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DELTA REPORT

10-Q

TILE - INTERFACE INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - OCTOBER 01, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1168

CHANGES	253
DELETIONS	346
ADDITIONS	569

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

Form 10-Q

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

For the Quarterly Period Ended **October 1, 2023** **March 31, 2024**

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

Commission File Number 001-33994

INTERFACE INC

(Exact name of registrant as specified in its charter)

Georgia	58-1451243
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1280 West Peachtree Street (Address of principal executive offices)	Atlanta Georgia 30309 (zip code)

Registrant's telephone number, including area code: **(770) 437-6800**

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, \$0.10 Par Value Per Share	TILE	Nasdaq Global Select Market

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 þ 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 þ 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 þ 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 þ

Number of shares outstanding of each of the registrant's classes of common stock, as of **November 2, 2023** **May 2, 2024**:

<u>Class</u>	<u>Number of Shares</u>
Common Stock, \$0.10 par value per share	58,106,975 58,242,833

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTERFACE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands, except par values)

		OCTOBER 1, 2023	JANUARY 1, 2023	
		(UNAUDITED)		
		MARCH 31, 2024 (UNAUDITED)		MARCH 31, 2024
ASSETS				DECEMBER 31, 2023
ASSETS				
ASSETS	ASSETS			
Current assets	Current assets			
Current assets				
Current assets				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents	\$ 119,633	\$ 97,564	
Accounts receivable, net	Accounts receivable, net	143,884	182,807	
Inventories, net	Inventories, net	289,320	306,327	
Prepaid expenses and other current assets	Prepaid expenses and other current assets	33,003	30,339	
Total current assets	Total current assets	585,840	617,037	
Property, plant and equipment, net	Property, plant and equipment, net	282,401	297,976	
Operating lease right-of-use assets	Operating lease right-of-use assets	75,604	81,644	
Deferred tax asset	Deferred tax asset	16,263	17,767	
Goodwill and intangibles, net		156,487	162,195	
Goodwill and intangible assets, net				
Other assets	Other assets	85,046	89,884	
Total assets	Total assets	\$ 1,201,641	\$ 1,266,503	
Total assets				
LIABILITIES AND SHAREHOLDERS' EQUITY	LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	Current liabilities			
Current liabilities				
Current liabilities				
Accounts payable				
Accounts payable				
Accounts payable	Accounts payable	\$ 75,602	\$ 78,264	
Accrued expenses	Accrued expenses	115,266	120,138	

Current portion of operating lease liabilities	Current portion of operating lease liabilities	10,829	11,857
Current portion of long-term debt	Current portion of long-term debt	8,492	10,211
Total current liabilities	Total current liabilities	210,189	220,470
Long-term debt	Long-term debt	435,899	510,003
Operating lease liabilities	Operating lease liabilities	67,554	72,305
Deferred income taxes	Deferred income taxes	37,052	38,662
Other long-term liabilities	Other long-term liabilities	63,383	63,526
Total liabilities	Total liabilities	814,077	904,966
Total liabilities			
Total liabilities			
Commitments and contingencies			
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 14)			
Commitments and contingencies (Note 14)			
Shareholders' equity	Shareholders' equity		
Preferred stock, par value \$1.00 per share; 5,000 shares authorized; none issued or outstanding at October 1, 2023 and January 1, 2023	—	—	
Common stock, par value \$0.10 per share; 120,000 shares authorized; 58,107 and 58,106 shares issued and outstanding at October 1, 2023 and January 1, 2023, respectively	5,811	5,811	
Shareholders' equity			
Shareholders' equity			
Preferred stock, par value \$1.00 per share; 5,000 shares authorized; none issued or outstanding at March 31, 2024 and December 31, 2023			
Preferred stock, par value \$1.00 per share; 5,000 shares authorized; none issued or outstanding at March 31, 2024 and December 31, 2023			
Preferred stock, par value \$1.00 per share; 5,000 shares authorized; none issued or outstanding at March 31, 2024 and December 31, 2023			
Common stock, par value \$0.10 per share; 120,000 shares authorized; 58,273 and 58,112 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	249,979	244,159

Retained earnings	Retained earnings	301,859	278,639
Accumulated other comprehensive loss – foreign currency translation	Accumulated other comprehensive loss – foreign currency translation	(141,660)	(138,775)
Accumulated other comprehensive loss – cash flow hedge		—	(749)
Accumulated other comprehensive loss – pension liability	Accumulated other comprehensive loss – pension liability	(28,425)	(27,548)
Total shareholders' equity	Total shareholders' equity	387,564	361,537
Total shareholders' equity			
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 1,201,641	\$ 1,266,503
Total liabilities and shareholders' equity			
Total liabilities and shareholders' equity			

See accompanying notes to consolidated condensed financial statements.

INTERFACE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

(in thousands, except per share data)

	THREE MONTHS ENDED		NINE MONTHS ENDED			
	OCTOBER		OCTOBER			
	1, 2023	2, 2022	1, 2023	2, 2022		
THREE MONTHS ENDED						
MARCH 31,						
2024						
Net sales	Net sales	\$311,006	\$327,757	\$936,380	\$962,364	
Cost of sales	Cost of sales	200,748	218,972	618,463	630,074	
Gross profit	Gross profit	110,258	108,785	317,917	332,290	
Selling, general and administrative expenses	Selling, general and administrative expenses	79,273	80,848	251,049	240,711	
Restructuring, asset impairment, other (gains) and charges		—	(105)	(2,502)	1,592	
Selling, general and administrative expenses						
Selling, general and administrative expenses						

Restructuring, asset impairment and other charges						
Operating income	Operating income	30,985	28,042	69,370	89,987	
Interest expense	Interest expense	8,163	7,747	24,986	21,787	
Other expense, net		6,702	124	7,674	1,688	
Interest expense						
Interest expense						
Other (income) expense, net						
Income before income tax expense		16,120	20,171	36,710	66,512	
Income (loss) before income tax expense						
Income (loss) before income tax expense						
Income tax expense	Income tax expense	6,241	6,106	11,748	22,336	
Net income		\$ 9,879	\$ 14,065	\$ 24,962	\$ 44,176	
Net income (loss)						
Net income (loss)						
Net income (loss)						
Earnings per share – basic	\$ 0.17	\$ 0.24	\$ 0.43	\$ 0.75		
Earnings per share – diluted	\$ 0.17	\$ 0.24	\$ 0.43	\$ 0.75		
Earnings (loss) per share – basic						
Earnings (loss) per share – basic						
Earnings (loss) per share – basic						
Earnings (loss) per share – diluted						
Common shares outstanding – basic	Common shares outstanding – basic	58,107	58,681	58,087	59,099	
Common shares outstanding – basic						
Common shares outstanding – basic						
Common shares outstanding – diluted	Common shares outstanding – diluted	58,342	58,681	58,233	59,099	

See accompanying notes to consolidated condensed financial statements.

INTERFACE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

(in thousands)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	OCTOBER 1, 2023	OCTOBER 2, 2022	OCTOBER 1, 2023	OCTOBER 2, 2022
	\$ 9,879	\$ 14,065	\$ 24,962	\$ 44,176
Net income				
Other comprehensive loss, after tax:				
Foreign currency translation adjustment	(9,176)	(36,800)	(2,885)	(86,654)
Reclassification from accumulated other comprehensive loss – discontinued cash flow hedge	150	492	749	1,673
Pension liability adjustment	202	3,393	(877)	8,774
Other comprehensive loss	<u>(8,824)</u>	<u>(32,915)</u>	<u>(3,013)</u>	<u>(76,207)</u>
Comprehensive income (loss)	<u><u>\$ 1,055</u></u>	<u><u>\$ (18,850)</u></u>	<u><u>\$ 21,949</u></u>	<u><u>\$ (32,031)</u></u>

	THREE MONTHS ENDED	
	MARCH 31, 2024	APRIL 2, 2023
	\$ 14,179	\$ (714)
Net income (loss)		
Other comprehensive (loss) income, after tax:		
Foreign currency translation adjustment	(11,092)	4,930
Reclassification from accumulated other comprehensive loss – discontinued cash flow hedge	—	299
Pension liability adjustment	458	(279)
Other comprehensive (loss) income	<u>(10,634)</u>	<u>4,950</u>
Comprehensive income	<u><u>\$ 3,545</u></u>	<u><u>\$ 4,236</u></u>

See accompanying notes to consolidated condensed financial statements.

INTERFACE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)

	NINE MONTHS ENDED		
	OCTOBER 1, 2023	OCTOBER 2, 2022	
	\$ 24,962	\$ 44,176	
	THREE MONTHS ENDED	THREE MONTHS ENDED	
	MARCH 31, 2024	MARCH 31, 2024	APRIL 2, 2023
OPERATING ACTIVITIES:	OPERATING ACTIVITIES:		
Net income	\$ 24,962	\$ 44,176	
Adjustments to reconcile net income to cash provided by operating activities:			
Net income (loss)			
Net income (loss)			
Net income (loss)			

Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization	Depreciation and amortization	30,591	30,661
Share-based compensation expense	Share-based compensation expense	7,334	6,679
Gain on disposal of property, plant and equipment, net		(2,531)	—
Loss on foreign subsidiary liquidation		6,221	—
Deferred income taxes and other	Deferred income taxes and other	(671)	13,616
Amortization of acquired intangible assets	Amortization of acquired intangible assets	3,886	3,817
Working capital changes:	Working capital changes:		
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	37,396	(8,860)
Inventories	Inventories	14,135	(71,487)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(2,842)	2,321
Accounts payable and accrued expenses	Accounts payable and accrued expenses	(4,264)	(6,040)
Cash provided by operating activities	Cash provided by operating activities	114,217	14,883
Cash provided by operating activities			
Cash provided by operating activities			
INVESTING ACTIVITIES:	INVESTING ACTIVITIES:		
INVESTING ACTIVITIES:			
Capital expenditures	Capital expenditures		
Capital expenditures	Capital expenditures		

Capital expenditures	Capital expenditures	(17,238)	(13,314)
Proceeds from sale of property, plant and equipment	Proceeds from sale of property, plant and equipment	6,593	—
Insurance proceeds from property casualty loss			
Cash used in investing activities			
Cash used in investing activities			
Cash used in investing activities	Cash used in investing activities	(10,645)	(13,314)
FINANCING ACTIVITIES:	FINANCING ACTIVITIES:		
Repayments of long-term debt			
Repayments of long-term debt			
Repayments of long-term debt	Repayments of long-term debt	(149,738)	(151,662)
Borrowing of long-term debt	Borrowing of long-term debt	74,000	159,363
Tax withholding payments for share-based compensation	Tax withholding payments for share-based compensation	(1,514)	(398)
Repurchase of common stock		—	(14,451)
Dividends paid	Dividends paid	(1,742)	(1,773)
Finance lease payments	Finance lease payments	(1,853)	(1,535)
Cash used in financing activities	Cash used in financing activities	(80,847)	(10,456)
Cash used in financing activities			
Cash used in financing activities			
Net cash provided by (used in) operating, investing and financing activities		22,725	(8,887)
Net cash (used in) provided by operating, investing and financing activities			
Net cash (used in) provided by operating, investing and financing activities			
Net cash (used in) provided by operating, investing and financing activities			

Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(656)	(8,916)
CASH AND CASH EQUIVALENTS:	CASH AND CASH EQUIVALENTS:		
Net increase (decrease)	22,069	(17,803)	
CASH AND CASH EQUIVALENTS:	CASH AND CASH EQUIVALENTS:		
Net (decrease) increase			
Net (decrease) increase			
Net (decrease) increase			
Balance, beginning of period	Balance, beginning of period	97,564	97,252
Balance, end of period	Balance, end of period	\$119,633	\$ 79,449
Balance, end of period			
Balance, end of period			

See accompanying notes to consolidated condensed financial statements.

INTERFACE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

References in this Quarterly Report on Form 10-Q to "Interface," "the Company," "we," "our," "ours" and "us" refer to Interface, Inc. and its subsidiaries or any of them, unless the context requires otherwise.

As contemplated by the Securities and Exchange Commission (the "Commission") instructions to Form 10-Q, the following footnotes have been condensed and, therefore, do not contain all disclosures required in connection with annual financial statements. Reference should be made to the Company's year-end financial statements and notes thereto contained in its Annual Report on Form 10-K for the fiscal year ended **January 1, 2023** **December 31, 2023**, as filed with the Commission.

The financial information included in this report has been prepared by the Company, without audit. In the opinion of management, the financial information included in this report contains all adjustments necessary for a fair presentation of the results for the interim periods. All such adjustments are of a normal recurring nature unless otherwise disclosed. Nevertheless, the results shown for interim periods are not necessarily indicative of results to be expected for the full year. The **January 1, 2023** **December 31, 2023**, consolidated condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States ("GAAP").

The **nine-month periods ended October 1, 2023** and **October 2, 2022**, both include 39 weeks. The **three-month periods ended October 1, 2023** **March 31, 2024** and **October 2, 2022**, **April 2, 2023** both include 13 weeks.

Risks and Uncertainties

Global economic challenges, including the impacts of the Russia-Ukraine and Israel-Hamas wars, inflation, and supply chain disruptions, and the slow macro environment in China could cause economic uncertainty and volatility. The Company considered these impacts and subsequent general uncertainties and volatility in the global economy on the assumptions and estimates used herein. In connection with the Cyber Event discussed below, security breaches may expose us to fines and other liabilities to the extent sensitive data stored in our IT systems, including data related to customers, suppliers or employees, are misappropriated. The Company considered these impacts and subsequent general uncertainties and volatility in the global economy on the assumptions and estimates used herein. These uncertainties could result in a future material adverse effect to the amounts reported within the Company's consolidated condensed financial statements if actual results differ from these estimates.

Cybersecurity Event

On November 20, 2022, we discovered a cybersecurity attack, perpetrated by unauthorized third parties, affecting our IT systems (the "Cyber Event"). In response to this Cyber Event, we notified law enforcement and took steps to supplement existing security monitoring, including scanning and protective measures. The investigation of the Cyber Event by our forensic experts was substantially completed early in the third quarter of during fiscal year 2023.

