impair, embarrass, harm or affect adversely the Executive or place the Executive in a negative light.

**8.No Conflict.** Executive represents and warrants that Executive is not subject to any agreement, instrument, order, judgment or decree of any kind, or any other restrictive agreement of any character, which would prevent Executive from entering into this Agreement or would conflict with the performance of Executive's duties pursuant to this Agreement. Executive represents and warrants that Executive will not engage in any activity, which would conflict with the performance of Executive's duties pursuant to this Agreement.

**9.Notices.** Any notice, requests, demands and other communications to be given to a party in connection with this Agreement shall be in writing addressed to such party at such party's "Notice Address," which shall initially be as set forth below:

If to the Company: Unifi, Inc.

7201 West Friendly Avenue Greensboro, North  
Carolina 27410 Attn: Corporate Secretary

If to Executive: Brian D. Moore

Most recent address reflected on the Company's  
payroll records

A party's Notice Address may be changed or supplemented from time to time by such party by notice thereof to the other party as herein provided. Any such notice shall be deemed effectively given to and received by a party on the first to occur of (a) the date on which such notice is actually delivered (whether by mail, courier, hand delivery, electronic, or facsimile transmission or otherwise) to such party's Notice Address and addressed to such party, if such delivery occurs on a business day, or if such delivery occurs on a day which is not a business day, then on the next business day after the date of such delivery, or (b) the date on which such notice is actually received by such party (or, in the case of a party that is not an individual, actually received by the individual designated in the Notice Address of such party). For purposes of the preceding sentence, a "business day" is any day other than a Saturday, Sunday or U.S. federal public legal holiday.

**10. Indemnification.**

(a) **General.** Subject to the limitations set forth in this Section 10, the Employer shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, Executive if Executive was or is made or is threatened to be made a party to or is otherwise involved in any pending, threatened or completed action, suit, arbitration, alternative dispute resolution proceeding, investigation, administrative hearing, or other proceeding, whether by or in the right

of the Employer, any other Company, or any other person or entity, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that Executive is or was a director, officer, employee or agent of the Employer or is or was serving at the request of the Employer as a director, officer, member, employee or agent of any other Company or other enterprise, including service with respect to employee benefit plans, against all cost, expense, liability and loss (including without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by Executive or on Executive's behalf in connection with any Proceeding and any appeal therefrom. Executive's rights under this Section 10 shall continue after Executive has ceased acting as a director, officer, member, employee or agent of a Company and shall inure to the benefit of the heirs, executors and administrators of Executive. The Employer's obligation to provide the indemnification set forth in this Section 10(a) shall be subject to Executive having acted in good faith and in a manner Executive reasonably believed to be in or not opposed to the best

Executive having acted in good faith and in a manner Executive reasonably believed to be in or not opposed to the best interests of any Company, and, with respect to any criminal action or proceeding, having had no reasonable cause to believe Executive's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Executive did not act in good faith and in a manner which Executive reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Executive's conduct was unlawful.

(b) Advancement of Expenses. Subject to the limitations set forth in this Section 10, the Employer shall pay the reasonable expenses (including reasonable attorneys' fees) incurred by Executive in defending any Proceeding in advance of its final disposition; provided, however, that such advancement of expenses shall be made only upon receipt of an undertaking by Executive, in a form approved by the Employer, to repay all amounts advanced if it shall ultimately be determined that Executive is not entitled to be indemnified therefor. Executive agrees to reimburse the Employer for all expenses advanced under this Section 10 in the event and only to the extent it shall ultimately be determined by a final adjudication that Executive is not entitled to be indemnified by the Employer for such expenses.

(c) Claims for Indemnification or Advancement; Determination of Eligibility.

(i) Any claim by Executive for indemnification or advancement of expenses under this Agreement shall be made in a writing delivered to the Employer, setting forth in reasonable detail the basis for such indemnification or advancement and the amount requested, and accompanied by appropriate documentation to support the amount so requested (or, in the case of advancement of expenses to be incurred, the basis on which such amount is to be determined). A claim for advancement may include future expenses reasonably expected to be incurred, provided they are generally described in the claim, and provided that the Employer shall not be required to advance particular expenses covered by the claim until it has received appropriate substantiation that those expenses have been incurred and are appropriately included within the advances approved by the Employer pursuant to this Section 10(c).

(ii) Promptly upon its receipt of a written claim for advancement of expenses to which Executive is entitled hereunder, and within sixty (60) days after its receipt of a written claim for indemnity to which Executive is entitled hereunder, the Employer shall pay such advancement (and any future related submissions for advancement of expenses as they are incurred) or such claim for indemnity in full to or as directed by Executive. If and to the extent it is required by law that the Employer make any particular determination as to Executive's eligibility to receive such advancements or indemnity, or whether Executive has met the standards set forth in Section 10(a) hereof, the Employer shall make such determination as promptly as practicable in good faith and in accordance with such requirements of law, and in any event within sixty (60) days after its receipt of the claim from Executive. In the event that the Employer fails to make such

determination as to Executive's eligibility, or makes a determination that Executive is ineligible for indemnification or advancement of expenses hereunder, within such sixty (60)-day period, then Executive may seek such determination from a court of competent jurisdiction. In any such proceeding, the Employer shall have the burden of proving that Executive was not entitled to the requested indemnification or advancement of expenses, and any prior determination by the Employer to the contrary shall be to no effect and shall not be given any weight by the court, it being the intention of the parties that any determination by the court as to Executive's eligibility for and entitlement to indemnification or advancement of expenses hereunder shall be made de novo based upon the terms of this Agreement and the evidence presented to such court.

