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 29, 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 3, 2025, there were 18,351,295 shares of the registrant's common stock, par value $0.10 per share, outstanding.

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;
- 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 June 30, 2024 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.

UNIFI, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS AND SIX MONTHS ENDED DECEMBER 29, 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 29, 2024	June 30, 2024
ASSETS		
Cash and cash equivalents	$ 18,669	$ 26,805
Receivables, net	68,934	79,165
Inventories	132,910	131,181
Income taxes receivable	1,179	164
Other current assets	9,457	11,618
Total current assets	231,149	248,933
Property, plant and equipment, net	183,344	193,723
Operating lease assets	8,900	8,245
Deferred income taxes	4,437	5,392
Other non-current assets	11,829	12,951
Total assets	$ 439,659	$ 469,244
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 35,795	$ 43,622
Income taxes payable	921	754
Current operating lease liabilities	2,415	2,251
Current portion of long-term debt	12,025	12,277
Other current liabilities	16,054	17,662
Total current liabilities	67,210	76,566
Long-term debt	122,979	117,793
Non-current operating lease liabilities	6,597	6,124
Deferred income taxes	1,869	1,869
Other long-term liabilities	3,813	3,507
Total liabilities	202,468	205,859
Commitments and contingencies		
Common stock, $0.10 par value (500,000,000 shares authorized; 18,345,484 and 18,251,545 shares issued and outstanding as of December 29, 2024 and June 30, 2024, respectively)	1,835	1,825
Capital in excess of par value	72,490	70,952
Retained earnings	240,373	259,397
Accumulated other comprehensive loss	(77,507)	(68,789)
Total shareholders' equity	237,191	263,385
Total liabilities and shareholders' equity	$ 439,659	$ 469,244

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)
(In thousands, except per share amounts)

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
Net sales	$ 138,880	$ 136,917	$ 286,252	$ 275,761
Cost of sales	138,346	135,281	276,260	274,700
Gross profit	534	1,636	9,992	1,061
Selling, general and administrative expenses	12,921	12,408	24,763	24,017
(Benefit) provision for bad debts	(96)	1,289	216	1,080
Gain on sale of assets	(4,296)	—	(4,296)	—
Restructuring costs	—	5,101	—	5,101
Other operating (income) expense, net	(431)	481	89	535
Operating loss	(7,564)	(17,643)	(10,780)	(29,672)
Interest income	(177)	(697)	(434)	(1,278)
Interest expense	2,398	2,613	4,905	5,098
Equity in loss (earnings) of unconsolidated affiliates	262	(93)	251	(293)
Loss before income taxes	(10,047)	(19,466)	(15,502)	(33,199)
Provision (benefit) for income taxes	1,345	380	3,522	(83)
Net loss	$ (11,392)	$ (19,846)	$ (19,024)	$ (33,116)
Net loss per common share:				
Basic	$ (0.62)	$ (1.10)	$ (1.04)	$ (1.83)
Diluted	$ (0.62)	$ (1.10)	$ (1.04)	$ (1.83)

Comprehensive loss:

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
Net loss	$ (11,392)	$ (19,846)	$ (19,024)	$ (33,116)
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(12,206)	5,026	(8,718)	(514)
Other comprehensive (loss) income, net	(12,206)	5,026	(8,718)	(514)
Comprehensive loss	$ (23,598)	$ (14,820)	$ (27,742)	$ (33,630)

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at September 29, 2024	18,257	$ 1,826	$ 71,419	$ 251,765	$ (65,301)	$ 259,709
Options exercised	—	—	3	—	—	3
Conversion of equity units	113	11	(11)	—	—	—
Stock-based compensation	—	—	1,223	—	—	1,223
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(25)	(2)	(144)	—	—	(146)
Other comprehensive loss, net of tax	—	—	—	—	(12,206)	(12,206)
Net loss	—	—	—	(11,392)	—	(11,392)
Balance at December 29, 2024	18,345	$ 1,835	$ 72,490	$ 240,373	$ (77,507)	$ 237,191

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at June 30, 2024	18,252	$ 1,825	$ 70,952	$ 259,397	$ (68,789)	$ 263,385
Options exercised	5	1	35	—	—	36
Conversion of equity units	113	11	(11)	—	—	—
Stock-based compensation	—	—	1,658	—	—	1,658
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(25)	(2)	(144)	—	—	(146)
Other comprehensive loss, net of tax	—	—	—	—	(8,718)	(8,718)
Net loss	—	—	—	(19,024)	—	(19,024)
Balance at December 29, 2024	18,345	$ 1,835	$ 72,490	$ 240,373	$ (77,507)	$ 237,191

	Shares	Common Stock	Capital in Excess 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
Options exercised	2	—	18	—	—	18
Conversion of equity units	65	7	(7)	—	—	—
Stock-based compensation	7	1	1,172	—	—	1,173
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(9)	(1)	(59)	—	—	(60)
Other comprehensive income, net of tax	—	—	—	—	5,026	5,026
Net loss	—	—	—	(19,846)	—	(19,846)
Balance at December 31, 2023	18,150	$ 1,815	$ 70,254	$ 273,676	$ (54,405)	$ 291,340

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at July 2, 2023	18,081	$ 1,808	$ 68,901	$ 306,792	$ (53,891)	$ 323,610
Options exercised	5	—	39	—	—	39
Conversion of equity units	66	7	(7)	—	—	—
Stock-based compensation	7	1	1,381	—	—	1,382
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(9)	(1)	(60)	—	—	(61)
Other comprehensive loss, net of tax	—	—	—	—	(514)	(514)
Net loss	—	—	—	(33,116)	—	(33,116)
Balance at December 31, 2023	18,150	$ 1,815	$ 70,254	$ 273,676	$ (54,405)	$ 291,340

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	For the Six Months Ended	
	December 29, 2024	December 31, 2023
Cash and cash equivalents at beginning of period	$ 26,805	$ 46,960
Operating activities:		
Net loss	(19,024)	(33,116)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Equity in loss (earnings) of unconsolidated affiliates	251	(293)
Depreciation and amortization expense	12,881	13,988
Non-cash compensation expense	1,658	1,387
Gain on sale of assets	(4,296)	—
Deferred income taxes	628	(1,714)
Other, net	216	(120)
Changes in assets and liabilities:		
Receivables, net	8,228	14,367
Inventories	(4,841)	15,081
Other current assets	(1,771)	(402)
Income taxes	(845)	(727)
Accounts payable and other current liabilities	(8,155)	(4,763)
Other, net	66	(1,171)
Net cash (used) provided by operating activities	(15,004)	2,517
Investing activities:		
Capital expenditures	(4,944)	(5,982)
Proceeds from the sale of assets	8,094	488
Net cash provided (used) by investing activities	3,150	(5,494)
Financing activities:		
Proceeds from ABL Revolver	101,451	80,600
Payments on ABL Revolver	(90,351)	(82,700)
Payments on ABL Term Loan	(4,600)	(4,600)
Payments on finance lease obligations	(1,596)	(1,440)
Other, net	(306)	(27)
Net cash provided (used) by financing activities	4,598	(8,167)
Effect of exchange rate changes on cash and cash equivalents	(880)	163
Net decrease in cash and cash equivalents	(8,136)	(10,981)
Cash and cash equivalents at end of period	$ 18,669	$ 35,979

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 a joint venture with operations in the United States (the "U.S.").