Recently Adopted Issued Accounting Pronouncements– Not Yet Adopted

In July December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-03, 2023-09, "Presentation of Financial Statements Income Taxes (Topic 205), 740: Improvements to Income Statement — Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), Compensation — Stock Compensation (Topic 718) Tax Disclosures." This ASU amends various paragraphs requires public entities on an annual basis to disclose a rate reconciliation with explicit categories, as outlined in the accounting codification pursuant to the issuance of Commission Staff Accounting Bulletin ("SAB") number 120. The ASU, provides clarifying guidance related to employee and non-employee share-based payment accounting, including guidance related to spring-loaded awards. ASU 2023-03 is effective upon issuance. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." This ASU clarifies that a contractual restriction on the sale of an equity security is not considered in measuring fair value. The ASU also requires certain additional disclosures for equity securities subject to contractual sale restrictions, reconciling items that meet certain quantitative thresholds. Other disclosures include disaggregation of income taxes paid, pre-tax income, and income tax expense. The new guidance is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this ASU to its income tax disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This ASU requires additional disclosures in annual and interim periods within those fiscal years, for significant segment expenses included in the measure of segment profit provided to the chief operating decision maker ("CODM"). Disclosure of other segment items by reportable segment as well as a description of its composition is also required. The new guidance is effective for annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. Early adoption is permitted. The Company adopted this standard on April 2, 2023. The adoption is currently evaluating the impact of this standard did not have a material impact on the Company's consolidated financial statements. ASU to its segment disclosures.

NOTE 2 – REVENUErecognition

The Company generates revenue from sales of modular carpet, resilient flooring, rubber flooring, and other flooring-related material, and from the installation of carpet and other flooring-related material. A summary of these revenue streams, as a percentage of net sales, for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023 is as follows:

	Three Months Ended		Nine Months Ended		
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022	
	March 31, 2024	2024	March 31, 2024	April 2, 2023	
Revenue from the sale of flooring material	Revenue from the sale of flooring material	98 %	96 %	98 %	97 %
Revenue from installation of flooring material	Revenue from installation of flooring material	2 %	4 %	2 %	3 %
	Revenue from the sale of flooring material	98 %	96 %	98 %	97 %
	Revenue from installation of flooring material	2 %	4 %	2 %	3 %

Disaggregation of Revenue

For the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023, revenue from the Company's customers is broken down by geography as follows:

Geography	Three Months Ended		Nine Months Ended		
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022	
	Geography	Geography	Geography	Geography	
Americas	Americas	57.3 %	59.4 %	58.6 %	57.9 % Americas
Europe	Europe	30.3 %	28.2 %	30.0 %	29.3 % Europe
Asia-Pacific	Asia-Pacific	12.4 %	12.4 %	11.4 %	12.8 % Asia-Pacific
					Three Months Ended
					March 31, 2024
					April 2, 2023

Revenue from the Company's customers in the Americas corresponds to the AMS reportable segment, and the EAAA reportable segment includes revenue from the Europe and Asia-Pacific geographies. See Note 11 10 entitled "Segment Information" for additional information.

NOTE 3 – INVENTORIES

Inventories are summarized as follows:

	October 1, 2023	January 1, 2023	
			(in thousands)
	March 31, 2024		March 31, 2024
Finished goods	Finished goods	\$207,885	\$209,478
Work-in-process	Work-in-process	19,103	15,463
Raw materials	Raw materials	62,332	81,386
Inventories, net	Inventories, net	\$289,320	\$306,327

NOTE 4 – EARNINGS PER SHARE

The Company computes basic earnings (loss) per share ("EPS") by dividing net income (loss) by the weighted average common shares outstanding, including participating securities outstanding, during the period as discussed below. Diluted EPS reflects the potential dilution beyond shares for basic EPS that could occur if securities or other contracts to issue common stock were exercised, converted into common stock or resulted in the issuance of common stock that would have shared in the Company's earnings. earnings (loss).

The Company includes all unvested stock awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, in the number of shares outstanding for basic EPS as these awards are considered participating securities. Any unvested stock awards considered non-participating securities are included in diluted EPS calculations when the inclusion of these shares would be dilutive. Unvested share-based awards of restricted stock are paid dividends equally with all other shares of common stock. As a result, the Company includes all outstanding restricted stock awards in the calculation of basic and diluted EPS. Distributed earnings include common stock dividends and dividends earned on unvested share-based payment awards. Undistributed earnings represent earnings that were available for distribution but were not distributed. The following table shows the computation of basic and diluted EPS:

	Three Months Ended		Nine Months Ended		
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022	
	(in thousands, except per share data)				
Three Months Ended					Three Months Ended
March 31, 2024					March 31, 2024
(in thousands, except per share data)					(in thousands, except per share data)
Numerator:	Numerator:				
Net income	\$ 9,879	\$14,065	\$24,962	\$44,176	
Net income (loss)					
Net income (loss)					
Net income (loss)					

Less: distributed and undistributed earnings available to participating securities	Less: distributed and undistributed earnings available to participating securities	(117)	(246)	(327)	(716)
Distributed and undistributed earnings available to common shareholders					
		\$ 9,762	\$ 13,819	\$ 24,635	\$ 43,460
Distributed and undistributed earnings (loss) available to common shareholders					
Denominator: Denominator:					
Denominator:					
Denominator:					
Weighted average shares outstanding					
Weighted average shares outstanding					
Weighted average shares outstanding	Weighted average shares outstanding	57,420	57,656	57,326	58,139
Participating securities	Participating securities	687	1,025	761	960
Shares for basic EPS	Shares for basic EPS	58,107	58,681	58,087	59,099
Dilutive effect of non-participating securities	Dilutive effect of non-participating securities	235	—	146	—
Shares for diluted EPS	Shares for diluted EPS	58,342	58,681	58,233	59,099
Basic EPS	Basic EPS	\$ 0.17	\$ 0.24	\$ 0.43	\$ 0.75
Basic EPS	Basic EPS				
Diluted EPS	Diluted EPS	\$ 0.17	\$ 0.24	\$ 0.43	\$ 0.75

For both the three and nine months ended October 1, 2023 March 31, 2024 and April 2, 2023, 855,785 1,049,405 and 1,728,579 non-participating securities that could potentially dilute basic EPS in the future, respectively, consisting of restricted share units and performance shares, were excluded from the computation of diluted EPS as these securities would have been antidilutive for the respective periods.

NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of the following:

March 31, 2024	March 31, 2024	December 2023

Outstanding Principal (in thousands)	Outstanding Principal	Interest Rate ⁽¹⁾	Outstanding Principal	Interest Rate ⁽¹⁾
Syndicated Credit Facility ⁽²⁾ :				
Syndicated Credit Facility ⁽²⁾ :				
Syndicated Credit Facility ⁽²⁾ :				
Term loan borrowings				
Term loan borrowings				
Term loan borrowings	\$ 95,988	6.26 %	\$ 121,658	6.61 %
	October 1, 2023	January 1, 2023		
5.50% Senior Notes due 2028				
Outstanding Principal (in thousands)	Interest Rate ⁽¹⁾	Outstanding Principal (in thousands)	Interest Rate ⁽¹⁾	
Syndicated Credit Facility:				
Revolving loan borrowings	\$ 5,895 7.33 %	\$ 24,250 5.29 %		
Term loan borrowings	143,361 6.63 %	202,082 5.84 %		
Total borrowings under Syndicated Credit Facility	149,256 6.66 %	226,332 5.78 %		
5.50% Senior Notes due 2028				
5.50% Senior Notes due 2028	5.50 %	300,000 5.50 %	5.50 %	300,000 5.50 %
Total debt	Total debt	449,256	526,332	
Total debt				
Total debt				
Less: Unamortized debt issuance costs				
Less: Unamortized debt issuance costs				
Less: Unamortized debt issuance costs				
Less: Unamortized debt issuance costs				
Less: Current portion of long-term debt				
Less: Current portion of long-term debt				
Total debt, net	Total debt, net	444,391	520,214	
Total debt, net	Total debt, net			
Less: Current portion of long-term debt	Less: Current portion of long-term debt	(8,492)	(10,211)	

Less: Current portion of long-term debt	
Total long-term debt, net	Total long-term debt, net
	\$ 435,899
Total long-term debt, net	\$ 510,003

(1) Represents the weighted average rate of interest for borrowings under the Syndicated Credit Facility and the stated rate of interest for the 5.50% Senior Notes due 2028, without the effect of debt issuance costs.

(2) The Syndicated Credit Facility also includes a multicurrency revolving loan facility up to \$300.0 million. There were no revolving loan borrowings outstanding as of March 31, 2024 or December 31, 2023.

Syndicated Credit Facility

The Company's Syndicated Credit Facility (the "Facility") provides to the Company U.S. denominated and multicurrency term loans and provides to the Company and certain of its subsidiaries a multicurrency revolving credit facility. Interest on base rate loans is charged at varying rates computed by applying a margin depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter. Interest on SOFR-based and alternative currency loans and fees for letters of credit are charged at varying rates computed by applying a margin over the applicable SOFR rate or alternative currency rate, depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter. In addition, the Company pays a commitment fee per annum (depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter) on the unused portion of the Facility.

Fees for commercial letters of credit are computed as a percentage of the amount available to be drawn under such letters of credit. Fees for standby letters of credit are charged at varying rates computed by applying a margin of the amount available to be drawn under such standby letters of credit, depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter. As of both October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, the Company had \$1.6 million in letters of credit outstanding under the Facility.

As of both October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, the carrying value of the Company's borrowings under the Facility approximated its fair value as the Facility bears interest rates that are similar to existing market rates. The fair value of borrowings under the Facility is estimated using observable market rates and is considered Level 2 within the fair value hierarchy.

Under the Facility, the Company is required to make quarterly amortization payments of the term loan borrowings, which are due on the last day of the calendar quarter.

The Company is in compliance with all covenants under the Facility and anticipates that it will remain in compliance with the covenants for the foreseeable future.

Senior Notes due 2028

The 5.50% Senior Notes due 2028 (the "Senior Notes") bear an interest rate at 5.50% per annum and mature on December 1, 2028. Interest is paid semi-annually on June 1 and December 1 of each year. The Senior Notes are unsecured and are guaranteed, jointly and severally, by each of the Company's material domestic subsidiaries, all of which also guarantee the obligations of the Company under its Facility.

As of October 1, 2023 March 31, 2024, the estimated fair value of the Senior Notes was \$258.8 \$287.0 million, compared with a net carrying value recorded in the Company's consolidated condensed balance sheet of \$296.3 \$296.7 million (\$300.0 million gross, excluding \$3.7 million the impact of \$3.3 million of unamortized debt issuance costs). The fair value of the Senior Notes is derived using quoted prices for similar instruments and is considered Level 2 within the fair value hierarchy.

The Company is in compliance with all covenants under the indenture governing the Senior Notes and anticipates that it will remain in compliance with the covenants for the foreseeable future.

Debt Issuance Costs

Debt issuance costs associated with the Company's Senior Notes and term loans under the Facility are reflected as a reduction of long-term debt in accordance with applicable accounting standards. As these fees are expensed over the life of the outstanding borrowing, the debt balance will increase by the same amount as the fees that are expensed. As of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, the unamortized debt issuance costs recorded as a reduction of long-term debt were \$4.9 million \$4.2 million and \$6.1 million \$4.4 million, respectively.

Debt issuance costs related to the issuance of revolving debt, which include underwriting, legal and other direct costs, net of accumulated amortization, were \$1.5 million \$1.3 million and \$1.8 million \$1.4 million as of October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, respectively. These amounts are included in other assets in the Company's consolidated condensed balance sheets. The Company amortizes these costs over the life of the related debt.

NOTE 6 – DERIVATIVE INSTRUMENTS

Interest Rate Risk Management

From time to time, the Company enters into interest rate swap transactions to fix the variable interest rate on a portion of its term loan borrowing in order to manage a portion of its exposure to interest rate fluctuations. The Company's objective and strategy with respect to these interest rate swaps is to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability to cash flows relating to interest payments on a portion of its outstanding debt.

Cash Flow Interest Rate Swaps

In the fourth quarter of 2020, the Company terminated its designated interest rate swap transactions with a total notional value of \$250 million. Hedge accounting was also discontinued at that time. Losses recorded in accumulated other comprehensive loss for these terminated interest rate swaps are reclassified and recorded in the consolidated condensed statements of operations to the extent it is probable that a portion of the original forecasted transactions related to the portion of the hedged debt repaid will not occur by the end of the originally specified time period. See Note 14 entitled "Items Reclassified From Accumulated Other Comprehensive Loss" for additional information.

As of October 1, 2023, all amounts related to the terminated interest rate swaps have been recognized in the consolidated condensed statements of operations, and there was no remaining balance in accumulated other comprehensive loss associated with the terminated interest rate swaps. As of January 1, 2023, the remaining accumulated other comprehensive loss associated with the terminated interest rate swaps to be amortized to earnings over the remaining term of the interest rate swaps prior to termination, before tax, was \$1.0 million.