(d) Limitations on Claims. In addition to the limitations on indemnification set forth in Section 10(a) above, the Employer shall not be obligated pursuant to this Agreement:

(i) To indemnify or advance expenses to Executive with respect to a Proceeding initiated by Executive, except (i) for Proceedings authorized or consented to by the Board; or (ii) in the event a claim for indemnification or payment of expenses (including attorneys' fees) made under this Agreement is not paid in full

within sixty (60) days after a written claim therefor has been received by the Employer, Executive may file suit to



within sixty (60) days after a written claim therefor has been received by the Employer, Executive may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim, including attorneys' fees. In any such action, the Employer shall have the burden of proving that Executive was not entitled to the requested indemnification or payment of expenses under applicable law or this Agreement.

(ii) To indemnify Executive for any expenses incurred by Executive with respect to any Proceeding instituted by Executive to enforce or interpret this Agreement, unless Executive is successful in establishing Executive's right to indemnification in such Proceeding, in whole or in part; provided, however, that nothing in this Section 10(d)(ii) is intended to limit the Employer's obligation with respect to the advancement of expenses to Executive in connection with any Proceeding instituted by Executive to enforce or interpret this Agreement, as provided in Section 10(c) above.

(iii) To indemnify Executive in connection with proceedings or claims involving the enforcement of the provisions of this Agreement (other than as otherwise specifically provided for in this Section 10) or any other employment, severance or compensation plan or agreement that Executive may be a party to, or beneficiary of, with the Employer or any other Company.

(iv) To indemnify Executive on account of any proceeding with respect to which final judgment is rendered against Executive for payment or an accounting of profits arising from the purchase or sale by Executive of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, any similar successor statute, or similar provisions of state statutory law or common law.

(e) Non-Exclusivity of Rights. The right conferred on Executive by this Section 10 shall not be exclusive of any other rights which Executive may have or hereafter acquire under any statute, provision of the Employer's articles of incorporation or bylaws, agreement, vote of shareholders or disinterested directors or otherwise, or under any insurance maintained by the Employer; but such rights in the aggregate shall not entitle Executive to duplicative multiple recoveries. No amendment or alteration of the Employer's articles of incorporation or bylaws or any other agreement shall adversely affect the rights provided to Executive under this Section 10.

(f) Savings Clause. If any provision or provisions of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the Employer shall nevertheless

indemnify Executive as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Employer, to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated and to the full extent permitted by applicable law.

## 11. Dispute Resolution.

(a) Any dispute between Executive and the Employer arising out of this Agreement or the performance or nonperformance hereof (except with respect to Section 10), shall, upon the demand of either Executive or the Employer, be settled by binding arbitration in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association as in effect at the time the arbitration is commenced and the provisions of this subsection:

(i) The arbitration shall be conducted in Greensboro, North Carolina by a panel of three impartial arbitrators selected in accordance with such rules, unless the parties shall hereafter mutually agree in writing to have the arbitration conducted by a single arbitrator.

(ii) In conducting the arbitration and rendering their award, the arbitrators shall give effect to the terms of this Agreement, including the choice of applicable law, shall give effect to any other agreement of the parties relating to the conduct of the arbitration, and shall give effect to applicable statutes of limitations.

(iii) The costs of the arbitration, including the fees and expenses of the arbitrators and of the American Arbitration Association, shall be paid by the Employer, unless as part of their decision the arbitrators determine that Executive proceeded in bad faith. If the arbitrators determine that Executive

proceeded in bad faith, the arbitrators may allocate fees and expenses to such parties as, and in such

proceeded in bad faith, the arbitrators may allocate fees and expenses to such parties as, and in such proportions as, the arbitrators shall determine to be just and equitable, which determination shall be set forth in the award.

(iv) Judgment upon the award of the arbitrators may be entered by any court of competent jurisdiction.

(b) Nothing in this Section 10 shall preclude any party from applying to a court of competent jurisdiction for, and obtaining if warranted, preliminary or ancillary relief pending the conduct of such arbitration, or an order to compel the arbitration provided for herein.

(c) Any claim arising out of Section 10, including a claim by Executive for indemnification or advancement of expenses thereunder, shall be brought before the state courts of the State of North Carolina pursuant to Section 13.

**12. Assignment; Successors.** This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided that, this Agreement shall be binding upon and, subject to the provisions hereof, inure to the benefit of any successor of the Employer and such successor shall be deemed substituted for the Employer under the terms of this Agreement; but any such substitution shall not relieve the Employer of any of its obligations under this Agreement. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or like business entity which at any time, whether by merger, purchase or

otherwise, acquires all or a controlling interest in the assets or business of the Employer. This Agreement shall inure to the benefit of Executive's estate, administrators, and personal representatives.

**13. Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of North Carolina, without giving effect to its principles of conflict of laws. Executive and the Employer each hereby irrevocably consent that both parties are subject to the jurisdiction of the state courts of the State of North Carolina for all purposes in connection with any action or proceeding that arises out of or relates to this Agreement, and further agree that the sole and exclusive venue for any such dispute shall be the General Court of Justice, Superior Court Division, in Guilford County, North Carolina.

**14. Withholding.** The Employer shall make such deductions and withhold such amounts from each payment made to Executive hereunder as may be required from time to time by law, governmental regulation or order.

**15. Headings.** Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** The parties have entered into this Agreement for the purposes herein expressed, with the intention that this Agreement be given full effect to carry out such purposes. Therefore, consistent with the effectuation of the purposes hereof, the invalidity or unenforceability of any provision hereof or part thereof shall not affect the validity or enforceability of any other provision hereof or any other part of such provision.

**18. Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreements between them with respect to the subject matter hereof. Without limiting the generality of the foregoing, the obligations under this Agreement with respect to any termination of employment of Executive, for whatever reason, supersede any severance or related obligations of the Company in any policy, plan or practice of the Company or any agreement between Executive and the Company.