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 June 30, 2024 (the "2024 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., its primary domestic operating subsidiaries and its subsidiary in El Salvador ended on December 29, 2024. Unifi, Inc.'s remaining material operating subsidiaries' fiscal quarter ended on December 31, 2024. There were no significant transactions or events that occurred between Unifi, Inc.'s fiscal quarter end and such wholly owned subsidiaries' fiscal quarter end. The three-month periods ended December 29, 2024 and December 31, 2023 both consisted of 13 weeks. The six-month periods ended December 29, 2024 and December 31, 2023 both consisted of 26 weeks.

3. Recent Accounting Pronouncements

Issued and Pending Adoption

In 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 this fiscal year for annual reporting and in the first quarter of fiscal 2026 for interim reporting, with early adoption permitted. UNIFI has not adopted 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 2024 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.

4. Revenue

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

Third-Party Manufacturer

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
Third-party manufacturer	$ 137,873	$ 135,841	$ 284,092	$ 273,461
Service	1,007	1,076	2,160	2,300
Net sales	$ 138,880	$ 136,917	$ 286,252	$ 275,761

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
REPREVE® Fiber	$ 43,272	$ 45,725	$ 88,014	$ 88,186
All other products and services	95,608	91,192	198,238	187,575
Net sales	$ 138,880	$ 136,917	$ 286,252	$ 275,761

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") as amended.

	Scheduled Maturity Date	Weighted Average Interest Rate as of December 29, 2024	Principal Amounts as of	
			December 29, 2024	June 30, 2024
ABL Revolver	October 2027	8.5%	$ 30,800	$ 19,700
ABL Term Loan	October 2027	6.7%	96,600	101,200
Finance lease obligations	(1)	5.2%	7,803	9,399
Total debt			135,203	130,299
Current ABL Term Loan			(9,200)	(9,200)
Current portion of finance lease obligations			(2,825)	(3,077)
Unamortized debt issuance costs			(199)	(229)
Total long-term debt			$ 122,979	$ 117,793

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

ABL Facility and Amendments

On September 5, 2024, UNIFI, Inc. and certain of its subsidiaries entered into a First Amendment to the 2022 Credit Agreement (the “First Amendment”) with a syndicate of lenders. The First Amendment primarily (i) permits the sale of a Company-owned real estate asset (consisting of an industrial warehouse building and land acreage) located in Yadkinville, North Carolina with application of the net proceeds to reduce the outstanding ABL Revolver balance, in lieu of the prescribed mandatory prepayment to the ABL Term Loan; (ii) reduces the Maximum Revolver Amount from $115,000 to $80,000; (iii) modifies the definition of the Trigger Level as of any date of determination to the greater of (a) $16,500 and (b) 10% of the sum of (i) the Maximum Revolver Amount plus (ii) the outstanding principal amount of the ABL Term Loan on such date of determination; (iv) increases the range of the Applicable Margin on (a) SOFR-based loans to a new range of 1.50% to 2.00% and (b) Base Rate-based loans to a new range of 0.50% to 1.00%, with such new ranges of Applicable Margin rates becoming immediately effective and continuing until the Company achieves a Fixed Charge Coverage Ratio of 1.05 to 1.00 or better; (v) for a Term Loan Reset, establishes an additional requirement to obtain lender approval; and (vi) modifies certain terms and conditions of the 2022 Credit Agreement including, but not limited to, Swing Loans, Letter of Credit sublimits, and costs related to normal course collateral valuations for the ABL Facility.

On October 25, 2024, UNIFI entered into a new credit agreement with Wells Fargo Bank, National Association for a $25,000 revolving credit facility (the "2024 Facility"). The maturity date of the 2024 Facility is the earlier of (i) October 28, 2027 and (ii) the termination or refinancing of the 2022 Credit Agreement. The 2024 Facility is deemed unsecured financing for UNIFI, but is collateralized by certain assets pledged by related party Kenneth G. Langone, one of the members of UNIFI's Board of Directors. Borrowings under the 2024 Facility bear interest at a rate of SOFR plus 0.90%. The 2024 Facility contains no additional financial covenants beyond those already in effect for the 2022 Credit Agreement and is subject to a monthly unused line fee of 0.25% on available borrowing capacity. As of December 29, 2024, no amounts had been borrowed against the 2024 Facility.

On January 2, 2025, UNIFI borrowed $22,000 against the 2024 Facility and used the proceeds to reduce the outstanding ABL Revolver balance. There was no impact to debt principal from these transactions.

6. Income Taxes

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

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
Provision (benefit) for income taxes	$ 1,345	$ 380	$ 3,522	$ (83)
Effective tax rate	(13.4)%	(2.0)%	(22.7)%	0.3%

Income Tax Expense

UNIFI’s provision (benefit) for income taxes for the six months ended December 29, 2024 and December 31, 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 months ended December 29, 2024 and December 31, 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.

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

Unrecognized Tax Benefits

UNIFI regularly assesses the outcomes of both completed and ongoing examinations to ensure that its provision for income taxes is sufficient. Certain returns that remain open to examination have utilized carryforward tax attributes generated in prior tax years, including net operating losses, which could potentially be revised upon examination.

Following the conclusion of the IRS audit during the period ended December 31, 2023, 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 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 2024 and 2025 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 29, 2024 with respect to the number of securities remaining available for future issuance under the 2020 Plan, as amended:

Authorized under the 2020 Plan	850
Plus: Share reserve increase from the First Amendment	1,100
Plus: Awards expired, forfeited, or otherwise terminated unexercised	228
Less: Awards granted to employees	(1,773)
Less: Awards granted to non-employee directors	(276)
Available for issuance under the 2020 Plan	129

9. Earnings Per Share

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

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
Net loss	$ (11,392)	$ (19,846)	$ (19,024)	$ (33,116)
Basic weighted average shares	18,288	18,110	18,272	18,097
Net potential common share equivalents	—	—	—	—
Diluted weighted average shares	18,288	18,110	18,272	18,097
Excluded from the calculation of common share equivalents:				
Anti-dilutive common share equivalents	1,144	577	1,144	577
Excluded from the calculation of diluted shares:				
Unvested stock options that vest upon achievement of certain market conditions	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.

10. 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.

11. 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 29, 2024 and June 30, 2024.