NOTE 76 – SHAREHOLDERS' EQUITY

The following tables depict the activity in the accounts which make up shareholders' equity for the **nine** **three** months ended **October 1, 2023** **March 31, 2024** and **October 2, 2022** **April 2, 2023**:

	FOREIGN						
	ADDITIONAL		CURRENCY	CASH			
	COMMON	PAID-IN	RETAINED	PENSION	TRANSLATION	FLOW	HEDGE
SHARES STOCK CAPITAL EARNINGS LIABILITY ADJUSTMENT HEDGE							
(in thousands, except per share data)							
Balance, at January 1, 2023	58,106	\$ 5,811	\$ 244,159	\$ 278,639	\$ (27,548)	\$ (138,775)	\$ (749)
Net loss	—	—	—	(714)	—	—	—
Issuances of stock related to performance shares	79	8	(8)	—	—	—	—
SHARES							
SHARES							
SHARES							
(in thousands, except per share data)							
Balance, at December 31, 2023							
Net income							
Issuances of stock related to restricted share units and performance shares							
Cash dividends declared, \$0.01 per common share	Cash dividends declared, \$0.01 per common share	—	—	(580)	—	—	—
		COMMON STOCK	ADDITIONAL IN CAPITAL	PAID- IN EARNINGS	RETAINED LIABILITY	PENSION TRANSLATION	FOREIGN CURRENCY ADJUSTMENT
							TOTAL
(in thousands, except per share data)							

Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings	Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings	(132)	(14)	1,850	—	—	—	—
Pension liability adjustment	Pension liability adjustment	—	—	—	—	(279)	—	—
Foreign currency translation adjustment	Foreign currency translation adjustment	—	—	—	—	—	4,930	—
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	299	—
Balance, at April 2, 2023	58,053	\$ 5,805	\$ 246,001	\$ 277,345	\$ (27,827)	\$ (133,845)	\$ (450)	
Net income	—	—	—	15,797	—	—	—	—
Issuances of stock related to restricted share units and performance shares	5	1	(1)	—	—	—	—	—
Restricted stock issuances	102	10	697	—	—	—	—	—
Unrecognized compensation expense related to restricted stock awards	—	—	(708)	—	—	—	—	—
Cash dividends declared, \$0.01 per common share	—	—	—	(581)	—	—	—	—
Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings	(48)	(5)	1,808	—	—	—	—	—
Pension liability adjustment	—	—	—	—	(800)	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	1,361	—
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	300	—
Balance, at July 2, 2023	58,112	\$ 5,811	\$ 247,797	\$ 292,561	\$ (28,627)	\$ (132,484)	\$ (150)	
Net income	—	—	—	9,879	—	—	—	—
Cash dividends declared, \$0.01 per common share	—	—	—	(581)	—	—	—	—
Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings	(5)	—	2,182	—	—	—	—	—
Pension liability adjustment	—	—	—	—	202	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(9,176)	—	—
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	150	—

Balance, at October 1, 2023	58,107	\$ 5,811	\$ 249,979	\$ 301,859	\$ (28,425)	\$ (141,660)	\$ —
Balance, at March 31, 2024							

	SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	PENSION LIABILITY	TRANSLATION ADJUSTMENT	FOREIGN CURRENCY HEDGE	CASH FLOW
(in thousands, except per share data)								
Balance, at January 2, 2022	59,055	\$ 5,905	\$ 253,110	\$ 261,434	\$ (53,888)	\$ (100,441)	\$ —	(2,722)
Net income	—	—	—	13,293	—	—	—	—
Restricted stock issuances	303	30	3,966	—	—	—	—	—
Unrecognized compensation expense related to restricted stock awards	—	—	(3,996)	—	—	—	—	—
Cash dividends declared, \$0.01 per common share	—	—	—	(592)	—	—	—	—
Compensation expense related to share- based plans, net of shares received for tax withholdings	(30)	(2)	1,787	—	—	—	—	—
Pension liability adjustment	—	—	—	—	1,539	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(13,184)	—	—
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	641	—
Balance, at April 3, 2022	59,328	\$ 5,933	\$ 254,867	\$ 274,135	\$ (52,349)	\$ (113,625)	\$ —	(2,081)
Net income	—	—	—	16,818	—	—	—	—
Restricted stock issuances	198	20	2,533	—	—	—	—	—
Unrecognized compensation expense related to restricted stock awards	—	—	(2,553)	—	—	—	—	—
Cash dividends declared, \$0.01 per common share	—	—	—	(595)	—	—	—	—
Compensation expense related to share- based plans, net of forfeitures	(14)	(1)	2,145	—	—	—	—	—
Share repurchases	(415)	(42)	(5,540)	—	—	—	—	—
Pension liability adjustment	—	—	—	—	3,842	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(36,670)	—	—
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	540	—
Balance, at July 3, 2022	59,097	\$ 5,910	\$ 251,452	\$ 290,358	\$ (48,507)	\$ (150,295)	\$ —	(1,541)
Net income	—	—	—	14,065	—	—	—	—
Cash dividends declared, \$0.01 per common share	—	—	—	(586)	—	—	—	—
Compensation expense related to share- based plans, net of forfeitures	(16)	(2)	2,353	—	—	—	—	—
Share repurchases	(711)	(71)	(8,798)	—	—	—	—	—
Pension liability adjustment	—	—	—	—	3,393	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(36,800)	—	—
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	492	—
Balance, at October 2, 2022	58,370	\$ 5,837	\$ 245,007	\$ 303,837	\$ (45,114)	\$ (187,095)	\$ —	(1,049)

	SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	PENSION LIABILITY	FOREIGN CURRENCY			CASH FLOW HEDGE	TOTAL
						TRANSLATION ADJUSTMENT	CASH FLOW	TOTAL		
(in thousands, except per share data)										
Balance, at January 1, 2023	58,106	\$ 5,811	\$ 244,159	\$ 278,639	\$ (27,548)	\$ (138,775)	\$ (749)	\$ 361,537		
Net loss	—	—	—	(714)	—	—	—	—	(714)	
Issuances of stock related to performance shares	79	8	(8)	—	—	—	—	—	—	
Cash dividends declared, \$0.01 per common share	—	—	—	(580)	—	—	—	—	(580)	
Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings	(132)	(14)	1,850	—	—	—	—	—	1,836	
Pension liability adjustment	—	—	—	—	(279)	—	—	—	(279)	
Foreign currency translation adjustment	—	—	—	—	—	4,930	—	—	4,930	
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	299	—	299	
Balance, at April 2, 2023	58,053	\$ 5,805	\$ 246,001	\$ 277,345	\$ (27,827)	\$ (133,845)	\$ (450)	\$ 367,029		

Repurchase The Company has share-based employee compensation plans, which are described more fully in Note 14 to the consolidated financial statements included in Item 8 of Common Stock.

In the second quarter of 2022, Annual Report on Form 10-K for the Company adopted a new share repurchase program in which the Company is authorized to repurchase up to \$100 million of its outstanding shares of common stock. The program has no specific expiration date. No shares of common stock were repurchased during the nine months fiscal year ended October 1, 2023 December 31, 2023. During the nine months ended October 2, 2022, the Company repurchased 1,126,176 shares of common stock at a weighted average price of \$12.83 per share pursuant to this program.

Restricted Stock Awards

During the nine months ended October 1, 2023, the Company granted restricted stock awards for 102,300 shares of common stock. Awards of restricted stock (or a portion thereof) vest with respect to each recipient over a one to three-year period from the date of grant, provided the individual remains in the employment or service of the Company as of the vesting date. Additionally, certain awards (or a portion thereof) could vest earlier in the event of a change in control of the Company or upon involuntary termination without cause. For certain restricted stock awards with a graded vesting schedule, the Company has elected to recognize compensation expense on a straight-line basis over the requisite service period for the entire award.

Compensation expense related to restricted stock grants was \$3.4 million \$0.9 million and \$4.0 million \$1.4 million for the nine three months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023, respectively. The Company has reduced its expense for any restricted stock forfeited during the period.

The following table summarizes restricted stock outstanding as of October 1, 2023 March 31, 2024, as well as activity during the nine three months then ended:

	Restricted Shares	Fair Value	Weighted Average	
			Grant Date	Fair Value
Outstanding at January 1, 2023	1,006,400	\$ 13.91		
Granted	Granted	102,300	6.92	
Outstanding at December 31, 2023				

Vested	Vested	(405,100)	14.43
Forfeited or canceled	Forfeited or canceled	(16,800)	13.60
Outstanding at October 1, 2023		<u>686,800</u>	\$ 12.56
Outstanding at March 31, 2024			

As of **October 1, 2023** **March 31, 2024**, the unrecognized total compensation cost related to unvested restricted stock was **\$2.8 million** **\$0.9 million**. That cost is expected to be recognized by the first quarter of 2025.

Restricted Share Unit Awards

During the nine months ended October 1, 2023, the Company granted awards for 596,200 restricted share units to certain employees pursuant to the Company's 2020 Omnibus Stock Incentive Plan. Each restricted share unit represents one share of the Company's common stock to be issued to the award recipient once the vesting criteria have been satisfied. Awards of restricted share units have a graded vesting schedule over a two to three-year period from the date of grant, provided the individual remains in the employment or service of the Company as of each vesting date. Additionally, certain awards (or a portion thereof) could vest earlier in the event of a change in control of the Company, upon involuntary termination without cause, or upon retirement provided certain eligibility criteria are met.

The Company recognizes expense related to restricted share unit grants based on the grant date fair value of the units awarded, as determined by the market price of the Company's common stock at date of grant. The expense is captured in selling, general and administrative expenses in the consolidated condensed statements of operations, which is consistent with the classification of expense for other share-based awards. The Company has elected to recognize compensation expense on a straight-line basis over the requisite service period for the entire award for awards with a graded vesting schedule.

Compensation expense related to the restricted share units was **\$1.5 million** and **\$0.5 million** for the **nine months** ended **October 1, 2023**, **March 31, 2024** and **April 2, 2023**, respectively. The Company **reduces** **has reduced** its expense for any restricted share units forfeited during the period. Grants of restricted share units are made primarily to executive-level personnel at the Company and, as a result, no compensation costs have been capitalized.

The following table summarizes restricted share units outstanding as of **October 1, 2023** **March 31, 2024**, as well as activity during the **nine months** then ended:

	Restricted Share Units	Weighted Average		Weighted Average
		Grant Date	Fair Value	
	Restricted Share Units	Weighted Average	Weighted Average	Weighted Average
	Share Units	Grant Date	Fair Value	Grant Date
	Units	Date	Value	Fair Value
Outstanding at January 1, 2023	—	\$ —	—	—
Outstanding at December 31, 2023				
Granted	Granted	596,200	10.36	
Vested	Vested	(2,100)	10.80	
Forfeited or canceled	Forfeited or canceled	(10,700)	10.80	
Outstanding at October 1, 2023	<u>583,400</u>	\$ 10.35		
Outstanding at March 31, 2024				

As of **October 1, 2023** **March 31, 2024**, the unrecognized total compensation cost related to unvested restricted share units was **\$4.6 million** **\$8.5 million**. That cost is expected to be recognized by the **end** **first quarter** of **2026** **2027**.

Performance Share Awards

During the nine months ended October 1, 2023, the Company issued awards of performance shares to certain employees. These awards vest based on the achievement of certain performance-based goals over a performance period of one to three years, subject to (among other things) the employee's continued employment through the last date of the performance period, and will be settled in shares of our common stock or in cash at the Company's election. The number of shares that may be issued in settlement of the performance shares to the award recipients may be greater (up to 200%) or lesser than the nominal award amount depending on actual performance achieved as compared to the performance targets set forth in the awards. The Company evaluates the probability of achieving the performance-based goals as of the end of each reporting period and adjusts compensation expense based on this assessment.

The following table summarizes the performance shares outstanding as of **October 1, 2023** **March 31, 2024**, as well as the activity during the **nine** **three** months then ended:

	Performance Shares	Weighted Average	Grant Date	Fair Value
		Performance Shares	Weighted Average	Grant Date
Outstanding at January 1, 2023	923,600	\$ 13.91		
Outstanding at December 31, 2023				
Granted	Granted 467,500	10.79		
Vested	Vested (82,300)	15.11		
Forfeited or canceled	Forfeited or canceled (193,800)	14.79		
Outstanding at October 1, 2023	<u>1,115,000</u>	\$ 12.36		
Outstanding at March 31, 2024				

Compensation expense related to the performance shares was **\$2.4 million** **\$2.1 million** and **\$2.7 million** **\$1.1 million** for the **nine** **three** months ended **October 1, 2023** **March 31, 2024** and **October 2, 2022** **April 2, 2023**, respectively. The Company has reduced its expense for any performance shares forfeited during the period. Unrecognized compensation expense related to these performance shares was approximately **\$7.3 million** **\$9.0 million** as of **October 1, 2023** **March 31, 2024**. Depending on the amount and timing of future compensation expense will depend on the performance of the Company, any Company. The compensation expense related to these outstanding performance shares will be recognized by the first quarter of **2026** **2027**.

The tax benefit recognized with respect to restricted stock, restricted share units and performance shares was approximately **\$0.7 million** **\$0.5 million** for the **nine** **three** months ended **October 1, 2023** **March 31, 2024**.

NOTE 87 – LEASES

General

The Company has operating and finance leases for manufacturing equipment, corporate offices, showrooms, distribution facilities, design centers, as well as computer and office equipment. The Company's leases have terms ranging from 1 to 20 years, some of which may include options to extend the lease term for up to 5 years, and certain leases may include an option to terminate the lease. Our lease accounting may include these options to extend or terminate a lease when it is reasonably certain that we will exercise that option.

The Company records a right-of-use asset and lease liability for leases extending beyond one year for operating and finance leases once a contract that contains a lease is executed and we have the right to control the use of the leased asset. The right-of-use asset is measured as the present value of the lease obligation. The discount rate used to

calculate the present value of the lease liability was the Company's incremental borrowing rate for the applicable geographical region.

As of October 1, 2023, there were no significant leases that had not commenced.

The table below represents a summary of the balances recorded in the consolidated condensed balance sheets related to the Company's leases as of **October 1, 2023** **March 31, 2024** and **January 1, 2023** **December 31, 2023**:

Balance Sheet Location	March 31, 2024		March 31, 2024		December 31, 2023	
			Balance Sheet Location	Operating Leases	Finance Leases	Operating Leases
	(in thousands)					(in thousands)
Operating lease right-of-use assets						
	October 1, 2023	January 1, 2023				
Balance Sheet Location	Operating Leases	Finance Leases	Operating Leases	Finance Leases		
Operating lease right-of-use assets	\$ 75,604		\$ 81,644			
Current portion of operating lease liabilities	\$ 10,829		\$ 11,857			
Current portion of operating lease liabilities						
Operating lease liabilities						
Operating lease liabilities						
Operating lease liabilities						
Operating lease liabilities	\$ 67,554		\$ 72,305			
Total operating lease liabilities	\$ 78,383		\$ 84,162			
Total operating lease liabilities						
Property, plant and equipment, net						
Property, plant and equipment, net						
Property, plant and equipment, net	\$ 6,406		\$ 5,845			
Accrued expenses	\$ 2,256		\$ 2,101			

Accrued expenses	
Accrued expenses	
Other long-term liabilities	Other long-term liabilities
	4,534
Total finance lease liabilities	Total finance lease liabilities
	\$ 6,790
	<u>4,138</u>
	<u>\$ 6,239</u>

As of March 31, 2024, there were no significant leases that had not commenced.