**19. Counterparts.** This Agreement may be executed by the parties hereto in multiple counterparts and shall be effective as of the Effective Date when each party shall have executed and delivered a counterpart hereof, whether or not the same counterpart is executed and delivered by each party. When so executed and delivered, each such counterpart shall be

deemed an original and all such counterparts shall be deemed one and the same document. Transmission of images of

deemed an original and all such counterparts shall be deemed one and the same document. Transmission of images of signed signature pages by facsimile, e-mail or other electronic means shall have the same effect as the delivery in person of manually signed documents.

20. **Compliance with Section 409A.** This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), to the extent applicable. Notwithstanding any provision herein to the contrary, this Agreement shall be interpreted, operated and administered consistent with this intent. Each separate installment under this Agreement shall be treated as a separate payment for purposes of determining whether such payment is subject to or exempt

from compliance with the requirements of Section 409A. In addition, in the event that Executive is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Employer as in effect on the date of termination of Executive's employment hereunder), any payment or benefits hereunder that are nonqualified deferred compensation subject to the requirements of Section 409A shall be provided to Executive no earlier than six (6) months after the date of Executive's "separation from service" within the meaning of Section 409A.

[Signatures follow on next page]

IN WITNESS WHEREOF, the Employer has caused this Agreement to be executed by its duly authorized officer, and Executive has hereunto signed this Agreement, as of the Effective Date.

**"Employer":**

Unifi, Inc.

By: /s/ EDMUND M. INGLE

Name: Edmund M. Ingle

Title: Chief Executive Officer

**"Executive":**

/s/ BRIAN D. MOORE

Name: Brian D. Moore

[signature page to employment agreement]

**Exhibit 10.2**

## **EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT ("**Agreement**"), effective this 22nd day of January, 2024 (the "**Effective Date**"), is entered into by and between Meredith S. Boyd ("**Executive**") and Unifi, Inc. (the "**Employer**" and, collectively with its successors, subsidiaries and affiliated companies, the "**Company**").

WHEREAS, the Employer desires to continue to retain the services of Executive on the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Employment.** The Employer hereby agrees to continue to employ Executive and the Executive hereby agrees to



1. Employment. The Employer hereby agrees to continue to employ Executive, and the Executive hereby agrees to continue employment with the Company, upon the terms and subject to the conditions of this Agreement, all as of the Effective Date set forth herein.

2. Position. During the period of Executive's employment hereunder, Executive agrees to serve the Company, and the Employer shall employ Executive, as Executive Vice President and Chief Product Officer. If appointed or elected, Executive also shall serve as an officer, director and/or manager of one or more of the Employer's subsidiaries and affiliated companies in such capacity or capacities as may be determined from time to time.

3. At-Will Employment and Duties.

(a) At-Will Employment. Executive and the Employer agree that Executive's employment by the Employer hereunder will be at-will (as defined under applicable law), and may be terminated at any time, for any reason, at the option of either party, subject to the provisions of this Agreement.

(b) Duties. During the period of Executive's employment hereunder and except for illness, reasonable vacation periods, and reasonable leaves of absence, Executive shall in good faith devote all of Executive's business time, attention, skill and efforts to the business and affairs of the Company. Executive's duties shall be performed under the supervision of the Board. The foregoing shall not be construed as prohibiting Executive from serving on corporate, civic or charitable boards or committees or making personal investments, so long as such activities do not materially interfere with the performance of Executive's obligations to the Company as set forth herein.

4. Salary; Bonus; Reimbursement of Expenses; Other Benefits.

(a) Salary. In consideration of the services to be rendered by Executive pursuant to this Agreement, the Employer shall pay, or cause to be paid, to Executive a base salary (the "Base Salary") as established by or pursuant to authority granted by the Employer's board of directors (the "Board"). Executive's initial Base Salary shall be \$367,000 per annum. The Base Salary shall be reviewed annually by or pursuant to authority granted by the Board in connection with its annual review of executive compensation to determine if such Base Salary should be increased for the following year in recognition of services to the Company. The Base Salary shall be payable at such intervals in conformity with the Employer's prevailing practice as such practice shall be established or modified from time to time.

(b) Bonuses; Additional Compensation. Executive will be eligible to receive bonuses and to participate in compensation plans of the Employer in accordance with any plan or decision that the Board, or any committee or other person authorized by the Board, may in its sole discretion determine from time to time.

(c) Reimbursement of Expenses. Executive shall be paid or reimbursed by the Employer, in accordance with and subject to the Employer's general expense reimbursement policies and practices, for all reasonable travel and other business expenses incurred by Executive in performing Executive's obligations under this Agreement.

(d) Other Benefits. During the period of employment hereunder, Executive shall be entitled to participate in all other benefits of employment generally available to other executives of the Employer and those benefits for which such persons are or shall become eligible, when and as Executive becomes eligible therefore. All outstanding unvested equity awards issued to Executive by the Employer shall vest in full upon a "Change of Control" (as such term is defined in the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan).