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

	December 29, 2024	June 30, 2024
Accounts payable	$ 372	$ 464
Operating lease obligations	207	301
Finance lease obligations	1,706	2,374
Total related party payables	$ 2,285	$ 3,139

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

		For the Three Months Ended		For the Six Months Ended	
Affiliated Entity	Transaction Type	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
Salem Leasing Corporation	Payments for transportation equipment costs and finance lease debt service	$ 1,118	$ 1,228	$ 2,279	$ 2,437

As discussed in Note 5, "Long-Term Debt", UNIFI entered into the 2024 Facility in October 2024. There were no borrowings on the 2024 Facility during the three-month period ended December 29, 2024.

12. 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 chief 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 United States-Mexico-Canada Agreement and 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 and Europe. The Asia Segment includes sales offices in China, Turkey, and Hong Kong.

UNIFI evaluates the operating performance of its segments based upon Segment (Loss) Profit, which represents segment gross (loss) profit 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 29, 2024			
	Americas	**Brazil**	**Asia**	**Total**
Net sales	$ 83,095	$ 27,482	$ 28,303	$ 138,880
Cost of sales	89,635	23,696	25,015	138,346
Gross (loss) profit	(6,540)	3,786	3,288	534
Segment depreciation expense	5,334	602	14	5,950
Segment (Loss) Profit	$ (1,206)	$ 4,388	$ 3,302	$ 6,484

	For the Three Months Ended December 31, 2023			
	Americas	**Brazil**	**Asia**	**Total**
Net sales	$ 80,549	$ 26,061	$ 30,307	$ 136,917
Cost of sales	87,287	22,922	25,072	135,281
Gross (loss) profit	(6,738)	3,139	5,235	1,636
Segment depreciation expense	5,508	766	—	6,274
Segment (Loss) Profit	$ (1,230)	$ 3,905	$ 5,235	$ 7,910

	For the Six Months Ended December 29, 2024			
	Americas	**Brazil**	**Asia**	**Total**
Net sales	$ 169,378	$ 61,792	$ 55,082	$ 286,252
Cost of sales	177,296	50,069	48,895	276,260
Gross (loss) profit	(7,918)	11,723	6,187	9,992
Segment depreciation expense	10,744	1,343	31	12,118
Segment Profit	$ 2,826	$ 13,066	$ 6,218	$ 22,110

	For the Six Months Ended December 31, 2023			
	Americas	**Brazil**	**Asia**	**Total**
Net sales	$ 162,122	$ 55,970	$ 57,669	$ 275,761
Cost of sales	176,240	50,664	47,796	274,700
Gross (loss) profit	(14,118)	5,306	9,873	1,061
Segment depreciation expense	11,005	1,606	—	12,611
Segment (Loss) Profit	$ (3,113)	$ 6,912	$ 9,873	$ 13,672

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

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
Americas	$ (6,540)	$ (6,738)	$ (7,918)	$ (14,118)
Brazil	3,786	3,139	11,723	5,306
Asia	3,288	5,235	6,187	9,873
Segment gross profit	534	1,636	9,992	1,061
Selling, general and administrative expenses	12,921	12,408	24,763	24,017
(Benefit) provision for bad debts	(96)	1,289	216	1,080
Gain on sale of assets	(4,296)	—	(4,296)	—
Restructuring costs	—	5,101	—	5,101
Other operating (income) expense, net	(431)	481	89	535
Operating loss	(7,564)	(17,643)	(10,780)	(29,672)
Interest income	(177)	(697)	(434)	(1,278)
Interest expense	2,398	2,613	4,905	5,098
Equity in loss (earnings) of unconsolidated affiliates	262	(93)	251	(293)
Loss before income taxes	$ (10,047)	$ (19,466)	$ (15,502)	$ (33,199)

There have been no material changes in segment assets during fiscal 2025.

13. 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").

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 was paid in the third quarter of fiscal 2024.

UNIFI's raw material purchases under its supply agreement with UNFA consisted of the following:

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
UNFA	$ 3,353	$ 3,787	$ 7,042	$ 6,913

As of December 29, 2024, UNIFI's open purchase orders related to this supply agreement, all with UNFA, were $624. As of December 29, 2024 and June 30, 2024, UNIFI had accounts payable due to UNFA of $1,210 and $2,197.

Other than the supply agreement discussed above, UNIFI does not provide any other commitments or guarantees related to UNFA. As of December 29, 2024 and June 30, 2024, UNIFI's investment in UNFA was $1,478 and $1,603, respectively. There have been no significant changes in the condensed balance sheet and income statement information for UNFA as previously disclosed in the 2024 Form 10-K.

14. Supplemental Cash Flow Information

Cash payments for interest and taxes consist of the following:

	For the Six Months Ended	
	December 29, 2024	December 31, 2023
Interest, net of capitalized interest of $80 and $104, respectively	$ 4,781	$ 4,740
Income tax payments, net	4,033	2,606

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 29, 2024 and June 30, 2024, $702 and $879, respectively, were included in accounts payable for unpaid capital expenditures. As of December 31, 2023 and July 2, 2023, $621 and $1,137, respectively, were included in accounts payable for unpaid capital expenditures.

During the six months ended December 29, 2024 and December 31, 2023, UNIFI recorded non-cash activity relating to finance leases of $0 and $1,633, respectively.

15. Other Financial Data

Select balance sheet information is presented in the following table.

	December 29, 2024	June 30, 2024
Receivables, net:		
Customer receivables	$ 70,028	$ 80,050
Allowance for uncollectible accounts	(2,820)	(2,713)
Reserves for quality claims	(863)	(745)
Net customer receivables	66,345	76,592
Banker's acceptance notes	1,444	1,326
Other receivables	1,145	1,247
Total receivables, net	$ 68,934	$ 79,165
Inventories:		
Raw materials	$ 50,577	$ 49,391
Supplies	11,969	12,160
Work in process	7,515	8,994
Finished goods	66,436	64,449
Gross inventories	136,497	134,994
Net realizable value adjustment	(3,587)	(3,813)
Total inventories	$ 132,910	$ 131,181
Other current assets:		
Vendor deposits	$ 3,269	$ 2,633
Value-added taxes receivable	3,055	2,510
Prepaid expenses and other	2,823	2,133
Contract assets	310	561
Assets held for sale (1)	—	3,781
Total other current assets	$ 9,457	$ 11,618
Property, plant and equipment, net:		
Land	$ 1,865	$ 1,897
Land improvements	16,409	16,409
Buildings and improvements	161,591	162,414
Assets under finance leases	18,030	18,030
Machinery and equipment	649,035	650,901
Computers, software and office equipment	25,484	25,464
Transportation equipment	10,680	10,710
Construction in progress	4,212	3,319
Gross property, plant and equipment	887,306	889,144
Less: accumulated depreciation	(695,679)	(688,086)
Less: accumulated amortization – finance leases	(8,283)	(7,335)
Total property, plant and equipment, net	$ 183,344	$ 193,723
Other non-current assets:		
Recovery of taxes	$ 5,196	$ 5,543
Grantor trust	2,167	2,942
Investments in unconsolidated affiliates	1,478	1,603
Intangible assets, net	627	682
Other	2,361	2,181
Total other non-current assets	$ 11,829	$ 12,951
Other current liabilities:		
Payroll and fringe benefits	$ 4,919	$ 7,140
Incentive compensation	3,502	1,450
Utilities	2,185	2,861
Deferred revenue	1,174	1,504
Property taxes, interest and other	4,274	4,707
Total other current liabilities	$ 16,054	$ 17,662
Other long-term liabilities:		
Nonqualified deferred compensation plan obligation	$ 2,283	$ 2,008
Uncertain tax positions	1,185	1,109
Other	345	390
Total other long-term liabilities	$ 3,813	$ 3,507

(1) On October 30, 2024, the property previously classified as held for sale was sold for $8,100 resulting in a net gain of $4,296.