Lease Costs

		Three Months Ended		Nine Months Ended			
		October	October	October	October		
		1, 2023	2, 2022	1, 2023	2, 2022		
(in thousands)							
		Three Months Ended		Three Months Ended			
		March 31, 2024		March 31, 2024		April 2, 2023	
		(in thousands)					
Finance lease cost:	Finance lease cost:						
Amortization of right-of-use assets	Amortization of right-of-use assets						
Amortization of right-of-use assets	Amortization of right-of-use assets	\$ 696	\$ 581	\$ 2,056	\$ 1,636		
Interest on lease liabilities	Interest on lease liabilities	79	45	224	115		
Operating lease cost	Operating lease cost	4,740	4,743	14,141	14,310		
Short-term lease cost	Short-term lease cost	187	204	934	642		
Variable lease cost	Variable lease cost	583	614	1,924	2,012		
Total lease cost	Total lease cost	<u>\$ 6,285</u>	<u>\$ 6,187</u>	<u>\$ 19,279</u>	<u>\$ 18,715</u>		

Other Supplemental Information

		Three Months Ended		Nine Months Ended			
		October	October	October	October		
		1, 2023	2, 2022	1, 2023	2, 2022		
(in thousands)							
		Three Months Ended		Three Months Ended			
		March 31, 2024		March 31, 2024		April 2, 2023	
		(in thousands)					

Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:
Operating cash flows from finance leases	
Operating cash flows from finance leases	
Operating cash flows from finance leases	Operating cash flows from finance leases
Operating cash flows from operating leases	Operating cash flows from operating leases
Financing cash flows from finance leases	Financing cash flows from finance leases
Right-of-use assets obtained in exchange for new finance lease liabilities	Right-of-use assets obtained in exchange for new finance lease liabilities
Right-of-use assets obtained (adjusted) in exchange for new (remeasured) operating lease liabilities	Right-of-use assets obtained (adjusted) in exchange for new (remeasured) operating lease liabilities
Right-of-use assets obtained in exchange for new operating lease liabilities	

Lease Term and Discount Rate

The table below presents the weighted average remaining lease terms and discount rates for finance and operating leases as of **October 1, 2023** **March 31, 2024** and **January 1, 2023** **December 31, 2023**:

	October 1, 2023	January 1, 2023	March 31, 2024	December 31, 2023
Weighted-average remaining lease term – finance leases (in years)	3.76	3.82	Weighted-average remaining lease term – finance leases (in years)	3.60
Weighted-average remaining lease term – operating leases (in years)	3.70			

Weighted-average lease term – operating leases (in years)	8.77	9.29	Weighted-average remaining lease term – operating leases (in years)	8.10	8.29
Weighted-average discount rate – finance leases	5.16 %	3.79 %	Weighted-average discount rate – finance leases	5.70 %	5.51 %
Weighted-average discount rate – operating leases	5.99 %	5.89 %	Weighted-average discount rate – operating leases	6.27 %	6.25 %

Maturity Analysis

A maturity analysis of lease payments under non-cancellable leases is presented as follows:

Fiscal Year	Fiscal Year	Operating Finance		Fiscal Year	Operating Leases	Finance Leases
		Leases	Leases			
(in thousands)						
2023 (excluding the nine months ended October 1, 2023)		\$ 2,733	\$ 569			
2024		14,999	2,518			
(in thousands)						
2024 (excluding the three months ended March 31, 2024)						
2025	2025	13,069	1,733			
2026	2026	12,767	1,202			
2027	2027	10,246	868			
2028						
Thereafter	Thereafter	48,882	662			
Total future minimum lease payments (undiscounted)	Total future minimum lease payments (undiscounted)	102,696	7,552			
Less: Present value discount	Less: Present value discount	(24,313)	(762)			
Total lease liability		\$ 78,383	\$ 6,790			
Total lease liabilities						

NOTE 98 – EMPLOYEE BENEFIT PLANS

During the three three-month periods ended March 31, 2024 and nine months ended October 1, 2023 April 2, 2023, the Company recorded multi-employer pension expense related to multi-employer contributions of \$0.7 million and \$2.0 million \$0.6 million, respectively. During the three and nine months ended October 2, 2022, the Company recorded multi-employer pension expense related to multi-employer contributions of \$0.5 million and \$1.8 million, respectively.

The following tables provide the components of net periodic benefit cost for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023:

		Three Months Ended	Nine Months Ended		
		Three Months Ended	Nine Months Ended	Three Months Ended	
Defined Benefit Retirement Plans (Europe)	Defined Benefit Retirement Plans (Europe)	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
				Defined Benefit Retirement Plans (Europe)	Defined Benefit Retirement Plans (Europe)
				March 31, 2024	March 31, 2024
					April 2, 2023
		(in thousands)		(in thousands)	
Interest cost	Interest cost	\$ 1,791	\$ 801	\$ 5,304	\$ 2,574
Expected return on plan assets	Expected return on plan assets	(2,030)	(924)	(6,009)	(2,973)
Amortization of prior service cost	Amortization of prior service cost	30	27	89	89
Amortization of net actuarial losses	Amortization of net actuarial losses	229	240	680	771
Net periodic benefit cost	Net periodic benefit cost	\$ 20	\$ 144	\$ 64	\$ 461
		Three Months Ended	Nine Months Ended	Three Months Ended	
		Three Months Ended	Nine Months Ended	Three Months Ended	
Salary Continuation Plan	Salary Continuation Plan	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
				Salary Continuation Plan	Salary Continuation Plan
				March 31, 2024	March 31, 2024
					April 2, 2023
		(in thousands)		(in thousands)	
Interest cost	Interest cost	\$ 284	\$ 193	\$ 851	\$ 579
Amortization of net actuarial losses	Amortization of net actuarial losses	49	139	146	418
Net periodic benefit cost	Net periodic benefit cost	\$ 333	\$ 332	\$ 997	\$ 997
		Three Months Ended	Nine Months Ended	Three Months Ended	
		Three Months Ended	Nine Months Ended	Three Months Ended	
nora Benefit Plan	nora Benefit Plan	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
				nora Benefit Plan	nora Benefit Plan
				March 31, 2024	March 31, 2024
					April 2, 2023
		(in thousands)		(in thousands)	
Service cost	Service cost	\$ 116	\$ 200	\$ 345	\$ 636

Interest				
Interest cost cost	275	98	822	313
Amortization of net actuarial (gains) losses	(110)	44	(330)	142
Amortization of net actuarial gains				
Net periodic benefit				
Net periodic benefit cost	\$ 281	\$ 342	\$ 837	\$ 1,091

In accordance with applicable accounting standards, the service cost component of net periodic benefit costs is presented within operating income in the consolidated condensed statements of operations, while all other components of net periodic benefit costs are presented within other (income) expense, net, in the consolidated condensed statements of operations.

NOTE 109 – GOODWILL AND OTHER INTANGIBLE ASSETS

The ending balance and the change in the carrying amount of goodwill for the nine months ended October 1, 2023, are March 31, 2024 is as follows:

	Goodwill ⁽¹⁾
	(in thousands)
Balance, at January 1, 2023 December 31, 2023	\$ 102,417 105,448
Foreign currency translation ⁽²⁾	(1,193) (2,251)
Balance, at October 1, 2023 March 31, 2024	\$ 101,224 103,197

(1) The goodwill balance is allocated entirely to the AMS reportable segment. All goodwill allocated to the EAAA reportable segment was previously written off as a result of impairment charges.

(2) A portion of the goodwill balance is comprised of goodwill denominated in foreign currency attributable to the nora acquisition.

The net carrying value of intangible assets other than goodwill was \$55.3 million \$53.8 million and \$59.8 \$56.3 million at October 1, 2023 March 31, 2024 and January 1, 2023 December 31, 2023, respectively.

NOTE 110 – SEGMENT INFORMATION

The Company determines that an operating segment exists if a component (i) engages in business activities from which it earns revenues and incurs expenses, (ii) has operating results that are regularly reviewed by the chief operating decision maker ("CODM") and (iii) has discrete financial information. Additionally, accounting standards require the utilization of a "management approach" to report the financial results of operating segments, which is based on information used by the CODM to assess performance and make operating and resource allocation decisions. The Company determined that it has two operating segments organized by geographical area – namely (a) Americas ("AMS") and (b) Europe, Africa, Asia and Australia (collectively "EAAA"). The AMS operating segment includes the United States, Canada and Latin America geographic areas.

Pursuant to the management approach discussed above, the Company's CODM, our chief executive officer, evaluates performance at the AMS and EAAA operating segment levels and makes operating and resource allocation decisions based on segment adjusted operating income ("AOI"), which includes allocations of corporate selling, general and administrative expenses ("SG&A") expenses and allocations of global support SG&A as discussed below. AOI excludes excludes: nora purchase accounting amortization, Thailand plant closure inventory write-down, amortization; Cyber Event impact, property casualty loss, and restructuring, asset impairment, severance, and other, net. Intersegment revenues for the three and nine months ended October 1, 2023, March 31, 2024 and April 2, 2023 were \$25.0 million \$16.8 million and \$72.3 million, respectively, and intersegment revenues for the three and nine months ended October 2, 2022, were \$19.7 million and \$56.4 million \$22.6 million, respectively. Intersegment revenues are eliminated from net sales presented below since these amounts are not included in the information provided to the CODM.

The Company has determined that it has two reportable segments – AMS and EAAA, as each operating segment meets the quantitative thresholds defined in the accounting guidance.

During the first quarter of 2024, the Company implemented a cost center realignment initiative to centralize certain global/shared functions. For the quarter ended March 31, 2024, SG&A expenses for these global support functions were allocated to AOI for each reportable segment consistent with the allocation methodology used to allocate corporate overhead in prior periods. Prior year AOI amounts below were not recast as there was no material impact to the measure of segment profit for each reportable segment. There were no changes to the composition of the Company's operating or reportable segments.

Segment information for the three and nine months ended **October 1, 2023** **March 31, 2024** and **October 2, 2022**, **April 2, 2023** is presented in the following table:

		Three Months Ended		Nine Months Ended							
		October 1, 2023		October 2, 2022							
		(in thousands)									
		Three Months Ended				Three Months Ended					
		March 31, 2024				April 2, 2023					
		(in thousands)									
Net sales	Net sales										
AMS	AMS										
AMS	AMS										
AMS	AMS	\$ 178,194	\$ 194,449	\$ 548,716	\$ 557,768						
EAAA	EAAA	132,812	133,308	387,664	404,596						
Total net sales	Total net sales	\$ 311,006	\$ 327,757	\$ 936,380	\$ 962,364						
Segment AOI	Segment AOI										
Segment AOI	Segment AOI										
AMS	AMS										
AMS	AMS										
AMS	AMS	\$ 23,318	\$ 24,975	\$ 58,621	\$ 74,502						
EAAA	EAAA	9,049	6,273	16,805	25,908						
Depreciation and amortization	Depreciation and amortization										
Depreciation and amortization	Depreciation and amortization										
AMS	AMS										
AMS	AMS										
AMS	AMS	\$ 4,640	\$ 4,344	\$ 13,457	\$ 12,585						
EAAA	EAAA	5,805	5,481	17,134	18,076						
Total depreciation and amortization	Total depreciation and amortization	\$ 10,445	\$ 9,825	\$ 30,591	\$ 30,661						

A reconciliation of the Company's total operating segment assets to the corresponding consolidated amounts follows:

		October 1, 2023		January 1, 2023							
		2023	2023								
		(in thousands)									
		March 31, 2024				March 31, 2024					
		2024				December 31, 2023					
		(in thousands)									
Assets	Assets										
AMS	AMS										
AMS	AMS										

AMS	AMS	\$ 587,424	\$ 588,110
EAAA	EAAA	637,825	652,921
Total segment assets	Total segment assets	1,225,249	1,241,031
Corporate assets	Corporate assets	101,224	110,495
Eliminations	Eliminations	(124,832)	(85,023)
Total reported assets	Total reported assets	\$1,201,641	\$1,266,503

Reconciliations of operating income to income (loss) before income tax expense and segment AOI are presented as follows:

		Three Months Ended		Nine Months Ended			
		Ended		Ended			
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022		
(in thousands)							
		Three Months Ended					Three Months Ended
		March 31, 2024					April 2, 2023
		<i>(in thousands)</i>					<i>(in thousands)</i>
AMS operating income	AMS operating income	\$23,530	\$24,955	\$56,997	\$74,618		
EAAA operating income	EAAA operating income	7,455	3,087	12,373	15,369		
Consolidated operating income	Consolidated operating income	30,985	28,042	69,370	89,987		
Interest expense	Interest expense	8,163	7,747	24,986	21,787		
Other expense, net	Other expense, net	6,702	124	7,674	1,688		
Income before income tax expense	Income before income tax expense	\$16,120	\$20,171	\$36,710	\$66,512		
Other (income) expense, net							
Income (loss) before income tax expense	Income (loss) before income tax expense						
		Three Months Ended		Three Months Ended			
		Ended October 1, 2023		Ended October 2, 2022			
		AMS	EAAA	AMS	EAAA		
		<i>(in thousands)</i>					
Operating income	Operating income	\$23,530	\$7,455	\$24,955	\$3,087		
		Three Months Ended					Three Months Ended
		March 31, 2024					April 2, 2023
		<i>(in thousands)</i>					<i>(in thousands)</i>
Operating income	Operating income	\$23,530	\$7,455	\$24,955	\$3,087		

Purchase accounting amortization	Purchase accounting amortization	—	1,302	—	1,204
Thailand plant closure inventory write-down		—	—	—	477
Cyber Event impact	Cyber Event impact	62	42	—	—
Property casualty loss					
Restructuring, asset impairment, severance, and other, net	Restructuring, asset impairment, severance, and other, net	(274)	250	20	1,505
AOI	AOI	<u>\$23,318</u>	<u>\$9,049</u>	<u>\$24,975</u>	<u>\$6,273</u>

	Nine Months Ended October 1, 2023			Nine Months Ended October 2, 2022		
	AMS		EAAA	AMS		EAAA
	(in thousands)					
Operating income	\$	56,997	\$	12,373	\$	74,618
Purchase accounting amortization		—		3,886		—
Thailand plant closure inventory write-down		—		—		—
Cyber Event impact		554		415		—
Restructuring, asset impairment, severance, and other, net		1,070		131		(116)
AOI	\$	<u>58,621</u>	\$	<u>16,805</u>	\$	<u>74,502</u>

NOTE 12.11 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for interest amounted to \$17.6 million and \$13.7 million. Supplemental cash flow information for the nine months ended October 1, 2023 March 31, 2024 and October 2, 2022, respectively. Income tax payments, net of refunds, amounted to \$17.6 million and \$11.5 million for April 2, 2023 is presented in the nine months ended October 1, 2023 and October 2, 2022, respectively, following table:

	Three Months Ended		
	March 31, 2024		April 2, 2023
	(in thousands)		
Cash paid for interest	\$	2,099	\$ 3,667
Cash paid for income taxes, net of refunds		7,161	5,148

See Note 8.7 entitled "Leases" for additional supplemental disclosures related to finance and operating leases.