5. Termination of Employment.

(a) Termination as a Result of Executive's Death or Disability. Executive's employment hereunder shall terminate automatically upon Executive's death and may be terminated by the Employer upon Executive's "Disability" (as hereinafter defined). If Executive's employment hereunder is terminated by reason of Executive's death or Disability, Executive's (or Executive's estate's) right to benefits under this Agreement will terminate as of the date of such termination and all of the Employer's obligations hereunder shall immediately cease and terminate, except that (i) Executive or Executive's estate, as the case may be, will be entitled to receive accrued Base Salary and benefits through the date of termination, (ii) all outstanding unvested equity awards issued to Executive by the Employer shall vest in full upon such termination of employment and (iii) if this Section 5(a) is applicable in the first twelve calendar months of Executive's

termination of employment, and (iii) if this Section 5(a) is applicable in the first twelve calendar months of Executive's employment under this Agreement, Employer will pay to Executive a pro rata bonus based on Executive's days of employment, on a per diem basis, payable at Employer's target level. As used herein, Executive's "Disability" shall have the meaning set forth in any long-term disability plan in which Executive participates, and in the absence thereof shall mean the determination in good faith by the Board that, due to physical or mental illness, Executive shall have failed to perform Executive's duties on a full-time basis hereunder for one hundred eighty (180) consecutive days and shall not have returned to the performance of Executive's duties hereunder on a full-time basis before the end of such period. If Disability has occurred, termination of Executive's employment hereunder shall occur within thirty (30) days after written notice of such termination is given (which notice may be given before the end of the one hundred eighty (180) day period described above so as to cause termination of employment to occur as early as the last day of such period).

**(b) Termination by Executive for Good Reason or by the Employer other than as a Result of Executive's Death or Disability or for Cause.**

(i) Executive may terminate Executive's employment hereunder for "Good Reason" (as hereinafter defined), if Good Reason exists, upon at least five (5) days prior written notice to the Employer, and the Employer may terminate Executive's employment hereunder for any reason or for no reason, other than as a result of Executive's death or Disability or for Cause (as hereinafter defined), in each case with the consequences set forth in this Section 5(b).

(ii) If Executive's employment hereunder is terminated by Executive for Good Reason or by the Employer other than by reason of Executive's death or Disability and other than

for Cause, then, subject to Executive entering into and not revoking a release of claims in favor of the Employer and the Company pursuant to Section 5(e) below, and Executive fully complying with the covenants set forth in Section 6, Executive shall be entitled to the following benefits:

(1) Cash severance payments equal in the aggregate to twelve (12) months of Executive's annual Base Salary at the time of termination, payable in twelve (12) equal monthly installments beginning at the end of the first full month following termination of employment.

(2) In the event Executive elects COBRA continuation coverage for the level of medical coverage Executive had in force at the time of Executive's termination, the Employer shall reimburse Executive for the monthly cost of such continuation coverage until the earlier of (A) the date Executive ceases to maintain such continuation coverage in effect or (B) twelve (12) months from the termination of Executive's employment.

(iii) For purposes of this Agreement, "Good Reason" shall mean: (1) a material reduction (without Executive's express written consent) in Executive's title, duties, authority, or responsibilities; (2) the requirement that Executive relocate to an employment location that is more than fifty (50) miles from Executive's employment location on the Start Date; (3) the Employer's material breach (without Executive's express written consent) of Sections 2 or 4 of this Agreement; or (4) following a Change of Control, Executive not being an officer of the ultimate surviving parent business entity resulting from such Change of Control transaction, in a substantially similar role to that performed by Executive for the Employer prior to such Change of Control, for a period of at least twelve (12) months thereafter; provided, that with respect to the foregoing clauses (1), (2) and (3), Executive has provided the Employer written notice of the event or circumstance purporting to constitute Good Reason within thirty (30) days of the event or circumstance occurring and the Employer has not cured such event or circumstance within fifteen (15) days following the date Executive provides such notice. If the Employer thereafter intentionally repeats the breach it previously cured, such breach shall no longer be deemed curable.

**(c) Termination by Executive other than for Good Reason.** Executive may terminate Executive's employment with the Employer other than for Good Reason upon thirty (30) days prior written notice to the Employer, after which the Employer shall have no further obligation hereunder to Executive, except for payment of accrued Base Salary and benefits through the termination date. If Executive so notifies the Employer of such termination, the Employer shall have the

benefits through the termination date. If Executive so notifies the Employer of such termination, the Employer shall have the right to accelerate the effective date of such termination to any date after the Employer's receipt of such notice, but such acceleration will not be deemed to constitute a termination of Executive's employment by the Employer without Cause, and the consequences of such termination will continue to be governed by this subsection.

(d) Termination by the Employer for Cause. The Employer may terminate Executive's employment under this Agreement at any time for "Cause" (as hereinafter defined) whereupon the Employer shall have no further obligation hereunder to Executive, except for payment of amounts of Base Salary and benefits accrued through the termination date. For purposes of this Agreement, "Cause" shall mean: (i) the continued willful failure by Executive to substantially perform Executive's duties to the Company, (ii) the willful engaging by Executive in gross misconduct materially and demonstrably injurious to the Company or (iii) Executive's material breach of Sections 3, 6 or 7 of this Agreement; provided, that with respect to any breach that is curable by Executive, as determined by the Board in good faith, the Employer has provided Executive written notice of the material breach and Executive has not cured such breach, as determined by the Board in good faith, within fifteen (15) days following the date the Employer provides such notice.

(e) Waiver and Release. In consideration for and as a condition to the payments and benefits provided and to be provided under Section 5(b)(ii) of this Agreement other than those provided under Section 10 (indemnification), Executive agrees that Executive will, within thirty (30) days after the termination of Executive's employment hereunder, deliver to the Employer a fully executed release agreement then currently used by the Employer. The waiver and release shall fully and irrevocably release and discharge the Company, its directors, officers, and employees from any and all claims, charges, complaints, liabilities of any kind, known or unknown, owed to Executive, other than any rights Executive may have under the terms of this Agreement that survive such termination of employment and other than any vested rights of Executive under any of the Company's employee benefit plans or programs that, by their terms, survive or are unaffected by such termination of employment. Unless consented to by Executive, the waiver and release will not modify the Executive's obligations pursuant to the Section 6, Certain Covenants by Executive.