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 29, 2024, while a reference to the "prior period" refers to the three-month period ended December 31, 2023. A reference to the "current six-month period" refers to the six-month period ended December 29, 2024, while a reference to the "prior six-month period" refers to the six-month period ended December 31, 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 period and the prior six-month period each consisted of 26 weeks.

Our discussions in this Item 2 focus on our results during, or as of, the three months ended December 29, 2024 and December 31, 2023, and, to the extent applicable, any material changes from the information discussed in the 2024 Form 10-K or other important intervening developments or information. These discussions should be read in conjunction with the 2024 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	
	December 29, 2024	December 31, 2023	December 29, 2024	December 31, 2023
BRL to USD	5.80	4.96	5.66	4.92
RMB to USD	7.19	7.22	7.18	7.23

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 REPREVE® products, (iii) advancing the development and commercialization of innovative and sustainable solutions, and (iv) increasing brand awareness for REPREVE®. 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 challenging environment for textile production and demand has adversely impacted our consolidated sales and profitability. In addition, the following pressures have been present or recently introduced: (i) the impact of inflation on consumer spending, (ii) elevated interest rates for consumers and customers, including the impact on the carrying costs of customer inventories, and (iii) the volatility of trade and regulatory matters in light of recent executive and legislative branch changes. UNIFI will continue to monitor these and other aspects of the current environment, leverage our global business model as necessary, and work closely with stakeholders to ensure business continuity and liquidity.

While we recognize the disruption to global markets and supply chains caused by the conflicts in Ukraine and the Middle East, we have not been directly impacted. 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 additional unforeseen adverse impacts.

Input Costs and Global Production Volatility

Despite lowered input and freight costs and a marginally more stable labor pool recently, global demand volatility and uncertainty continued into fiscal 2025. 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, gross profit, and operating cash flows. 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.

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 29, 2024 Compared to Three Months Ended December 31, 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

	For the Three Months Ended				
	December 29, 2024		December 31, 2023		
		% of Net Sales		% of Net Sales	% Change
Net sales	$ 138,880	100.0	$ 136,917	100.0	1.4
Cost of sales	138,346	99.6	135,281	98.8	2.3
Gross profit	534	0.4	1,636	1.2	(67.4)
SG&A	12,921	9.3	12,408	9.1	4.1
(Benefit) provision for bad debts	(96)	(0.1)	1,289	0.9	(107.4)
Gain on sale of assets	(4,296)	(3.1)	—	—	nm
Restructuring costs	—	—	5,101	3.7	nm
Other operating (income) expense, net	(431)	(0.3)	481	0.4	nm
Operating loss	(7,564)	(5.4)	(17,643)	(12.9)	(57.1)
Interest expense, net	2,221	1.6	1,916	1.4	15.9
Equity in loss (earnings) of unconsolidated affiliates	262	0.2	(93)	(0.1)	nm
Loss before income taxes	(10,047)	(7.2)	(19,466)	(14.2)	(48.4)
Provision for income taxes	1,345	1.0	380	0.3	nm
Net loss	$ (11,392)	(8.2)	$ (19,846)	(14.5)	(42.6)

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	
	December 29, 2024	December 31, 2023
Net loss	$ (11,392)	$ (19,846)
Interest expense, net	2,221	1,916
Provision for income taxes	1,345	380
Depreciation and amortization expense (1)	6,283	6,922
EBITDA	(1,543)	(10,628)
Gain on sale of assets (2)	(4,296)	—
Loss on joint venture dissolution (3)	—	2,750
Severance (4)	—	2,351
Adjusted EBITDA	$ (5,839)	$ (5,527)

(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 2025, UNIFI recorded a gain of $4,296 related to the sale of a warehouse located in Yadkinville, North Carolina.

(3)In the second quarter of fiscal 2024, UNIFI recorded a loss of $2,750 related to the dissolution of a nylon joint venture.

(4)In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with the Profitability Improvement Plan in the U.S.

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

The tables below set forth reconciliations of (i) Loss before income taxes ("Pre-tax Loss"), (ii) Provision for income taxes ("Tax Impact"), (iii) Net Loss to Adjusted Net Loss, and (iv) Diluted EPS to Adjusted EPS.

	For the Three Months Ended December 29, 2024				For the Three Months Ended December 31, 2023			
	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	$ (10,047)	$ (1,345)	$ (11,392)	$ (0.62)	$ (19,466)	$ (380)	$ (19,846)	$ (1.10)
Gain on sale of assets (1)	(4,296)	—	(4,296)	(0.24)	—	—	—	—
Loss on joint venture dissolution (2)	—	—	—	—	2,750	—	2,750	0.15
Severance (3)	—	—	—	—	2,351	—	2,351	0.14
Adjusted results	$ (14,343)	$ (1,345)	$ (15,688)	$ (0.86)	$ (14,365)	$ (380)	$ (14,745)	$ (0.81)
Weighted average common shares outstanding				18,288				18,110

(1)In the second quarter of fiscal 2025, UNIFI recorded a gain of $4,296 related to the sale of a warehouse located in Yadkinville, North Carolina. The associated tax impact was estimated to be $0 due to a valuation allowance against net operating losses and capital losses in the U.S.

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

(3)In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with the Profitability Improvement Plan in the U.S.

Net Sales

Consolidated net sales for the current period increased by $1,963, or 1.4%, and consolidated sales volumes increased by 6.2%, compared to the prior period. Net sales in the current period were higher primarily due to improved sales volumes in each of the reportable segments, along with favorable pricing and market share gains in Brazil, mainly offset by a weaker sales mix in Asia. Despite these sales volume improvements, volumes remain depressed, particularly in the Americas and Asia Segments as a result of continued weak global demand.

Consolidated weighted average sales prices decreased 4.8% which partially offset the volume increase. The decrease in sales prices was primarily attributable to a weaker sales mix in the Asia Segment, together with unfavorable foreign currency translation effects from the weakening of the BRL versus the USD within our Brazil Segment.