Non-Cash Financing Activities

On March 12, 2024, the Company declared cash dividends on its common stock of \$0.6 million, which were paid during the second quarter of 2024 to shareholders of record as of March 29, 2024. At March 31, 2024, the dividends were recorded within accrued expenses in the consolidated condensed balance sheet.

NOTE 13.12 – INCOME TAXES

The Company determines its provision for income taxes for interim periods using an estimate of its annual effective tax rate ("AETR") and records any changes affecting the estimated AETR in the interim period in which the change occurs, including discrete tax items.

During the nine months ended October 1, 2023 March 31, 2024, the Company recorded a total income tax provision of \$11.7 million \$4.8 million on pre-tax income of \$36.7 million \$19.0 million resulting in an effective tax rate of 32.0% 25.4%, as compared to a total income tax provision of \$22.3 million \$0.2 million on pre-tax income loss of \$66.5 million \$0.5 million resulting in an a negative effective tax rate of 33.6% 35.2% during the nine months ended October 2, 2022 April 2, 2023. The decrease year-over-year change in the effective tax rate for the period ended October 1, 2023, as compared to the period ended October 2, 2022, was is primarily due to favorable changes related to the

cash surrender value tax effects of Company-owned life insurance, non-recurring non-deductible charges related to the closure of the Company's manufacturing facility in Thailand incurred pre-tax income in the first nine months of 2022, current year quarter compared to pre-tax loss in the prior year quarter and favorable changes related to foreign exchange movements. This decrease was partially offset by a non-recurring favorable change share-based compensation and the limitation on the deduction for business interest expenses under Internal Revenue Code section 163(j). The pre-tax loss for the three months ended April 2, 2023, included significant unusual or infrequent items that are specifically excluded from the AETR. The tax effects related to unrecognized these specifically excluded items are recognized discretely. The income tax benefits in the period ended October 2, 2022, non-deductible charges related recognized discretely were at a lower effective tax rate compared to the substantial liquidation estimated AETR resulting in an overall negative effective tax rate for the three months ended April 2, 2023.

On December 20, 2021, the Organization for Economic Co-operation and Development ("OECD") published Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of subsidiaries large corporations at a minimum rate of 15%. The OECD has since issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar Two global minimum tax. Many non-U.S. tax jurisdictions have either recently enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in Brazil 2024 (including the European Union Member States) with the adoption of additional components in later years or announced their plans to enact legislation in future years. For fiscal year 2024, we expect to meet the Transitional Country-by-Country (CbCR) Safe Harbor rules for most if not all jurisdictions and Russia do not expect these provisions to have a material impact on the period ended October 1, 2023, Company's financial statements. We will continue to closely monitor ongoing developments and an increase in the valuation allowance evaluate any potential impact on interest carryforwards, future periods.

In the first nine months of 2023, 2024, the Company decreased increased its liability for unrecognized tax benefits by \$0.3 million. As of October 1, 2023 March 31, 2024, the Company had accrued approximately \$5.4 million \$5.2 million for unrecognized tax benefits. In accordance with applicable accounting standards, the Company's deferred tax asset as of October 1, 2023, March 31, 2024 reflects a reduction for \$2.8 million of these unrecognized tax benefits.

Unrecognized tax benefits are reviewed on an ongoing basis and are adjusted for changing facts and circumstances, including the progress of tax audits and the closing of statutes of limitations. Based on information currently available, While it is reasonably possible that approximately \$0.5 million some of the unrecognized tax benefits may will be recognized within the next 12 months, the Company does not expect the recognition of which \$0.5 million would result in such amounts will have a favorable material impact to on the effective tax rate, Company's financial results.

NOTE 14 13 – ITEMS RECLASSIFIED FROM ACCUMULATED OTHER COMPREHENSIVE LOSS

Amounts reclassified out of accumulated other comprehensive loss ("AOCI"), before tax, to the consolidated condensed statements of operations during the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022, April 2, 2023 are reflected in the tables table below:

		Three Months Ended			
		Statement of Operations	October 1, 2023	October 2, 2022	
		(in thousands)			
Loss on foreign subsidiary liquidation ⁽¹⁾	Other expense, net	\$ (6,221)	\$ —		
					Three Months Ended
Statement of Operations		Statement of Operations		March 31, 2024	
Location		Location	Location	April 2, 2023	
		(in thousands)			
Interest rate swap contracts loss	Interest rate swap contracts loss	Interest expense	(196)	(645)	
Amortization of benefit plan net actuarial losses and prior service cost	Amortization of benefit plan net actuarial losses and prior service cost	Other expense, net	(198)	(450)	(in thousands)

Total loss reclassified from AOCI	Total loss reclassified from AOCI	\$ (6,615)	\$ (1,095)
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	Statement of Operations Location	Nine Months Ended	
		October 1, 2023	October 2, 2022
		(in thousands)	
Loss on foreign subsidiary liquidation ⁽¹⁾	Other expense, net	\$ (6,221)	—
Interest rate swap contracts loss	Interest expense	(982)	(2,416)
Amortization of benefit plan net actuarial losses and prior service cost	Other expense, net	(585)	(1,420)
Total loss reclassified from AOCI		\$ (7,788)	\$ (3,836)

⁽¹⁾ The Company's foreign subsidiaries in Russia and Brazil were substantially liquidated during the three months ended October 1, 2023, and the cumulative foreign currency translation losses associated with these entities were recognized in the consolidated condensed statements of operations. The tax impact of the cumulative foreign currency translation reclassification is approximately \$1.1 million.

NOTE 15 – RESTRUCTURING AND OTHER

Restructuring, asset impairment, other (gains) and charges were as follows:

		Three Months Ended		Nine Months Ended	
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
		(in thousands)			
Restructuring, asset impairment, other (gains) and charges ⁽¹⁾		\$ —	\$ (105)	\$ (2,502)	\$ 1,592

⁽¹⁾ Restructuring, asset impairment, other (gains) and charges are attributable to the EAAA reportable segment.

2021 Restructuring Plan

On September 8, 2021, the Company committed to a new restructuring plan that continued to focus on efforts to improve efficiencies and decrease costs across its worldwide operations. The plan involved a reduction of approximately 188 employees and the closure of the Company's manufacturing facility in Thailand at the end of the first quarter of 2022.

Expected charges and cumulative charges incurred to date under the 2021 restructuring plan are as follows:

		Asset Impairment and Other Related Charges				Total
		Workforce Reduction	Retention Bonuses	Charges		
		(in thousands)				
Estimated expected charges ⁽¹⁾	\$ 2,281	\$ 474	\$ 3,295	\$ 6,050		
Cumulative charges incurred to date ⁽¹⁾	2,281	474	3,295	6,050		

⁽¹⁾ Charges are attributable to the EAAA reportable segment.

A summary of the restructuring reserve balance, recorded within accrued expenses in the consolidated condensed balance sheets, for the 2021 restructuring plan is presented below:

		Asset Impairment and Other Related Charges				Total
		Workforce Reduction	Retention Bonuses	Charges		
		(in thousands)				
Balance, at January 1, 2023	\$ 277	\$ 179	\$ —	\$ 456		
Charged to expenses	23	(19)	174	178		
Deductions	(300)	(160)	—	(460)		
Charged to other accounts	—	—	(174)	(174)		
Balance, at October 1, 2023	\$ —	\$ —	\$ —	\$ —		

The Company recognized a gain of \$2.7 million on the sale of the Thailand facility during the second quarter of 2023. See Note 16 entitled "Assets Disposed" for additional information.

In addition, during the nine months ended October 2, 2022, in conjunction with the closure of its Thailand facility, the Company recorded a write-down of inventory of \$2.5 million within cost of sales in the consolidated condensed statements of operations.

The Company completed the 2021 restructuring plan in the second quarter of 2023, following the sale of the Thailand manufacturing facility, as described in Note 16 entitled "Assets Disposed," and expects the plan to yield annualized savings of approximately \$1.7 million. A portion of the annualized savings was realized on the consolidated condensed statements of operations in fiscal year 2022, with the remaining portion of the annualized savings expected to be realized in fiscal year 2023.

NOTE 16 – ASSETS DISPOSED

On September 8, 2021, the Company announced a restructuring plan that involved the closure of its manufacturing facility in Thailand and committed to a plan to sell the Thailand facility in connection with this restructuring plan. See Note 15 entitled "Restructuring and Other" for additional information.

During the second quarter of 2023, the Company completed the sale of the Thailand manufacturing facility for a selling price of \$6.6 million and recognized a gain of \$2.7 million, which is recorded in restructuring, asset impairment, other (gains) and charges in the consolidated condensed statements of operations and is attributable to the EAAA reportable segment.

The Company determined that the Thailand facility sale did not meet the criteria for classification as discontinued operations.

NOTE 17.14 – COMMITMENTS AND CONTINGENCIES

From time to time, we are a party to legal proceedings, whether arising in the ordinary course of business or otherwise. See disclosure under the **headings** heading "Lawsuit by Former CEO in Connection with Termination" and "Putative Class Action Lawsuit" set forth in Note 18 to the consolidated financial statements included in Item 8 of the [Annual Report on Form 10-K for the fiscal year ended January 1, 2023 December 31, 2023](#).

In the lawsuit by the former CEO, Mr. Gould filed a motion for reconsideration of the Court's grant of summary judgment in favor of the Company on Mr. Gould's breach of contract claim. On July 31, 2023, the Court denied that motion for reconsideration. Also on July 31, 2023, the Company filed a motion to dismiss without prejudice its counterclaim against Mr. Gould for breach of fiduciary duty. On August 2, 2023, the Court granted that motion to dismiss, resulting in a final judgment in the trial court. The court's award of summary judgment in favor of the Company on Mr. Gould's breach of contract claim has been appealed by Mr. Gould to the U.S. Court of Appeals for the 11th Circuit. The Company believes Mr. Gould's lawsuit and the appeal therefrom is without merit and intends to defend vigorously against it.

In the putative class action, the Court preliminarily approved a settlement of the lawsuit for \$7.5 million, and the Company's insurers funded the settlement amount into escrow. As a result, in the second quarter of 2023, the Company reversed the \$7.5 million asset and liability that were previously recorded in the first quarter of 2023. Putative class member proofs of claims were due by September 13, 2023, and in a hearing on October 19, 2023, the Court approved the final settlement of the action.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our discussions below in this Item 2 are based upon the more detailed discussions about our business, operations and financial condition included in our Annual Report on Form 10-K for the fiscal year ended [January 1, 2023 December 31, 2023](#), under Part II, Item 7 of that Form 10-K. Our discussions here focus on our results during the quarter and nine months ended [October 1, 2023 March 31, 2024](#), or as of, [October 1, 2023 March 31, 2024](#), and the comparable periods of [2022, 2023](#), and to the extent applicable, any material changes from the information discussed in that Form 10-K or other important intervening developments or information since that time. These discussions should be read in conjunction with that Form 10-K for more detailed and background information. The [nine-month periods ended October 1, 2023 and October 2, 2022, both include 39 weeks. The three-month periods ended October 1, 2023 March 31, 2024 and October 2, 2022, April 2, 2023 both include 13 weeks.](#)

Forward-Looking Statements

This report contains statements which may constitute "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include risks and uncertainties associated with the economic conditions in the commercial interiors industry as well as the risks and uncertainties discussed under the heading "Risk Factors" included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended [January 1, 2023 December 31, 2023](#). The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

Executive Overview

During the quarter ended **October 1, 2023** **March 31, 2024**, we had consolidated net sales of **\$311.0 million** **\$289.7 million**, down **5.1%** **2.0%** compared to **\$327.8 million** **\$295.8 million** in the **third** **first** quarter last year, primarily due to decreased customer demand. Lower sales were primarily demand — particularly in the retail, public buildings and corporate office and retail market segments. These decreases were partially offset by higher sales in the education market segment. Consolidated operating income was **\$31.0 million** **\$24.4 million** for the **third** **first** quarter of **2023** **2024**, compared to **\$28.0 million** **\$9.5 million** in the **third** **first** quarter last year, primarily due to higher gross profit margin as a result of higher pricing lower raw material and lower freight costs coupled with lower selling, general and administrative costs. Consolidated net income for the quarter ended **October 1, 2023** **March 31, 2024**, was **\$9.9 million** **\$14.2 million** or **\$0.17** **\$0.24** per share, compared to **\$14.1 million** consolidated net loss of **\$0.7 million** or **\$0.24** **\$0.01** per share in the **third** **first** quarter last year.

During the first nine months of 2023, we had consolidated net sales of **\$936.4 million**, down **2.7%** compared to **\$962.4 million** in the first nine months of last year, primarily due to decreased customer demand. Lower sales were primarily in the retail and corporate office market segments, partially offset by increases in the education market segment. Consolidated operating income was **\$69.4 million** for the first nine months of 2023, compared to **\$90.0 million** in the same period last year. This decline was due to lower sales, inflationary pressures on raw materials, and lower manufacturing fixed cost absorption, partially offset by higher pricing, resulting in lower gross profit margin in the current year period coupled with higher selling, general and administrative costs. Consolidated net income for the nine months ended October 1, 2023, was **\$25.0 million** or **\$0.43** per share, compared to **\$44.2 million** or **\$0.75** per share in the same period last year.