#### 6. Certain Covenants by Executive.

(a) Confidential Information. Executive acknowledges that in Executive's employment hereunder Executive will occupy a position of trust and confidence. Executive shall not, except in the course of the good faith performance of Executive's duties hereunder or as required by applicable law, without limitation in time or until such information shall have become public other than by Executive's unauthorized disclosure, disclose to others or use, whether directly or indirectly, any Confidential Information (as hereinafter defined) regarding the Company. For purposes of this Agreement, "Confidential Information" shall mean information about the Company or its clients or customers that was learned by Executive in the course of Executive's employment by the Employer, including (without limitation) any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information, but excludes information (i) which is in the public domain through no unauthorized act or omission of Executive; or (ii) which becomes available to Executive on a non-confidential basis from a source other than the Company without breach of such source's confidentiality or non-disclosure obligations to the Company. Executive agrees to deliver or return to the Employer, at the Employer's request at any time or upon termination or expiration of Executive's employment or as soon thereafter as possible, (i) all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by the Company or prepared by Executive during the term of Executive's employment by the Employer and (ii) all notebooks and other data relating to research or experiments or other work conducted by Executive in the scope of such employment. Upon the date of termination of Executive's employment hereunder, Executive shall, as soon as possible but no later than two (2) days after the date of termination, surrender to the Employer all Confidential Information in Executive's possession and return to the Employer all Company property in Executive's possession or control, including but not limited to, all paper records and documents, computer disks and access cards and keys to any Company facilities.

(b) Non-Competition. During the period of Executive's employment hereunder and for a period of twelve (12) months after the date of termination of Executive's employment, Executive shall not, directly or indirectly, in the

"Restricted Territory" (as hereinafter defined), without the prior written consent of the Employer, provide consultative services

Restricted Territory (as hereinafter defined), without the prior written consent of the Employer, provide consultative services or otherwise provide services to (whether as an employee or a consultant, with or without pay) or, own, manage, operate, join, control, participate in, or be connected with (as a shareholder, partner, or otherwise), any business, individual, partner, firm, corporation, or other entity that is then a competitor of the Company (each such competitor a "Competitor of the Company"); provided, however, that the "beneficial ownership" by Executive, either individually or as a member of a "group," as such terms are used in Rule 13d of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of not more than five percent (5%) of the voting stock of any publicly held corporation shall not alone constitute a violation of this Agreement. For purposes of this Agreement, "Restricted Territory" shall mean: (i) the State of North Carolina, (ii) the other contiguous states of the United States of America, and (iii) any other jurisdiction in which the

Company is doing or does business during Executive's employment hereunder. Executive and the Employer acknowledge and agree that the business of the Company extends throughout the contiguous states of the United States of America and internationally.

(c) Non-Solicitation of Customers and Suppliers. During the period of Executive's employment hereunder and for a period of twelve (12) months after the date of termination of Executive's employment hereunder, Executive shall not, directly or indirectly, influence or attempt to influence customers or suppliers of the Company to divert any of their business to any Competitor of the Company.

(d) Non-Solicitation of Employees. Executive recognizes that Executive possesses and will possess Confidential Information about other employees of the Company relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of the Company. Executive recognizes that the information Executive possesses and will possess about these other employees is not generally known, is of substantial value to the Company in developing its business and in securing and retaining customers, and has been and will be acquired by Executive because of Executive's business position with the Company. Executive agrees that, during the period of Executive's employment hereunder and for a period of twelve (12) months thereafter, Executive will not, directly or indirectly, solicit, recruit, induce or encourage or attempt to solicit, recruit, induce, or encourage any employee of the Company (i) for the purpose of being employed by Executive or by any Competitor of the Company on whose behalf Executive is acting as an agent, representative or employee or (ii) to terminate Executive's employment or any other relationship with the Company. Executive also agrees that Executive will not convey any Confidential Information or trade secrets about other employees of the Company to any other person.

(e) Post-Termination Covenants by Executive.

(i) Upon the termination of Executive's employment hereunder, regardless of

(A) the date, cause, or manner of the Termination of Employment, (B) whether the Termination of Employment is with or without Cause or is a result of Executive's resignation, or (C) whether the Employer provides severance benefits to Executive under this Agreement (the "Termination of Employment"), Executive shall resign and does resign (1) as a member of the Board if serving on the Board at that time and (2) from all positions as an officer, director or manager of the Company and from any other positions with the Company, with all such resignations to be effective upon the date of the Termination of Employment.

(ii) From and after the Termination of Employment, Executive agrees to reasonably cooperate with and provide assistance to the Company and its legal counsel in connection with any litigation (including arbitration or administrative hearings) or investigation affecting the Company, in which, in the reasonable judgment of the Company's counsel, Executive's assistance or cooperation is needed. Executive shall, when requested by the Company, provide testimony or other assistance and shall travel at the Company's request in order to fulfill this obligation. In connection with such litigation or investigation, the Company shall attempt to accommodate Executive's schedule, shall reimburse Executive (unless prohibited by law) for any actual loss of wages in connection therewith, shall provide Executive with reasonable notice in advance of the times in which Executive's cooperation or

assistance is needed, and shall reimburse Executive for any reasonable expenses incurred in connection with such

assistance is needed, and shall reimburse Executive for any reasonable expenses incurred in connection with such matters.

(f) Injunctive Relief. It is expressly agreed that the Employer will or would suffer irreparable injury, for which a remedy in monetary damages alone would be inadequate, if Executive were to violate any of the provisions of this Section 6 and that the Employer would by reason of such violation be entitled to injunctive relief in a court of appropriate jurisdiction,

and Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting Executive from so violating Section 6 of this Agreement, in addition to any and all damages or other remedies to which the Employer would be entitled at law or in equity. Nothing herein shall be construed as prohibiting the Employer from pursuing any other equitable or legal remedies for such breach or threatened breach, including the recovery of monetary damages from Executive.