REPREVE® Fiber products for the current period comprised 31%, or $43,272, of consolidated net sales, compared to 33%, or $45,725, for the prior period.

Gross Profit

Gross profit for the current period decreased to $534 from $1,636 in the prior period. Gross profit decreased primarily due to softer sales and profitability in the Asia Segment. This was partially offset by (i) increased sales volumes, (ii) improved productivity, and (iii) higher conversion margins in the Brazil Segment. However, gross profit continues to be unfavorably 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 profit was flat primarily due to higher sales volumes and conversion margins, which were mostly offset by inflationary pressures.
- For the Brazil Segment, gross profit increased primarily due to higher sales volumes from market share gains partially offset by an unfavorable foreign currency translation impact.
- For the Asia Segment, gross profit decreased primarily due to unfavorable changes in customer-specific programs from a weak demand environment.

SG&A

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

(Benefit) Provision for Bad Debts

The current period benefit reflects no material activity, while the prior period provision reflected an increase for a specifically identified customer balance originating in the U.S. fiber market.

Gain on Sale of Assets

In the second quarter of fiscal 2025, UNIFI recorded a gain of $4,296 related to the sale of a warehouse located in Yadkinville, North Carolina.

Restructuring Costs

Restructuring costs for the prior period consisted of (i) a loss of $2,750 for the dissolution of a nylon joint venture and (ii) severance charges of $2,351 in connection with the Profitability Improvement Plan in the U.S.

Other Operating (Income) Expense, Net

The current period and the prior period include foreign currency transaction (gains) losses of $(221) and $464, respectively, with no other meaningful activity.

Interest Expense, Net

Interest expense, net increased primarily due to lower interest income in the current period, associated with lower global cash balances.

Equity in Loss (Earnings) of Unconsolidated Affiliates

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

Income Taxes

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

	For the Three Months Ended	
	December 29, 2024	December 31, 2023
Provision for income taxes	$ 1,345	$ 380
Effective tax rate	(13.4)%	(2.0)%

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, audit settlement, 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 decrease in the effective tax rate from the prior period to the current period is primarily attributable to fewer losses in the U.S. and a discrete benefit from the release of interest and penalties accrued on uncertain tax positions after the close of the IRS audit in the prior period.

Net Loss

The improvement in net loss was primarily attributable to (i) a gain on sale of assets, (ii) no restructuring costs in the current period, (iii) lower bad debt expense and (iv) foreign currency translation gains, partially offset by (a) lower gross profit and (b) higher income tax expense.

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

Adjusted EBITDA and Adjusted EPS were generally consistent with the prior period as the lower gross profit was mostly offset by (a) lower bad debt expense and (b) foreign currency translation gains.

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 29, 2024		December 31, 2023		
		% of Net Sales		% of Net Sales	% Change
Net sales	$ 83,095	100.0	$ 80,549	100.0	3.2
Cost of sales	89,635	107.9	87,287	108.4	2.7
Gross loss	(6,540)	(7.9)	(6,738)	(8.4)	(2.9)
Depreciation expense	5,334	6.4	5,508	6.9	(3.2)
Segment Loss	$ (1,206)	(1.5)	$ (1,230)	(1.5)	(2.0)
Segment net sales as a percentage of consolidated amounts	59.8%		58.8%		
Segment Loss as a percentage of consolidated amounts	(18.6)%		(15.5)%		

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

Net sales for the prior period	$	80,549
Increase in sales volumes		2,400
Change in average selling price and sales mix		146
Net sales for the current period	$	83,095

The increase in net sales for the Americas Segment from the prior period to the current period was primarily attributable to higher sales volumes. Both periods were unfavorably impacted by the continued weak global textile demand environment.

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

Segment Loss for the prior period	$	(1,230)
Increase in underlying unit margins		24
Segment Loss for the current period	$	(1,206)

Segment Loss for the Americas Segment was relatively unchanged from the prior period to the current period as higher conversion margins were offset by inflationary pressures.

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 29, 2024			December 31, 2023			
			% of Net Sales			% of Net Sales	% Change
Net sales	$	27,482	100.0	$	26,061	100.0	5.5
Cost of sales		23,696	86.2		22,922	87.9	3.4
Gross profit		3,786	13.8		3,139	12.1	20.6
Depreciation expense		602	2.2		766	2.9	(21.4)
Segment Profit	$	4,388	16.0	$	3,905	15.0	12.4
Segment net sales as a percentage of consolidated amounts		19.8%			19.0%		
Segment Profit as a percentage of consolidated amounts		67.7%			49.4%		

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

Net sales for the prior period	$	26,061
Increase in average selling price and change in sales mix		2,946
Increase in sales volumes		2,190
Unfavorable foreign currency translation effects		(3,715)
Net sales for the current period	$	27,482

The increase in net sales for the Brazil Segment from the prior period to the current period was primarily attributable to (i) higher average selling prices due to increasing raw material costs and (ii) an improvement in sales volumes from market share gains, partially offset by unfavorable foreign currency translation effects from the weakening of the BRL versus the USD.

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

Segment Profit for the prior period	$	3,905
Increase in underlying unit margins		705
Increase in sales volumes		329
Unfavorable foreign currency translation effects		(551)
Segment Profit for the current period	$	4,388

The increase in Segment Profit for the Brazil Segment from the prior period to the current period was primarily attributable to (i) improved underlying margins from higher selling prices and (ii) an increase in sales volumes as discussed above, partially offset by unfavorable 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 period amounts for the Asia Segment, were as follows:

	For the Three Months Ended				
	December 29, 2024		December 31, 2023		
		% of Net Sales		% of Net Sales	% Change
Net sales	$ 28,303	100.0	$ 30,307	100.0	(6.6)
Cost of sales	25,015	88.3	25,072	82.7	(0.2)
Gross profit	3,288	11.7	5,235	17.3	(37.2)
Depreciation expense	14	—	—	—	—
Segment Profit	$ 3,302	11.7	$ 5,235	17.3	(36.9)
Segment net sales as a percentage of consolidated amounts	20.4%		22.1%		
Segment Profit as a percentage of consolidated amounts	50.9%		66.2%		

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

Net sales for the prior period	$ 30,307
Change in average selling price and sales mix	(4,410)
Increase in sales volumes	2,349
Unfavorable foreign currency translation effects	57
Net sales for the current period	$ 28,303

The decrease in net sales for the Asia Segment from the prior period to the current period was primarily attributable to the changes in sales volumes related to customer-specific programs, which were partially offset by an overall improvement in sales volumes compared to the prior period despite continued weak global demand, particularly for apparel.

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

Segment Profit for the prior period	$ 5,235
Change in underlying unit margins and sales mix	(2,351)
Increase in sales volumes	406
Favorable foreign currency translation effects	12
Segment Profit for the current period	$ 3,302

The decrease in Segment Profit for the Asia Segment from the prior period to the current period was attributable to a decline in gross margin rate associated with a change in sales mix of REPREVE products, partially offset by the overall increase in sales volumes.