Cybersecurity Event

As previously disclosed in our current report on Form 8-K filed with the Commission on November 23, 2022, we discovered a cybersecurity attack **on November 20, 2022**, perpetrated by unauthorized third parties, affecting our IT systems **on November 20, 2022**. During the first nine months of 2023, we incurred approximately **\$1.0 million** of additional expenses related to the investigation of the Cyber Event. These costs were primarily included in selling, general and administrative expenses in the consolidated condensed statement of operations. The investigation of the Cyber Event was **substantially** completed early in the **third** **quarter** of **fiscal year 2023**. We have cyber risk insurance and anticipate that a portion of our costs and expenses related to the Cyber Event will ultimately be recovered by insurance.

Our IT systems face a myriad of cybersecurity threats, including, without limitation, hacking, computer viruses, denial of service attacks, malware, ransomware, phishing scams, compromised or irretrievable backups, and other cyber attacks. Any of these events which deny us use of vital IT systems may seriously disrupt our normal business operations and lead to production or shipping stoppages, revenue loss, and reputational harm. We also expect to incur ongoing costs for enhanced data security against unauthorized access to, or manipulation of, our systems and data.

Impact of Macroeconomic Trends

The continued disruption Recent disruptions in economic markets due to high persistent inflation, increases in high interest rates, the Russia-Ukraine war and the Israel-Hamas war, a fairly stabilized but still challenging supply chain environment, a slow post COVID recovery in China and slow market conditions in the rest parts of Asia, and significant financial pressures in the commercial office market globally, all pose challenges which may adversely affect our future performance. These impacts have increased our costs and adversely affected our gross profit margin. To mitigate these impacts, we plan to continue evaluating our cost structure and global manufacturing footprint to identify and activate opportunities to decrease costs and optimize our global cost structure.

Analysis of Results of Operations

Consolidated Results

The following table presents, as a percentage of net sales, certain items included in our consolidated condensed statements of operations for the three-month and nine-month periods ended **October 1, 2023** **March 31, 2024** and **October 2, 2022** **April 2, 2023**:

	Three Months Ended		Nine Months Ended			
	October		October			
	1, 2023	2, 2022	1, 2023	2, 2022		
Three Months Ended						
March 31, 2024						
Net sales	Net sales	100.0 %	100.0 %	100.0 %	Net sales	
Cost of sales	Cost of sales	64.5	66.8	66.0	65.5	
Gross profit	Gross profit	35.5	33.2	34.0	34.5	
Selling, general and administrative expenses	Selling, general and administrative expenses	25.5	24.7	26.8	25.0	
Restructuring, asset impairment, other (gains) and charges		—	0.0	(0.3)	0.2	
Three Months Ended						
March 31, 2024						
				100.0 %		
					100.0 %	

Restructuring, asset impairment and other charges					
Operating income	Operating income	10.0	8.5	7.5	9.3
Interest/Other expense, net		4.8	2.4	3.5	2.4
Income before income tax expense		5.2	6.1	4.0	6.9
Interest/Other (income) expense, net					
Income (loss) before income tax expense					
Income tax expense	Income tax expense	2.0	1.9	1.3	2.3
Net income		3.2 %	4.2 %	2.7 %	4.6 %
Net income (loss)					
	Net income (loss)			4.8 %	
					(0.3) %

Consolidated Net Sales

Below is information regarding our consolidated net sales, and analysis of those results, for the three-month and nine-month periods ended **October 1, 2023** **March 31, 2024**, and **October 2, 2022** **April 2, 2023**:

	Three Months Ended		Percentage Change	Nine Months Ended		Percentage Change
	October 1, 2023	October 2, 2022		October 1, 2023	October 2, 2022	
	(in thousands)			(in thousands)		
Consolidated net sales	\$ 311,006	\$ 327,757	(5.1)%	\$ 936,380	\$ 962,364	(2.7)%
Three Months Ended						
		March 31, 2024	April 2, 2023	Percentage Change		
		(in thousands)				
Consolidated net sales	\$ 289,743	\$ 295,792				(2.0)%

For the quarter ended **October 1, 2023** **March 31, 2024**, consolidated net sales decreased **\$16.8 million (5.1%)** **\$6.0 million (2.0%)** versus the comparable period in **2022, 2023**, primarily due to lower sales **volume** **volumes** (approximately **12% 4%**) partially offset by higher prices (approximately **7% 2%**). Currency fluctuations had **a positive** **no material** impact on consolidated net sales of approximately **\$4.9 million (1.5%)** for the **third** **first** quarter of **2023**, due primarily **2024** compared to the **strengthening of the Euro and British Pound Sterling** against the **U.S. dollar**, partially offset by the **weakening of the Australian dollar and Chinese Renminbi** against the **U.S. dollar**. **same period last year**. On a market segment basis, the sales decrease was primarily in the **retail, public buildings, and corporate office, retail, healthcare and hospitality** market segments, partially offset by **increases in the healthcare market segment**.

For the nine months ended **October 1, 2023**, consolidated net **higher** sales decreased **\$26.0 million (2.7%)** versus the comparable period in **2022**, primarily due to lower sales **volume** (approximately **8%**) partially offset by higher prices (approximately **5%**). Currency fluctuations had a negative impact on consolidated net sales of approximately **\$3.1 million (0.3%)** for the first nine months of **2023**, due primarily to the **weakening of the Australian dollar, Chinese Renminbi and Canadian dollar** against the **U.S. dollar**, partially offset by the **strengthening of the Euro** against the **U.S. dollar**. On a market segment basis, the sales decrease was primarily in the **retail and corporate office** market segments partially offset by **increases in the education and residential living** market segment.

segments.

Consolidated Cost and Expenses

The following table presents our consolidated cost of sales and selling, general and administrative expenses for the three-month and nine-month periods ended **October 1, 2023** **March 31, 2024**, and **October 2, 2022** **April 2, 2023**:

Consolidated Cost of Sales

For the quarter ended **October 1, 2023** **March 31, 2024**, consolidated cost of sales decreased **\$18.2 million (8.3%)** **\$20.6 million (10.3%)** compared to the **third quarter of 2022**, primarily due to lower **sales** as discussed above and the favorable impact of inflation on raw material **costs** and **freight costs** (approximately 2%) due to stabilizing supply chain conditions. **lower sales**. Currency translation had a negative no material impact on to consolidated cost of sales in the third quarter of 2023 and partially increased our costs by approximately **\$3.2 million (1.5%)** compared to the same period last year. As a percentage of net sales, our cost of sales decreased to **64.5%** for the third quarter of 2023 versus 66.8% for the third quarter of 2022.

For the nine months ended October 1, 2023, consolidated cost of sales decreased \$11.6 million (1.8%) versus the comparable period in 2022, primarily due to lower sales as discussed above. Currency translation had a positive impact on consolidated cost of sales 61.9% for the first nine months quarter of 2023 and partially reduced our costs by approximately \$2.5 million (0.4%) compared to the same period last year. As a percentage of net sales, our cost of sales increased to 66.0% 2024 versus 67.6% for the first nine months quarter of 2023 versus 65.5% for the first nine months of 2022. 2023.

Consolidated Gross Profit

For the quarter ended **October 1, 2023** **March 31, 2024**, consolidated gross profit, as a percentage of net sales, was **35.5%** **38.1%** compared with **33.2%** **32.4%** in the same period last year. The increase in gross profit margin was primarily due to (i) higher pricing (approximately 4%), (ii) the favorable impact of inflation on raw material and freight costs (approximately 1%), partially offset by (iii) lower manufacturing fixed cost absorption and product mix (approximately 3%).

For the nine months ended October 1, 2023, consolidated gross profit, as a percentage of net sales, was 34.0% compared with 34.5% in the same period last year. The decrease in gross profit percentage was primarily due to (i) lower manufacturing fixed cost absorption and product mix (approximately 3%) and (ii) the unfavorable impact of inflation on raw material and freight costs (approximately 3%). (ii) favorable product mix and other (approximately 2%), partially offset by (iii) higher sales pricing (approximately 4% 1%).

Consolidated Selling, General and Administrative ("SG&A") Expenses

For the quarter ended **October 1, 2023** **March 31, 2024**, consolidated SG&A expenses decreased **\$1.6 million (1.9%** **\$0.3 million (0.3%)** versus the comparable period in **2022, 2023**. Currency **fluctuations** **translation** had **a negative** **no material** impact on consolidated SG&A expenses in the **third** **first** quarter of **2023** of approximately **\$1.3 million (1.7%)** **2024** compared to the same period last year. SG&A expenses were lower for the **third** **first** quarter of **2023** **2024** primarily due to (i) **\$2.0 million of lower** **plant closure** and **severance costs** **driven by employee headcount reduction** and **cost saving initiatives** in the prior year period, (ii) **\$1.0 million of approximately \$1.3 million related lower** **selling expenses**, and (iii) **\$0.9 million of lower Cyber Event costs** due to completion of the **closure** **investigation** in the prior year as well as **insurance recoveries** in the current period. These decreases were mostly offset by **\$2.2 million of our Thailand higher labor and Russia operations, variable compensation costs** and **\$1.4 million of higher software license fees**. As a percentage of net sales, SG&A expenses increased to **25.5%** for the third quarter of **2023** versus **24.7%** for the third quarter of **2022**.

For the nine months ended October 1, 2023, consolidated SG&A expenses increased \$10.3 million (4.3%) versus the comparable period in 2022. Currency translation had no material impact on consolidated SG&A expenses 29.7% for the first nine months quarter of 2023 compared to the same period last year. SG&A expenses in the first nine months of 2023 compared to the same period last year included (i) \$7.7 million of higher selling expenses due to sales and marketing initiatives, (ii) higher severance costs of approximately \$2.6 million driven by employee reductions and cost saving initiatives, and (iii) Cyber Event costs of \$1.0 million. These increases were partially offset by lower plant closure costs of approximately \$1.2 million as discussed above. As a percentage of net sales, SG&A expenses increased to 26.8% 2024 versus 29.2% for the first nine months of 2023 versus 25.0% for the first nine months of 2022.

Restructuring Activities

On September 8, 2021, the Company committed to a new restructuring plan that continued to focus on efforts to improve efficiencies and decrease costs across its worldwide operations, involving the closure of the Company's manufacturing facility in Thailand. During the second quarter of 2023, the Company completed the sale of the Thailand manufacturing facility and recognized a gain of \$2.7 million.

See Note 15 entitled "Restructuring and Other" and Note 16 entitled "Assets Disposed" of Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information. 2023.

Interest Expense

During the quarter ended October 1, 2023 March 31, 2024, interest expense was \$8.2 million \$6.4 million, an increase a decrease of \$0.4 million \$2.1 million from the comparable period in 2022, 2023, primarily due to higher interest rates on lower outstanding term loan borrowings under the Facility. For the nine months ended October 1, 2023, interest expense was \$25.0 million, an increase of \$3.2 million from the comparable period in 2022, primarily due to higher interest rates as discussed above.

Other Expense

During the quarter ended October 1, 2023, other expense, net, was \$6.7 million, an increase of \$6.6 million compared to the same period last year, driven by the substantial liquidation of our foreign subsidiaries in Brazil and Russia and the recognition of \$6.2 million of cumulative translation adjustments reclassified from accumulated other comprehensive loss.

Segment Operating Results

During the first quarter of 2024, the Company implemented a cost center realignment initiative to centralize certain global/shared functions. For the quarter ended March 31, 2024, SG&A expenses for these global support functions were allocated to AOI for each reportable segment consistent with the allocation methodology used to allocate corporate overhead in prior periods. Prior year AOI amounts below were not recast as there was no material impact to the measure of segment profit for each reportable segment. There were no changes to the composition of the Company's operating or reportable segments.

AMS Segment – Net Sales and Adjusted Operating Income (“AOI”)

The following table presents AMS segment net sales and AOV for the three-month and nine-month periods ended October 1, 2023, March 31, 2024, and October 2, 2022, April 2, 2023.

Three Months Ended		Nine Months Ended					
October 1, 2023	October 2, 2022	Percentage Change	October 1, 2023	October 2, 2022	Percentage Change		
(in thousands)				(in thousands)			
Three Months Ended	March 31, 2024				Three Months Ended		
(in thousands)				(in thousands)			
(in thousands)				(in thousands)			
AMS segment net sales							
AMS segment net sales							
AMS	AMS						
segment	segment						
net	net						
sales	sales	\$178,194	\$194,449	(8.4) %			
AMS	AMS						
segment	segment						
AOI ⁽¹⁾	AOI ⁽¹⁾	23,318	24,975	(6.6) %			

⁽¹⁾ Includes allocation of corporate SG&A expenses, expenses and allocation of global support SG&A expenses as discussed above. Excludes Cyber Event costs, impact, property casualty loss, and restructuring, asset impairment, severance, and other, net. See Note 1100 entitled "Segment Information" of Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

During the **third** first quarter of **2023** **2024**, net sales in AMS **decreased** **8.4%** **increased** **0.4%** versus the comparable period in **2022** **2023** primarily due to **lower** **higher** sales volume **prices** partially offset by **higher** **prices**. On a market segment basis, the AMS sales **decrease** **increase** was primarily in the **retail**, **public buildings**, and **corporate office** market segments partially offset by increases in the **healthcare** and **education**, **residential living**, **market segments**.

During the first nine months of 2023, net sales in AMS decreased 1.6% versus the comparable period in 2022, primarily due to lower sales volume partially offset by higher prices. The sales decrease was primarily in the retail and public buildings market segments, partially offset by increases in the education, corporate office, healthcare, retail and residential living healthcare market segments.

AOI in AMS decreased 6.6% increased 60.4% during the **third** **first** quarter of **2023** **2024** compared to the prior year period primarily due to higher sales pricing and lower sales partially offset raw material and freight costs compared to the same period last year. During the first quarter of 2023, AOI in AMS was adversely impacted by lower freight inflation and higher input costs. As a percentage of net sales, AOI increased to 13.1% 10.6% during the **third** **first** quarter of **2023** **2024** compared to 12.8% 6.7% in the same period last year.