(g) Executive's Acknowledgement. Executive acknowledges and agrees that (i) the restrictive covenants in this Section 6 are reasonable in time, territory and scope, and in all other respects and (ii) should any part or provision of any covenant herein be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness, or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. The restrictive covenants contained herein shall be construed as agreements independent of any other provision in this Agreement and the existence of any claim or cause of action of Executive against the Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Employer of these covenants.

(h) Protected Disclosures. Pursuant to the Defend Trade Secrets Act of 2016 (8 U.S.C. § 1833(b)), Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement, is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Notwithstanding any provision in any agreement between Executive and the Company, Executive may disclose any confidential or non- public information (i) to report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the United States Congress and any agency Inspector General, or make other disclosures that are protected under the whistleblower provisions of federal law or regulation or (ii) as required by law or order by a court; provided, however, Executive agrees to notify the Company in advance if Executive is required to provide information or testimony in connection with any action brought by a non-governmental or non-regulatory person or entity.

(i) Survival of Provisions. The obligations contained in this Section 6 shall survive the termination or expiration of Executive's employment hereunder and shall be fully enforceable thereafter.

## **7. Non-Disparagement**

(a) From and after the Termination of Employment, Executive agrees not to make any statements to the Company's employees, customers, vendors, or suppliers or to any public or media source, whether written or oral, regarding Executive's employment hereunder or termination from the Employer's employment, except as may be approved in writing by an executive officer of the Employer in advance. Executive further agrees not to make any statement (including to any media source, or to the

Company's suppliers, customers or employees) or take any action that would disrupt, impair, embarrass, harm or affect adversely the Company or any of the employees, officers, directors, or customers of the Company or place the Company or such individuals in any negative light.

(b) From and after the Termination of Employment, Employer shall not, and shall instruct the members of its



(b) From and after the termination of Employment, Employer shall not, and shall instruct the members of its Board, and its Senior Executives, Managers, and Directors not to, make any statements to the Company's employees, customers, vendors, or suppliers or to any public or media source, whether written or oral, regarding Executive's employment hereunder or termination from the Employer's employment, except as may be approved in writing by Executive in advance. Employers' Board, Senior Executives, Managers, and Directors further agree not to make any statement (including to any media source, or to the Company's suppliers, customers or employees) or take any action that would disrupt, impair, embarrass, harm or affect adversely the Executive or place the Executive in a negative light.

**8.No Conflict.** Executive represents and warrants that Executive is not subject to any agreement, instrument, order, judgment or decree of any kind, or any other restrictive agreement of any character, which would prevent Executive from entering into this Agreement or would conflict with the performance of Executive's duties pursuant to this Agreement. Executive represents and warrants that Executive will not engage in any activity, which would conflict with the performance of Executive's duties pursuant to this Agreement.

**9.Notices.** Any notice, requests, demands and other communications to be given to a party in connection with this Agreement shall be in writing addressed to such party at such party's "Notice Address," which shall initially be as set forth below:

If to the Company: Unifi, Inc.

7201 West Friendly Avenue Greensboro, North  
Carolina 27410 Attn: Corporate Secretary

If to Executive: Meredith S. Boyd

Most recent address reflected on the Company's  
payroll records

A party's Notice Address may be changed or supplemented from time to time by such party by notice thereof to the other party as herein provided. Any such notice shall be deemed effectively given to and received by a party on the first to occur of (a) the date on which such notice is actually delivered (whether by mail, courier, hand delivery, electronic, or facsimile transmission or otherwise) to such party's Notice Address and addressed to such party, if such delivery occurs on a business day, or if such delivery occurs on a day which is not a business day, then on the next business day after the date of such delivery, or (b) the date on which such notice is actually received by such party (or, in the case of a party that is not an individual, actually received by the individual designated in the Notice Address of such party). For purposes of the preceding sentence, a "business day" is any day other than a Saturday, Sunday or U.S. federal public legal holiday.

**10. Indemnification.**

(a) **General.** Subject to the limitations set forth in this Section 10, the Employer shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, Executive if Executive was or is made or is threatened to be made a party to or is otherwise involved in any pending, threatened or completed action, suit, arbitration, alternative dispute resolution proceeding, investigation, administrative hearing, or other proceeding, whether by or in the right

of the Employer, any other Company, or any other person or entity, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that Executive is or was a director, officer, employee or agent of the Employer or is or was serving at the request of the Employer as a director, officer, member, employee or agent of any other Company or other enterprise, including service with respect to employee benefit plans, against all cost, expense, liability and loss (including without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by Executive or on Executive's behalf in connection with any Proceeding and any appeal therefrom. Executive's rights under this Section 10 shall continue after Executive has ceased acting as a director, officer, member, employee or agent of a Company and shall inure to the benefit of the heirs, executors and administrators of Executive. The Employer's obligation to provide the indemnification set forth in this Section 10(a) shall be subject to Executive having acted in good faith and in a manner Executive reasonably believed to be in or not opposed to the best

Executive having acted in good faith and in a manner Executive reasonably believed to be in or not opposed to the best interests of any Company, and, with respect to any criminal action or proceeding, having had no reasonable cause to believe Executive's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Executive did not act in good faith and in a manner which Executive reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Executive's conduct was unlawful.