Six Months Ended December 29, 2024 Compared to Six Months Ended December 31, 2023

Consolidated Overview

The below tables provide:

- the components of net loss and the percentage increase or decrease over the prior six-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 Six Months Ended				
	December 29, 2024		December 31, 2023		
		% of Net Sales		% of Net Sales	% Change
Net sales	$ 286,252	100.0	$ 275,761	100.0	3.8
Cost of sales	276,260	96.5	274,700	99.6	0.6
Gross profit	9,992	3.5	1,061	0.4	nm
SG&A	24,763	8.7	24,017	8.7	3.1
Provision for bad debts	216	0.1	1,080	0.4	(80.0)
Gain on sale of assets	(4,296)	(1.5)	—	—	nm
Restructuring costs	—	—	5,101	1.8	nm
Other operating expense, net	89	—	535	0.2	(83.4)
Operating loss	(10,780)	(3.8)	(29,672)	(10.7)	(63.7)
Interest expense, net	4,471	1.5	3,820	1.4	17.0
Equity in loss (earnings) of unconsolidated affiliates	251	0.1	(293)	(0.1)	nm
Loss before income taxes	(15,502)	(5.4)	(33,199)	(12.0)	(53.3)
Provision (benefit) for income taxes	3,522	1.2	(83)	—	nm
Net loss	$ (19,024)	(6.6)	$ (33,116)	(12.0)	(42.6)

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 Six Months Ended	
	December 29, 2024	December 31, 2023
Net loss	$ (19,024)	$ (33,116)
Interest expense, net	4,471	3,820
Provision (benefit) for income taxes	3,522	(83)
Depreciation and amortization expense (1)	12,787	13,910
EBITDA	1,756	(15,469)
Gain on sale of assets (2)	(4,296)	—
Loss on joint venture dissolution (3)	—	2,750
Severance (4)	—	2,351
Adjusted EBITDA	$ (2,540)	$ (10,368)

(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 2025, UNIFI recorded a gain of $4,296 related to the sale of a warehouse located in Yadkinville, North Carolina.

(3)In the second quarter of fiscal 2024, UNIFI recorded a loss of $2,750 related to the dissolution of a nylon joint venture.

(4)In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with the Profitability Improvement Plan in the U.S.

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

The tables below set forth reconciliations of (i) Loss before income taxes ("Pre-tax Loss"), (ii) Provision (benefit) for income taxes ("Tax Impact"), (iii) Net Loss to Adjusted Net Loss, and (iv) Diluted EPS to Adjusted EPS.

	For the Six Months Ended December 29, 2024				For the Six Months Ended December 31, 2023			
	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	$ (15,502)	$ (3,522)	$ (19,024)	$ (1.04)	$ (33,199)	$ 83	$ (33,116)	$ (1.83)
Gain on sale of assets (1)	(4,296)	—	(4,296)	(0.24)	—	—	—	—
Loss on joint venture dissolution (2)	—	—	—	—	2,750	—	2,750	0.15
Severance (3)	—	—	—	—	2,351	—	2,351	0.13
Adjusted results	$ (19,798)	$ (3,522)	$ (23,320)	$ (1.28)	$ (28,098)	$ 83	$ (28,015)	$ (1.55)
Weighted average common shares outstanding				18,272				18,097

(1)In the second quarter of fiscal 2025, UNIFI recorded a gain of $4,296 related to the sale of a warehouse located in Yadkinville, North Carolina. The associated tax impact was estimated to be $0 due to a valuation allowance against net operating losses and capital losses in the U.S.

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

(3)In the second quarter of fiscal 2024, UNIFI incurred severance costs in connection with the Profitability Improvement Plan in the U.S.

Net Sales

Consolidated net sales for the current six-month period increased by $10,491, or 3.8%, and consolidated sales volumes increased 6.9%, compared to the prior six-month period. Net sales in the current six-month period were higher primarily due to improved sales volumes in each of the reportable segments, along with favorable pricing in Brazil. Despite these sales volume improvements, volumes remain depressed, particularly in the Americas and Asia Segments as a result of continued weak global demand.

Consolidated weighted average sales prices decreased 3.1% which partially offset the volume increase. The decrease in sales prices was primarily attributable to sales mix and lower average selling prices in Asia and the Americas Segment, together with unfavorable foreign currency translation effects from the weakening of the BRL versus the USD within our Brazil Segment.

REPREVE® Fiber products for the current six-month period comprised 31%, or $88,014, of consolidated net sales, compared to 32%, or $88,186, for the prior six-month period.

Gross Profit

Gross profit for the current six-month period increased to $9,992 from $1,061 in the prior six-month period. Gross profit increased primarily due to (i) increased sales volumes, (ii) variable cost saving initiatives, (iii) improved productivity, and (iv) higher conversion margins. However, gross profit continues to be unfavorably 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 profit increased primarily due to (i) higher sales volumes, (ii) higher conversion margins, and (iii) variable cost management efforts.
- For the Brazil Segment, gross profit increased primarily due to (i) higher selling prices, (ii) higher sales volumes from market share gains, and (iii) higher conversion margins, which were partially offset by an unfavorable foreign currency translation impact.
- For the Asia Segment, gross profit decreased primarily due to lower conversion margins from an unfavorable change in sales mix in a weak demand environment.

SG&A

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

Provision for Bad Debts

The current six-month period provision reflects no material activity, while the prior six-month period provision reflected an increase for a specifically identified customer balance originating in the U.S. fiber market.

Gain on Sale of Assets

In the second quarter of fiscal 2025, UNIFI recorded a gain of $4,296 related to the sale of a warehouse located in Yadkinville, North Carolina.

Restructuring Costs

Restructuring costs for the prior six-month period consisted of (i) a loss of $2,750 for the dissolution of a nylon joint venture and (ii) severance charges of $2,351 in connection with the Profitability Improvement Plan in the U.S.

Other Operating Expense, Net

Other operating expense, net for the current six-month period and the prior six-month period include foreign currency transaction losses of $268 and $430, respectively, with no other meaningful activity.

Interest Expense, Net

Interest expense, net increased primarily due to lower interest income in the current six-month period, associated with lower global cash balances.

Equity in Loss (Earnings) of Unconsolidated Affiliates

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

Income Taxes

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

	For the Six Months Ended	
	December 29, 2024	December 31, 2023
Provision (benefit) for income taxes	$ 3,522	$ (83)
Effective tax rate	(22.7)%	0.3%

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, audit settlement, 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 decrease in the effective tax rate from the prior six-month period to the current six-month period is primarily attributable to less losses in the U.S. in the current six-month period, as well as a decrease in valuation allowances on deferred tax asset balances adjusted in response to the IRS audit of tax years 2014 through 2019, which was concluded during the prior six-month period.