AOI in AMS decreased 21.3% during the first nine months of 2023 compared to the prior year period, primarily due to higher raw material costs as a result of inflation, lower manufacturing fixed cost absorption in the current period, and lower sales. AMS SG&A expenses as a percentage of net sales for the first nine months of 2023 increased approximately 1.3%, which contributed to the decrease in AOI for the first nine months of 2023. As a percentage of net sales, AOI decreased to 10.7% during the first nine months of 2023 compared to 13.4% in the same period last year.

EAAA Segment – Net Sales and AOI

The following table presents EAAA segment net sales and AOI for the three-month and nine-month periods ended October 1, 2023 March 31, 2024, and October 2, 2022 April 2, 2023.

Three Months Ended			Nine Months Ended		
October 1, 2023	October 2, 2022	Percentage Change	October 1, 2023	October 2, 2022	Percentage Change
(in thousands)			(in thousands)		
Three Months Ended			Three Months Ended		
March 31, 2024			March 31, 2023		
(in thousands)			(in thousands)		
(in thousands)			(in thousands)		
(in thousands)			(in thousands)		

(1)Includes allocation of corporate SG&A expenses, expenses and allocation of global support SG&A expenses as discussed above. Excludes purchase accounting amortization, Cyber Event costs, Thailand plant closure inventory write-down, impact, and restructuring, asset impairment, severance and other, net. See Note 110 entitled "Segment Information" of Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

During the third first quarter of 2023, net sales in EAAA decreased 0.4% 5.3% versus the comparable period in 2022, primarily due to lower sales volume mostly offset by higher prices. Slower economic recovery and decreased customer demand in Asia resulted in approximately 15% lower net volume. Currency fluctuations had no material impact on EAAA sales in Asia during for the current first quarter 2024 compared to the same period last year. Currency fluctuations had a positive impact on EAAA sales of approximately \$5.3 million (3.9%) for the third quarter of 2023 compared to the same period last year due to the strengthening of the Euro and British Pound sterling against the U.S. dollar, partially offset by the weakening of the Australian dollar and Chinese Renminbi against the U.S. dollar. On a market segment basis, the EAAA sales decrease was primarily most significant in the retail, education, public buildings, and corporate office market segments.

During

AOI in EAAA increased 89.5% during the first nine months quarter of 2023, net sales in EAAA decreased 4.2% 2024 versus the comparable period in 2022, 2023, primarily due to lower sales in Asia, as discussed above. Higher prices partially offset lower EAAA sales volume. Currency fluctuations had a negative impact on EAAA sales of approximately \$1.1 million (0.3%) for the first nine months of 2023 compared to the same period last year due to the weakening of the Australian dollar and Chinese Renminbi against the U.S. dollar, partially offset by the strengthening of the Euro against the U.S. dollar. On a market segment basis, the EAAA sales decrease was primarily in the corporate office, healthcare and retail market segments partially offset by increases in the education market segment.

AOI in EAAA increased 44.3% during the third quarter of 2023 versus the comparable period in 2022 primarily due to higher pricing and the impact of lower raw material costs compared to the same period last year. During the first quarter of 2023, AOI in EAAA was adversely impacted by inflation and higher input costs. Currency fluctuations had no material impact to EAAA on AOI for the third first quarter of 2023 2024 compared to the same period first quarter last year. As a percentage of net sales, AOI increased to 6.8% 6.2% during the third first quarter of 2023 2024 compared to 4.7% 3.1% in the same period last year.

AOI in EAAA decreased 35.1% during the first nine months of 2023 versus the comparable period in 2022, primarily due to the impact of lower sales, inflationary pressures on raw material costs, and lower manufacturing fixed cost absorption on lower manufacturing production volumes partially offset by higher pricing. Currency fluctuations had no material impact to EAAA AOI for the first nine months of 2023 compared to the same period in 2022. As a percentage of net sales, AOI decreased to 4.3% during the first nine months of 2023 compared to 6.4% in the same period last year.

Financial Condition, Liquidity and Capital Resources

General

At October 1, 2023 March 31, 2024, the Company had \$119.6 million \$89.8 million in cash. At that date, the Company had \$143.4 million \$96.0 million in term loan borrowings, \$5.9 million in no revolving loan borrowings, and \$1.6 million in letters of credit outstanding under our Facility, and we had \$300.0 million of Senior Notes outstanding. As of October 1, 2023 March 31, 2024, we had additional borrowing capacity of \$292.5 million \$298.4 million under the Facility. We anticipate that our liquidity is sufficient to meet our obligations for the next 12 months, and we expect to generate sufficient cash to meet our long-term obligations.

The Senior Notes are unsecured and are guaranteed, jointly and severally, by each of the Company's material domestic subsidiaries, all of which also guarantee the obligations of the Company under its Facility. The Company's foreign subsidiaries and certain non-material domestic subsidiaries are considered non-guarantors. Net sales for the non-guarantor subsidiaries were approximately \$148 million \$133 million and \$431 million \$141 million for the three-month and nine-month periods ended October 1, 2023, respectively, March 31, 2024 and net sales for the non-guarantor subsidiaries were approximately \$147 million and \$443 million for the three-month and nine-month periods ended October 2, 2022 April 2, 2023, respectively. Total indebtedness of the non-guarantor subsidiaries was approximately \$131 million \$128 million and \$133 million as of October 1, 2023. Included in this \$131 million is \$99 million of indebtedness from the non-guarantor subsidiaries to guarantor subsidiaries, resulting from the dividend of an asset — a note receivable — by a non-guarantor subsidiary to a guarantor subsidiary. Total indebtedness of non-guarantor subsidiaries was approximately \$43 million as of January 1, 2023. There was no indebtedness from non-guarantor subsidiaries to guarantor subsidiaries as of January 1, 2023, March 31, 2024 and December 31, 2023, respectively.

Balance Sheet

Accounts receivable, net, were \$143.9 million \$147.2 million at October 1, 2023 March 31, 2024, compared to \$182.8 million \$163.4 million at January 1, 2023 December 31, 2023. The decrease of \$38.9 million \$16.2 million was primarily due to customer collections in the first nine months of 2023, including and the impact of delays lower net sales as a result of decreased customer demand in customer billings from the Cyber Event, in which the due dates for those delayed billings were pushed from the fourth quarter of 2022 to the first quarter of 2023, 2024.

Inventories, net, were \$289.3 million \$296.3 million at October 1, 2023 March 31, 2024, compared to \$306.3 million \$279.1 million at January 1, 2023 December 31, 2023. The decrease increase of \$17.0 million \$17.2 million was primarily due to lower manufacturing volume and finished goods inventory build due attributable to reduced expected higher customer demand and improvements in working capital management, the remainder of 2024, partially offset by lower raw material costs.

Analysis of Cash Flows

The following table presents a summary of cash flows for the nine-month three-month periods ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023, respectively:

Nine Months Ended		Three Months Ended	
October 1, 2023	October 2, 2022	March 31, 2024	April 2, 2023
(in thousands)			
Net cash provided by (used in):			
Operating activities			
Operating activities			

Operating activities	Operating activities	\$114,217	\$14,883
Investing activities	Investing activities	(10,645)	(13,314)
Financing activities	Financing activities	(80,847)	(10,456)
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	(656)	(8,916)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	22,069	(17,803)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	97,564	97,252
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	<u>\$119,633</u>	<u>\$79,449</u>

Cash provided by operating activities was \$114.2 million \$12.6 million for the nine three months ended October 1, 2023 March 31, 2024, which represents an increase a decrease of \$99.3 million \$17.0 million from the prior year comparable period. The increase in operating cash flows decrease was primarily due to changes in working capital during the first three months of 2024 compared with the first three months of 2023. Specifically, the prior year comparable period includes a greater source of cash from working capital during accounts receivable collections compared with the first nine three months of 2023. Specifically, customer collections in the first nine months of 2023 contributed to a decrease in accounts receivable, 2024, primarily attributable to delays in customer billings from the Cyber Event, in which the due dates for those delayed billings were pushed from the fourth quarter of 2022 to collected in the first quarter of 2023. The 2022 nine-month period also included Additionally, the increase in inventories during the first three months of 2024, as described above, resulted in a greater use of cash for working capital attributable to an increase in inventories compared with the nine months ended October 1, 2023.

same period in the prior year.

Cash used in investing activities was \$10.6 million \$2.0 million for the nine three months ended October 1, 2023 March 31, 2024, which represents a decrease of \$2.7 million \$3.7 million from the prior year comparable period. The decreased use of cash from the comparable prior year period decrease was primarily attributable to cash proceeds of approximately \$6.6 million received from the sale of the Company's Thailand manufacturing facility in the second quarter equipment and insurance proceeds for property casualty losses, both of 2023, which partially offset by higher cash used for capital expenditures due to increased capital investment, during the three months ended March 31, 2024.

Cash used in financing activities was \$80.8 million \$29.8 million for the nine three months ended October 1, 2023 March 31, 2024, which represents an increase of \$70.4 million \$8.7 million from the prior year comparable period. The increased use of cash from the comparable period year-over-year increase was primarily due to lower revolving loan borrowings combined with higher repayments of term loan and revolving loan borrowings during the three months ended March 31, 2024.

Outlook

We anticipate revenue growth in 2023 as a result the second quarter of cash generated from operating activities as described above. The prior fiscal year comparable period also includes repurchases of the Company's common stock that did not occur in 2023, which partially offset the increased use of cash for financing activities in 2023 2024 compared with the prior year period.

Outlook

We anticipate that net sales will be down for first quarter of 2024. During the first half of fiscal year 2023 compared with fiscal year 2022. We are 2024, the Company also anticipates expects continued year-over-year decreases in the cost per unit of various raw materials material purchases which will benefit gross profit margins in 2024. We also anticipate that the continued slow macro environment in China, high interest rates, and freight offset by continued lower manufacturing fixed cost absorption versus significant financial pressures in the comparable prior year period. We are also anticipating higher selling, general, commercial office market globally will continue to adversely impact our performance and administrative costs demand for fiscal year 2023 versus the comparable prior year period primarily due to inflation, our products.

Cash flows from operations, cash and cash equivalents, and other sources of liquidity are expected to be available and sufficient to meet foreseeable cash requirements. However, the Company's cash flows from operations can be affected by numerous factors — including raw material availability and cost, and demand for our products, and the timing of accounts receivable collections and the timing of payments for accounts payable and accrued liabilities.

Backlog

As of **October 22, 2023** **April 21, 2024**, the consolidated backlog of unshipped orders was approximately **\$210.3 million** **\$224.3 million**. As disclosed in our Annual Report on Form 10-K for the fiscal year ended **January 1, 2023** **December 31, 2023**, backlog was approximately **\$197.4 million** **\$195.5 million** as of **February 5, 2023** **February 4, 2024**. The increase in the backlog is due to the impact of supply and distribution chains have resulted in delays and timing of construction projects and flooring installations. installations in many regions worldwide, which have also caused, and may continue to cause, fluctuations in our backlog.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The discussion below in this Item 3 is based upon the more detailed discussions of our market risk and related matters included in our Annual Report on Form 10-K for the fiscal year ended **January 1, 2023** **December 31, 2023**, under Part II, Item 7A of that Form 10-K. The discussion here focuses on the **nine** **three** months ended **October 1, 2023** **March 31, 2024**, and any material changes from (or other important intervening developments since the time of) the information discussed in that Form 10-K. This discussion should be read in conjunction with that Form 10-K for more detailed and background information.

Sensitivity Analysis

For purposes of specific risk analysis, we use sensitivity analysis to measure the impact that market risk may have on the fair values of our market sensitive instruments. To perform sensitivity analysis, we assess the risk of loss in fair values associated with the impact of hypothetical changes in interest rates and foreign currency exchange rates on market sensitive instruments.

Because the debt outstanding under our Facility has variable interest rates based on an underlying prime lending rate, SOFR, or other benchmark rate, we do not believe changes in interest rates would have any significant impact on the fair value of that debt instrument. Changes in the underlying prime lending rate, SOFR, or other benchmark rate would, however, impact the amount of our interest expense. For a discussion of these hypothetical impacts on our interest expense, please see the discussion in Part II, Item 7A of our Annual Report on Form 10-K for the year ended **January 1, 2023** **December 31, 2023**.

As of **October 1, 2023** **March 31, 2024**, based on a hypothetical immediate 100 basis point increase in interest rates, with all other variables held constant, the fair value of our fixed rate long-term debt would be impacted by a net decrease of **\$10.9** **\$11.3 million**. Conversely, a 100 basis point decrease in interest rates would result in a net increase in the fair value of our fixed rate long-term debt of **\$11.5** **\$11.9 million**.

As of **October 1, 2023** **March 31, 2024**, a 10% decrease or increase in the levels of foreign currency exchange rates against the U.S. dollar, with all other variables held constant, would result in a decrease in the fair value of our financial instruments of **\$12.0 million** **\$9.1 million** or an increase in the fair value of our financial instruments of **\$14.6 million** **\$11.1 million**, respectively. As the impact of offsetting changes in the fair market value of our net foreign investments is not included in the sensitivity model, these results are not indicative of our actual exposure to foreign currency exchange risk.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was performed under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Act"), pursuant to Rule 13a-14(c) under the Act.

No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that the system of controls has operated effectively in all cases. Our disclosure controls and procedures however are designed to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Based on the evaluation, our President and Chief Executive Officer and our Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are a party to legal proceedings, whether arising in the ordinary course of business or otherwise. See Note **17** **14** of Part I, Item 1 of this Quarterly Report on Form 10-Q and Note 18 to the consolidated financial statements included in Item 8 of the [Annual Report on Form 10-K for the fiscal year ended January 1, 2023](#) **December 31**.

2023.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended **January 1, 2023** December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table contains information with respect to purchases made by or on behalf of the Company, or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during our **third first** quarter ended **October 1, 2023** March 31, 2024:

Period ⁽¹⁾	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
July 3 – July 30, 2023 ⁽³⁾	3,033	\$ 8.79	—	\$ 82,828,595
July 31 – August 27, 2023	—	—	—	82,828,595
August 28 – October 1, 2023	—	—	—	82,828,595
Total	3,033	\$ 8.79	—	82,828,595

Period ⁽¹⁾	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
January 1 – January 28, 2024 ⁽³⁾	63,293	\$ 12.05	—	\$ 82,828,595
January 29 – February 25, 2024	—	—	—	82,858,595
February 26 – March 31, 2024 ⁽³⁾	246,578	14.21	—	82,828,595
Total	309,871	\$ 13.77	—	82,828,595

⁽¹⁾ The monthly periods identified above correspond to the Company's fiscal **third first** quarter of **2023, 2024**, which commenced **July 3, 2023** January 1, 2024 and ended **October 1, 2023** March 31, 2024.