(b) Advancement of Expenses. Subject to the limitations set forth in this Section 10, the Employer shall pay the reasonable expenses (including reasonable attorneys' fees) incurred by Executive in defending any Proceeding in advance of its final disposition; provided, however, that such advancement of expenses shall be made only upon receipt of an undertaking by Executive, in a form approved by the Employer, to repay all amounts advanced if it shall ultimately be determined that Executive is not entitled to be indemnified therefor. Executive agrees to reimburse the Employer for all expenses advanced under this Section 10 in the event and only to the extent it shall ultimately be determined by a final adjudication that Executive is not entitled to be indemnified by the Employer for such expenses.

(c) Claims for Indemnification or Advancement; Determination of Eligibility.

(i) Any claim by Executive for indemnification or advancement of expenses under this Agreement shall be made in a writing delivered to the Employer, setting forth in reasonable detail the basis for such indemnification or advancement and the amount requested, and accompanied by appropriate documentation to support the amount so requested (or, in the case of advancement of expenses to be incurred, the basis on which such amount is to be determined). A claim for advancement may include future expenses reasonably expected to be incurred, provided they are generally described in the claim, and provided that the Employer shall not be required to advance particular expenses covered by the claim until it has received appropriate substantiation that those expenses have been incurred and are appropriately included within the advances approved by the Employer pursuant to this Section 10(c).

(ii) Promptly upon its receipt of a written claim for advancement of expenses to which Executive is entitled hereunder, and within sixty (60) days after its receipt of a written claim for indemnity to which Executive is entitled hereunder, the Employer shall pay such advancement (and any future related submissions for advancement of expenses as they are incurred) or such claim for indemnity in full to or as directed by Executive. If and to the extent it is required by law that the Employer make any particular determination as to Executive's eligibility to receive such advancements or indemnity, or whether Executive has met the standards set forth in Section 10(a) hereof, the Employer shall make such determination as promptly as practicable in good faith and in accordance with such requirements of law, and in any event within sixty (60) days after its receipt of the claim from Executive. In the event that the Employer fails to make such

determination as to Executive's eligibility, or makes a determination that Executive is ineligible for indemnification or advancement of expenses hereunder, within such sixty (60)-day period, then Executive may seek such determination from a court of competent jurisdiction. In any such proceeding, the Employer shall have the burden of proving that Executive was not entitled to the requested indemnification or advancement of expenses, and any prior determination by the Employer to the contrary shall be to no effect and shall not be given any weight by the court, it being the intention of the parties that any determination by the court as to Executive's eligibility for and entitlement to indemnification or advancement of expenses hereunder shall be made de novo based upon the terms of this Agreement and the evidence presented to such court.

(d) Limitations on Claims. In addition to the limitations on indemnification set forth in Section 10(a) above, the Employer shall not be obligated pursuant to this Agreement:

(i) To indemnify or advance expenses to Executive with respect to a Proceeding initiated by Executive, except (i) for Proceedings authorized or consented to by the Board; or (ii) in the event a claim for indemnification or payment of expenses (including attorneys' fees) made under this Agreement is not paid in full

indemnification or payment of expenses (including attorneys' fees) made under this Agreement is not paid in full within sixty (60) days after a written claim therefor has been received by the Employer, Executive may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim, including attorneys' fees. In any such action, the Employer shall have the burden of proving that Executive was not entitled to the requested indemnification or payment of expenses under applicable law or this Agreement.

(ii) To indemnify Executive for any expenses incurred by Executive with respect to any Proceeding instituted by Executive to enforce or interpret this Agreement, unless Executive is successful in establishing Executive's right to indemnification in such Proceeding, in whole or in part; provided, however, that nothing in this Section 10(d)(ii) is intended to limit the Employer's obligation with respect to the advancement of expenses to Executive in connection with any Proceeding instituted by Executive to enforce or interpret this Agreement, as provided in Section 10(c) above.

(iii) To indemnify Executive in connection with proceedings or claims involving the enforcement of the provisions of this Agreement (other than as otherwise specifically provided for in this Section 10) or any other employment, severance or compensation plan or agreement that Executive may be a party to, or beneficiary of, with the Employer or any other Company.

(iv) To indemnify Executive on account of any proceeding with respect to which final judgment is rendered against Executive for payment or an accounting of profits arising from the purchase or sale by Executive of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, any similar successor statute, or similar provisions of state statutory law or common law.

(e) Non-Exclusivity of Rights. The right conferred on Executive by this Section 10 shall not be exclusive of any other rights which Executive may have or hereafter acquire under any statute, provision of the Employer's articles of incorporation or bylaws, agreement, vote of shareholders or disinterested directors or otherwise, or under any insurance maintained by the Employer; but such rights in the aggregate shall not entitle Executive to duplicative multiple recoveries. No amendment or alteration of the Employer's articles of incorporation or bylaws or any other agreement shall adversely affect the rights provided to Executive under this Section 10.

(f) Savings Clause. If any provision or provisions of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the Employer shall nevertheless

indemnify Executive as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Employer, to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated and to the full extent permitted by applicable law.

## 11. Dispute Resolution.

(a) Any dispute between Executive and the Employer arising out of this Agreement or the performance or nonperformance hereof (except with respect to Section 10), shall, upon the demand of either Executive or the Employer, be settled by binding arbitration in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association as in effect at the time the arbitration is commenced and the provisions of this subsection:

(i) The arbitration shall be conducted in Greensboro, North Carolina by a panel of three impartial arbitrators selected in accordance with such rules, unless the parties shall hereafter mutually agree in writing to have the arbitration conducted by a single arbitrator.

(ii) In conducting the arbitration and rendering their award, the arbitrators shall give effect to the terms of this Agreement, including the choice of applicable law, shall give effect to any other agreement of the parties relating to the conduct of the arbitration, and shall give effect to applicable statutes of limitations.