Net Loss

The improvement in net loss was primarily attributable to (i) increased gross profit, (ii) lower bad debt expense, (iii) a gain on sale of assets, and (iv) no restructuring costs in the current period, partially offset by (a) higher interest expense, net, (b) higher income tax expense, (c) higher SG&A costs, and (d) lower earnings from unconsolidated affiliates.

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

Adjusted EBITDA and Adjusted EPS increased primarily due to (i) higher gross profit and (ii) lower bad debt expense, partially offset by (a) higher SG&A costs and (b) lower earnings from unconsolidated affiliates.

Segment Overview

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

Americas Segment

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

	For the Six Months Ended				
	December 29, 2024		December 31, 2023		
		% of Net Sales		% of Net Sales	% Change
Net sales	$ 169,378	100.0	$ 162,122	100.0	4.5
Cost of sales	177,296	104.7	176,240	108.7	0.6
Gross loss	(7,918)	(4.7)	(14,118)	(8.7)	(43.9)
Depreciation expense	10,744	6.4	11,005	6.8	(2.4)
Segment Profit (Loss)	$ 2,826	1.7	$ (3,113)	(1.9)	(190.8)
Segment net sales as a percentage of consolidated amounts	59.2%		58.8%		
Segment Profit (Loss) as a percentage of consolidated amounts	12.8%		(22.8)%		

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

Net sales for the prior six-month period	$	162,122
Increase in sales volumes		8,999
Change in average selling price and sales mix		(1,743)
Net sales for the current six-month period	$	169,378

The increase in net sales for the Americas Segment from the prior six-month period to the current six-month period was primarily attributable to higher sales volumes, partially offset by a lower-priced sales mix. Both periods were unfavorably impacted by the continued weak global textile demand environment.

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

Segment Loss for the prior six-month period	$	(3,113)
Change in underlying unit margins and sales mix		6,112
Change in sales volumes		(173)
Segment Profit for the current six-month period	$	2,826

The increase in Segment Profit for the Americas Segment from the prior six-month period to the current six-month period was primarily attributable to higher margins due to improved variable cost management efforts. Segment Profit for the Americas Segment continues to be negatively impacted by 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.

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 period amounts for the Brazil Segment, were as follows:

	For the Six Months Ended						
	December 29, 2024			December 31, 2023			
			% of Net Sales			% of Net Sales	% Change
Net sales	$	61,792	100.0	$	55,970	100.0	10.4
Cost of sales		50,069	81.0		50,664	90.5	(1.2)
Gross profit		11,723	19.0		5,306	9.5	120.9
Depreciation expense		1,343	2.1		1,606	2.8	(16.4)
Segment Profit	$	13,066	21.1	$	6,912	12.3	89.0
Segment net sales as a percentage of consolidated amounts		21.6%			20.3%		
Segment Profit as a percentage of consolidated amounts		59.1%			50.6%		

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

Net sales for the prior six-month period	$	55,970
Increase in average selling price and change in sales mix		7,906
Increase in sales volumes		5,189
Unfavorable foreign currency translation effects		(7,273)
Net sales for the current six-month period	$	61,792

The increase in net sales for the Brazil Segment from the prior six-month period to the current six-month period was primarily attributable to (i) higher average selling prices due to increasing raw material costs and (ii) an improvement in sales volumes from market share gains, partially offset by unfavorable foreign currency translation effects from the weakening 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	$	6,912
Increase in underlying unit margins		6,419
Increase in sales volumes		640
Unfavorable foreign currency translation effects		(905)
Segment Profit for the current six-month period	$	13,066

The increase in Segment Profit for the Brazil Segment from the prior six-month period to the current six-month period was primarily attributable to (i) higher conversion margins and (ii) an increase in sales volumes discussed above, partially offset by unfavorable 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 period amounts for the Asia Segment, were as follows:

	For the Six Months Ended						
	December 29, 2024			December 31, 2023			
			% of Net Sales			% of Net Sales	% Change
Net sales	$	55,082	100.0	$	57,669	100.0	(4.5)
Cost of sales		48,895	88.8		47,796	82.9	2.3
Gross profit		6,187	11.2		9,873	17.1	(37.3)
Depreciation expense		31	0.1		—	—	nm
Segment Profit	$	6,218	11.3	$	9,873	17.1	(37.0)
Segment net sales as a percentage of consolidated amounts		19.2%			20.9%		
Segment Profit as a percentage of consolidated amounts		28.1%			72.2%		

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

Net sales for the prior six-month period	$	57,669
Change in average selling price and sales mix		(6,093)
Increase in sales volumes		3,147
Favorable foreign currency translation effects		359
Net sales for the current six-month period	$	55,082

The decrease in net sales for the Asia Segment from the prior six-month period to the current six-month period was primarily attributable to the changes in sales volumes related to customer-specific programs, partially offset by (a) an overall increase in sales volumes compared to the prior six-month period despite continued weak global demand, particularly for apparel and (b) favorable foreign currency translation effects due to the strengthening of the RMB versus the USD.

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

Segment Profit for the prior six-month period	$	9,873
Change in underlying unit margins and sales mix		(4,266)
Increase in sales volumes		539
Favorable foreign currency translation effects		72
Segment Profit for the current six-month period	$	6,218

The decrease in Segment Profit for the Asia Segment from the prior six-month period to the current six-month period was attributable to a decline in gross margin rate associated with a change in sales mix of REPREVE products, partially offset by (a) the overall increase in sales volumes and (b) favorable 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.

On October 25, 2024, UNIFI entered into a new credit agreement with Wells Fargo Bank, National Association for a $25,000 revolving credit facility (the "2024 Facility"). The maturity date of the 2024 Facility is the earlier of (i) October 28, 2027 and (ii) the termination or refinancing of the 2022 Credit Agreement. The 2024 Facility is deemed unsecured financing for UNIFI, but is collateralized by certain assets pledged by related party Kenneth G. Langone, one of the members of UNIFI's Board of Directors. Borrowings under the 2024 Facility bear interest at a rate of SOFR plus 0.90%. The 2024 Facility contains no additional financial covenants beyond those already in effect for the 2022 Credit Agreement and is subject to a monthly unused line fee of 0.25% on available borrowing capacity.

UNIFI’s primary capital requirements are for working capital, capital expenditures, and debt service. UNIFI’s primary sources of capital are cash generated from operations, borrowings available under the 2022 Credit Agreement and the 2024 Facility. For the current six-month period, cash used by operations was $15,004 and, at December 29, 2024, availability under the ABL Revolver and 2024 Facility was $26,387 and $22,546, respectively.

As of December 29, 2024, all of UNIFI’s $135,203 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 29, 2024 for domestic operations compared to foreign operations:

	Domestic	Foreign	Total
Cash and cash equivalents	$ 29	$ 18,640	$ 18,669
Potential borrowings available under financing arrangements	48,933	—	48,933
Trigger level under ABL Revolver	(17,660)	—	(17,660)
Available Liquidity	$ 31,302	$ 18,640	$ 49,942
Working capital	$ 66,751	$ 97,188	$ 163,939
Total debt obligations	$ 135,203	$ —	$ 135,203

Borrowings available under financing arrangements are generally collateralized by receivables and inventory owned in the U.S., plus cash equivalents pledged by one of the members of UNIFI's Board of Directors, and generally constrained by the fixed charge coverage ratio and trigger level prescribed in the 2022 Credit Agreement. Accordingly, "Available Liquidity" includes consideration for the trigger level that currently constrains our borrowing ability until a fixed charge coverage ratio of 1.05 to 1.00 is achieved. 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.

On January 2, 2025, UNIFI borrowed $22,000 against the 2024 Facility and used the proceeds to reduce the outstanding ABL Revolver balance. There was no impact to debt principal from these transactions.

Liquidity Considerations

Following the establishment of the 2024 Facility, UNIFI believes its global cash and liquidity positions are sufficient to sustain its operations and to meet its growth 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 facilities as of December 29, 2024:

- UNIFI was in compliance with all applicable financial covenants in the 2022 Credit Agreement and 2024 Facility;
- no amounts had been borrowed against the 2024 Facility as of December 29, 2024;
- availability under the 2024 Facility was $22,546 as of December 29, 2024;
- excess availability before the Trigger Level (as defined in the 2022 Credit Agreement) under the ABL Revolver was $8,727;
- the Trigger Level under the ABL Revolver was $17,660; 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 within the 2022 Credit Agreement, 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 facilities will enable UNIFI to meet its foreseeable liquidity requirements. 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 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.

Net Debt (Non-GAAP Financial Measure)

The reconciliations for Net Debt are as follows:

	December 29, 2024	June 30, 2024
Long-term debt	$ 122,979	$ 117,793
Current portion of long-term debt	12,025	12,277
Unamortized debt issuance costs	199	229
Debt principal	135,203	130,299
Less: cash and cash equivalents	18,669	26,805
Net Debt	$ 116,534	$ 103,494

The increase in Net Debt primarily reflects the use of operating cash during fiscal 2025 and capital expenditures during the current six-month period. The increase was partially offset by the application of proceeds to the ABL Revolver for the warehouse sale in October 2024.

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 29, 2024	June 30, 2024
Cash and cash equivalents	$ 18,669	$ 26,805
Receivables, net	68,934	79,165
Inventories	132,910	131,181
Income taxes receivable	1,179	164
Other current assets	9,457	11,618
Accounts payable	(35,795)	(43,622)
Other current liabilities	(16,054)	(17,662)
Income taxes payable	(921)	(754)
Current operating lease liabilities	(2,415)	(2,251)
Current portion of long-term debt	(12,025)	(12,277)
Working capital	$ 163,939	$ 172,367
Less: Cash and cash equivalents	(18,669)	(26,805)
Less: Income taxes receivable	(1,179)	(164)
Less: Income taxes payable	921	754
Less: Current operating lease liabilities	2,415	2,251
Less: Current portion of long-term debt	12,025	12,277
Adjusted Working Capital	$ 159,452	$ 160,680

Adjusted Working Capital decreased $1,228 from June 30, 2024 to December 29, 2024.

The decrease in Adjusted Working Capital was primarily attributable to a decrease in receivables, net primarily due to a decrease in sales and the timing of cash receipts, which was mostly offset by a decrease in accounts payable primarily due to the normal scheduled operational shutdowns and the decline in sales due to seasonality.

Operating Cash Flows

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

	For the Six Months Ended	
	December 29, 2024	December 31, 2023
Net loss	$ (19,024)	$ (33,116)
Equity in earnings of unconsolidated affiliates	251	(293)
Depreciation and amortization expense	12,881	13,988
Non-cash compensation expense	1,658	1,387
Gain on sale of assets	(4,296)	—
Deferred income taxes	628	(1,714)
Subtotal	(7,902)	(19,748)
Receivables, net	8,228	14,367
Inventories	(4,841)	15,081
Accounts payable and other current liabilities	(8,155)	(4,763)
Other changes	(2,334)	(2,420)
Net cash (used) provided by operating activities	$ (15,004)	$ 2,517

The decrease in operating cash flows was due to the relative changes in working capital including receivables, net, inventories, and accounts payable and other current liabilities, partially offset by an improvement in earnings in the current six-month period compared to the prior six-month period.

Investing Cash Flows

Investing activities primarily include $4,944 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 by 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 proceeds from 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 2025.

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 2024 Form 10-K.

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 2024 Form 10-K. There have been no changes to UNIFI's critical accounting policies in fiscal 2025.

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 29, 2024, UNIFI had borrowings under its ABL Facility that totaled $127,400. UNIFI's sensitivity analysis indicates that a 50-basis point interest rate increase as of December 29, 2024 would result in an increase in annual interest expense of approximately $700.

Foreign Currency Exchange Rate Risk

A complete discussion of foreign currency exchange rate risk is included in the 2024 Form 10-K and is supplemented by the following disclosures.

As of December 29, 2024, UNIFI had no outstanding foreign currency forward contracts. As of December 29, 2024, foreign currency exchange rate risk positions included the following:

	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		28.6%
Cash and cash equivalents held outside the U.S.:		
Denominated in USD	$	12,065
Denominated in RMB		691
Denominated in BRL		3,425
Denominated in other foreign currencies		325
Total cash and cash equivalents held outside the U.S.	$	16,506
Percentage of total cash and cash equivalents held outside the U.S.		88.4%
Cash and cash equivalents held inside the U.S. in USD by foreign subsidiaries	$	2,134

Raw Material and Commodity Cost Risks

A complete discussion of raw material and commodity cost risks is included in the 2024 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.

Item 4. Controls and Procedures

As of December 29, 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 29, 2024 that have materially affected, or are reasonably likely to materially affect, UNIFI's internal control over financial reporting.

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 1A. Risk Factors

There have been no material changes in UNIFI's risk factors from those included in "Item 1A. Risk Factors" in the 2024 Form 10-K.

Item 5. Other Information

Insider Trading Arrangements

During the quarter ended December 29, 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	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)).
3.2	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)).
3.3	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)).
31.1+	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.
31.2+	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.
32++	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.
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 Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

+ Filed herewith.

++ Furnished herewith.

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 6, 2025	By: /s/ ANDREW J. EAKER Andrew J. Eaker Executive Vice President & Chief Financial Officer Treasurer (Principal Financial Officer and Principal Accounting Officer)

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(f) 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us 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 about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such 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 6, 2025	/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(f) 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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us 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 about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such 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 6, 2025	/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 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 29, 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 6, 2025

/s/ EDMUND M. INGLE
Edmund M. Ingle
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)