(iii) The costs of the arbitration, including the fees and expenses of the arbitrators and of the American Arbitration Association, shall be paid by the Employer, unless as part of their decision the arbitrators determine that Executive proceeded in bad faith. If the arbitrators determine that Executive proceeded in bad faith, the arbitrators may allocate fees and expenses to such parties as, and in such



proceeded in bad faith, the arbitrators may allocate fees and expenses to such parties as, and in such proportions as, the arbitrators shall determine to be just and equitable, which determination shall be set forth in the award.

(iv) Judgment upon the award of the arbitrators may be entered by any court of competent jurisdiction.

(b) Nothing in this Section 11 shall preclude any party from applying to a court of competent jurisdiction for, and obtaining if warranted, preliminary or ancillary relief pending the conduct of such arbitration, or an order to compel the arbitration provided for herein.

(c) Any claim arising out of Section 10, including a claim by Executive for indemnification or advancement of expenses thereunder, shall be brought before the state courts of the State of North Carolina pursuant to Section 13.

**12. Assignment; Successors.** This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided that, this Agreement shall be binding upon and, subject to the provisions hereof, inure to the benefit of any successor of the Employer and such successor shall be deemed substituted for the Employer under the terms of this Agreement; but any such substitution shall not relieve the Employer of any of its obligations under this Agreement. As used in this Agreement, the term "successor" shall include any person, firm, corporation, or like business entity which at any time, whether by merger, purchase or

otherwise, acquires all or a controlling interest in the assets or business of the Employer. This Agreement shall inure to the benefit of Executive's estate, administrators, and personal representatives.

**13. Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of North Carolina, without giving effect to its principles of conflict of laws. Executive and the Employer each hereby irrevocably consent that both parties are subject to the jurisdiction of the state courts of the State of North Carolina for all purposes in connection with any action or proceeding that arises out of or relates to this Agreement, and further agree that the sole and exclusive venue for any such dispute shall be the General Court of Justice, Superior Court Division, in Guilford County, North Carolina.

**14. Withholding.** The Employer shall make such deductions and withhold such amounts from each payment made to Executive hereunder as may be required from time to time by law, governmental regulation or order.

**15. Headings.** Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** The parties have entered into this Agreement for the purposes herein expressed, with the intention that this Agreement be given full effect to carry out such purposes. Therefore, consistent with the effectuation of the purposes hereof, the invalidity or unenforceability of any provision hereof or part thereof shall not affect the validity or enforceability of any other provision hereof or any other part of such provision.

**18. Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreements between them with respect to the subject matter hereof. Without limiting the generality of the foregoing, the obligations under this Agreement with respect to any termination of employment of Executive, for whatever reason, supersede any severance or related obligations of the Company in any policy, plan or practice of the Company or any agreement between Executive and the Company.

**19. Counterparts.** This Agreement may be executed by the parties hereto in multiple counterparts and shall be effective as of the Effective Date when each party shall have executed and delivered a counterpart hereof, whether or not the same counterpart is executed and delivered by each party. When so executed and delivered, each such counterpart shall be deemed an original and all such counterparts shall be deemed one and the same document. Transmission of images of

deemed an original and all such counterparts shall be deemed one and the same document. Transmission of images of signed signature pages by facsimile, e-mail or other electronic means shall have the same effect as the delivery in person of manually signed documents.

20. Compliance with Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), to the extent applicable. Notwithstanding any provision herein to the contrary, this Agreement shall be interpreted, operated and administered consistent with this intent. Each separate installment under this Agreement shall be treated as a separate payment for purposes of determining whether such payment is subject to or exempt

from compliance with the requirements of Section 409A. In addition, in the event that Executive is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by the Employer as in effect on the date of termination of Executive's employment hereunder), any payment or benefits hereunder that are nonqualified deferred compensation subject to the requirements of Section 409A shall be provided to Executive no earlier than six (6) months after the date of Executive's "separation from service" within the meaning of Section 409A.

*[Signatures follow on next page]*

IN WITNESS WHEREOF, the Employer has caused this Agreement to be executed by its duly authorized officer, and Executive has hereunto signed this Agreement, as of the Effective Date.

**"Employer":**

Unifi, Inc.

By: /s/ EDMUND M. INGLE

Name: Edmund M. Ingle

Title: Chief Executive Officer

**"Executive":**

/s/ MEREDITH S. BOYD

Name: Meredith S. Boyd

*[signature page to employment agreement]*

**Exhibit 31.1**

## **CERTIFICATION**

I, Edmund M. Ingle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Unifi, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(d) and 15d-15(f)) for the registrant and have:

and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions regarding the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on our evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2024 May 9, 2024

/s/ EDMUND M. INGLE

Edmund M. Ingle

Chief Executive Officer

(Principal Executive Officer)

## Exhibit 31.2

### CERTIFICATION

I, Andrew J. Eaker, certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q of Unifi, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known by others within those entities, particularly during the period in which this report is being prepared;

by others within those entities, particularly during the period in which this report is being prepared,

- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions as to the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on our evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2024 May 9, 2024

/s/ ANDREW J. EAKER

Andrew J. Eaker  
Executive Vice President & Chief Financial Officer  
Treasurer  
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32

**CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Chief Executive Officer and Interim Chief Financial Officer of Unifi, Inc. (the "Company"), do hereby certify that:

- (1) the Quarterly Report on Form 10-Q of the Company for the fiscal period ended December 31, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 7, 2024 May 9, 2024

/s/ EDMUND M. INGLE

Edmund M. Ingle

Chief Executive Officer

Chief Executive Officer  
(Principal Executive Officer)

/s/ ANDREW J. EAKER

---

Andrew J. Eaker

Executive Vice President & Chief Financial Officer

Treasurer

(Principal Financial Officer and Principal Accounting  
Officer)

## DISCLAIMER

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