⁽²⁾ On May 17, 2022, the Company announced a share repurchase program authorizing the repurchase of up to \$100 million of common stock. The program has no specific expiration date. There were no shares repurchased pursuant to this program during the Company's fiscal **third first** quarter of **2023, 2024**.

⁽³⁾ Comprised of shares **acquired received** by the Company from employees to satisfy income tax withholding obligations in connection with the vesting of previous equity awards.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended **October 1, 2023** **March 31, 2024**, one of our directors, Daniel T. Hendrix, adopted a Rule 10b5-1 trading arrangement for the potential sale of our common stock in amounts and prices determined in accordance with such plan, as outlined in the table below:

Name and Title	Action	Date Adopted	Expiration Date	Aggregate Number of Securities to be Purchased / Sold
Daniel T. Hendrix, Director	Adoption of Rule 10b5-1 Plan ⁽¹⁾	March 6, 2024	February 5, 2025	100,000

⁽¹⁾ Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934.

Transactions in our securities by directors or officers of Interface or its subsidiaries are required to be made in accordance with our Insider Trading Policy, which incorporates applicable U.S. federal securities laws that prohibit trading Interface common stock and other Company securities while aware of material non-public information about Interface.

Except as set forth above, during the three months ended March 31, 2024, no other director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are filed or furnished with this report:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
19.1	Insider Trading Policy
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350
101.INS	XBRL Instance Document – The Instance Document does not appear in the Interactive Data Files because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Definition Linkbase Document.
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended October 1, 2023 March 31, 2024 , formatted in Inline XBRL

SIGNATURE

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.

INTERFACE, INC.

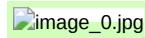
Date: **November 7, 2023** **May 7, 2024**

By:

/s/ Bruce A. Hausmann

Bruce A. Hausmann
Chief Financial Officer
(Principal Financial Officer)

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Insider Trading Policy

November 15, 2022

Summary

What is the Policy?	The Policy is Interface's company policy prohibiting company insiders from trading (buying or selling) Interface common stock and other company securities while aware of material nonpublic information about Interface (also known as "inside information").
Who does it apply to?	All associates, officers and directors of Interface and its subsidiaries (also known as "insiders").
What does it require?	<ul style="list-style-type: none">All associates, officers and directors are prohibited at all times from trading Interface securities while aware of inside information. Insiders also cannot "tip" others to trade Interface securities.Certain insiders are additionally subject to regular quarterly trading "blackout" periods during which they cannot trade Interface securities regardless of whether they are then aware of inside information. The regular blackout periods begin on the 7th of each March, June, September and December, and last until 12:00 noon, U.S. Eastern time, on the second trading day following public announcement of Interface financial results for the fiscal quarters ending after each of those start dates. In the event results are announced in the morning prior to the market's opening, the day of announcement will be considered the first trading day.The company may additionally impose special blackouts on designated insiders if special, event-driven inside information exists.Certain insiders (described herein) must preclear all Interface securities trades with Interface's general counsel.Besides trades, certain other transactions are prohibited, like short sales, hedging, and pledging of company securities.
What is inside information?	The most common type of material nonpublic information is unannounced company financial results or financial guidance, but there are numerous other kinds, such as unannounced pending mergers and acquisitions. Information about other companies learned in the course of an insider's employment may also be inside information. Information is considered publicly disclosed when it has been published in a company SEC filing, press release or announced on a company webcast quarterly earnings conference call. Information that merely appears on the company's website or on company social media platforms is not necessarily public.
Why has Interface adopted the Policy?	Insider trading is illegal and unethical. Violations can lead to civil and criminal liability.
Who should I contact with questions?	Interface's general counsel, David Foshee, is the Compliance Officer for the Policy and can be reached for questions at david.foshee@interface.com or +1 (770) 437-6862.

The preceding is only a summary of some of the material contents of this Policy, and does not contain all details and requirements of the Policy. Please review the full Policy.

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Purpose

This Insider Trading Policy (the “**Policy**”) establishes rules with respect to transactions in the securities of Interface, Inc. (the “**Company**”) and the handling of material nonpublic information about the Company and the companies with which the Company does business. The Company’s Board of Directors has adopted this Policy to promote compliance with laws that prohibit certain persons who are aware of material nonpublic information about a company from (1) trading in securities of that company or (2) providing material nonpublic information to other persons who may trade on the basis of that information.

Persons Subject to the Policy

This Policy applies to all associates, officers and members of the Board of Directors of the Company and its subsidiaries. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to family members, other members of a person’s household and entities controlled by a person covered by this Policy, as described below.

Transactions Subject to the Policy

This Policy applies to transactions in the Company’s securities (collectively referred to in this Policy as “**Company Securities**”), including the Company’s common stock, options to purchase common stock, bonds/debt securities or any other type of securities that the Company may issue, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company’s Securities.

Statement of Policy

It is the policy of the Company that no associate, officer or director of the Company or its subsidiaries (or any other person designated by this Policy or by the Compliance Officer as subject to this Policy) who is aware of material nonpublic information relating to the Company may, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy under the headings “**Transactions Under Company Plans**” and “**Rule 10b5-1 Plans**;”
2. Recommend the purchase or sale of any Company Securities;
3. Disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and expert consulting firms, unless any such disclosure is made in accordance with the Company’s policies regarding the protection or authorized external disclosure of information regarding the Company; or

4. Assist anyone engaged in the above activities.

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In addition, it is the policy of the Company that no person covered by this Policy who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities or the securities of another publicly traded company whose price may be affected by such information, until the information becomes public or is no longer material.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Definition of Material Nonpublic Information

Material Information. Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold, sell or vote securities, or if the information would affect the "total mix" of information about the Company available to the public. Any information that could be expected to affect a company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material if nonpublic are:

- Historical financial results;
- Projections of future earnings or losses, or other earnings guidance;
- Changes to previously announced earnings guidance, or the decision to suspend earnings guidance;
- Changes in the Company's executive leadership team;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of significant assets (for example, a manufacturing property);
- A pending or proposed significant joint venture;
- Significant related party transactions;
- A change in dividend policy, the declaration of a stock split, or an offering of securities;
- Bank borrowings or other financing transactions out of the ordinary course;
- The establishment, termination or significant amendment of a repurchase program for Company Securities;

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- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- Pending or threatened significant litigation or government investigations, or the resolution of such matters;
- A significant Company restructuring or asset impairment, impending bankruptcy or the existence of severe liquidity problems;
- The gain or loss of a significant customer or supplier;

- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure; or
- The imposition of an event-specific restriction on trading in Company Securities or the securities of another company or the extension or termination of such restriction.

When Information is Considered Public. Information that has not been widely disseminated to the public is generally considered to be nonpublic information. Information generally would be considered widely disseminated if it has been disclosed through newswire services, a quarterly Company webcast earnings conference call, a broadcast on widely available radio or television programs, publication in a widely available newspaper, magazine or news website, or public disclosure documents filed with the SEC that are available on the SEC's website.

By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Information that is merely published on the Company's website or its social media platforms should not be considered widely disseminated.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. For purposes of this Policy, information should not be considered fully absorbed by the marketplace until 12:00 noon, U.S. Eastern time, of the second trading day after the day on which the information is released.

In the event information is released in the morning prior to the market's opening, the day of release will be considered the first trading day and the next trading day will be the second. Stock markets in the U.S. generally open at 9:30 a.m., U.S. Eastern time.

If, for example, the Company were to make an announcement prior to market open on a Monday, you should not trade in Company Securities until 12:00 noon, U.S. Eastern time, Tuesday (assuming both are trading days).

Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

“Blackout Periods”—Regular Quarterly Trading Restrictions Applicable to Certain Personnel

This portion of the policy applies to the following persons (the “Blackout Group”):

- Members of the Board of Directors of the Company;
- Officers of the Company;
- Direct reports to the Officers of the Company, unless otherwise determined by the Compliance Officer;
- Financial reporting and other personnel who have knowledge of or access to the Company's consolidated financial results, or material portions thereof, unless otherwise determined by the Compliance Officer;
- Persons who receive copies of the financial update in the final month of a fiscal quarter that show the Company's interim consolidated financial results for the first two months of such fiscal quarter (the “Interim Financial Update”), unless otherwise determined by the Compliance Officer; and
- Other persons or groups who may be designated from time to time by the Compliance Officer.

The Blackout Group, including their Family Members or Controlled Entities (each as defined below), may not conduct any transactions involving the Company's Securities (other than as specified by this Policy), during a **“Blackout Period”** beginning on the 7th of each March, June, September and December and ending at 12:00 noon, U.S. Eastern time, on the second trading day following the date of the public release of the Company's earnings results for the fiscal quarter ending after such start date. In the event earnings are released in the morning prior to the market's opening, the day of release will be considered the first trading day and the next trading day will be the second.

In other words, these persons may only conduct transactions in Company Securities during the “open window period” beginning at 12:00 noon, U.S. Eastern time, on the second trading day following the public release of the Company's quarterly earnings and ending on the 6th of the last month (March, June, September or December, as applicable) of the then current fiscal quarter.

For instance, for the fiscal quarter ending April 2, 2023, the Blackout Period commences on March 7, 2023. If the Company announces its earnings results for the completed fiscal quarter the morning of Friday, May 5, 2023 prior to market open, the Blackout Period ends at 12:00 noon, U.S. Eastern time, on Monday, May 8, 2023. If earnings are instead released *after* market open on May 5th (i.e., after 9:30 a.m., U.S. Eastern time), the Blackout Period ends at 12:00 noon,

U.S. Eastern time, on Tuesday, May 9, 2023. The Blackout Group may resume trading at the time the Blackout Period expires and may continue trading through June 6, 2023 (assuming they are not aware of material nonpublic information when trading).

The Blackout Group is subject to these restrictions even if they are not aware of any material nonpublic information during the Blackout Period.

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Trading in the Company's securities during the open window period should not be considered a "safe harbor"—as a reminder, trading is prohibited *anytime* any associate, officer or director (whether in the Blackout Group or not) is aware of material nonpublic information.

Interim Financial Updates. If the Interim Financial Update is distributed before the 7th day of the last month of a fiscal quarter, the Compliance Officer may inform the Blackout Group that the Blackout Period for that particular quarter will begin earlier than the 7th—that is, upon the circulation of the Interim Financial Update.

Event-Specific Blackouts

From time to time, an event may occur that is material to the Company and is known by only a few personnel. An example may be a pending merger or acquisition. So long as the event remains material and nonpublic, the persons designated by the Compliance Officer may not trade Company Securities. The existence of an event-specific trading restriction period will not be announced to the Company as a whole and should not be communicated to any other person. Even if the Compliance Officer has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material nonpublic information.

Preclearance Procedures

The officers and members of the Board of Directors of the Company subject to Section 16 of the Securities Exchange Act of 1934 as well as other persons specifically designated from time to time by the Compliance Officer as being subject to these procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Company Securities without first obtaining preclearance of the transaction from the Compliance Officer. The Compliance Officer is under no obligation to approve a transaction submitted for preclearance and may determine not to permit the transaction. If a person seeks preclearance and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Company Securities.

When a request for preclearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company and should describe fully those circumstances to the Compliance Officer. The requestor should also indicate whether he or she has effected any non-exempt "opposite-way" transactions within the past six months and should be prepared to report the proposed transaction in order to permit the Company to timely file a Form 4 on the requestor's behalf (due within two business days of the trade date). The requestor should also be prepared to comply with SEC Rule 144 and arrange for Form 144 to be filed, if necessary, at the time of any sale.

Exceptions to Blackouts and Preclearance

The quarterly and event-specific blackouts do not apply to those transactions described under the heading "**Transactions Under Company Plans**" below. Further, the requirement for preclearance and quarterly or event-specific blackouts do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading "**Rule 10b5-1 Plans**" below.

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Individual Responsibility

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while aware of material nonpublic information. Persons subject to this policy must not engage in illegal trading and should avoid the appearance of improper trading. Each individual is responsible for making sure that he or she complies with this Policy, and that any Family Member or Controlled Entity, as discussed below, also comply with this Policy. In all cases, the responsibility for determining whether an individual is aware of material

nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading "**Consequences of Violations**" below.

Transactions by Family Members and Others

This Policy applies to your family members who reside with you (such as a spouse or domestic partner, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities (collectively referred to as "**Family Members**"). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Company Securities, and you should treat all such transactions for the purposes of this Policy and applicable laws as if the transactions were for your own account.

Transactions by Entities that You Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "**Controlled Entities**"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable laws as if they were for your own account.

Transactions Under Company Plans

This Policy does *not* apply in the case of the following transactions, except as specifically noted:

Stock Option Exercises. This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's plans, or to the Company's withholding of shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Restricted Stock or Performance Share Awards. This Policy does not apply to the vesting of restricted stock or performance share awards (or similar awards under the

Company's plans), or the withholding by the Company of shares of stock to satisfy tax withholding requirements upon the vesting of any such awards. The Policy does apply, however, to any market sale of vested stock.

Other Prohibited Transactions

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if certain persons subject to this Policy engage in certain types of transactions. It therefore is the Company's policy that the persons specified below may not engage in the following transactions, or should otherwise consider the Company's preferences as described below:

Prohibitions Applicable to All Persons Covered by this Policy:

Short Sales. Short sales of Company Securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, all associates, officers and directors are prohibited from engaging in short sales of Company Securities. In addition, Section 16(c) of the Securities Exchange Act prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "**Hedging Transactions.**")

Publicly Traded Options. Given the relatively short term of publicly traded options, transactions in options may create the appearance that the option holder is trading based on material nonpublic information and focus that person's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, all associates, officers and directors are prohibited from engaging in transactions in put options, call options or other derivative securities, on an exchange or in any other organized market. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit an associate, officer or director to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as the Company's other shareholders. Therefore, all associates, officers and directors are prohibited from engaging in any such transactions.

Prohibition Applicable to Company Officers and Directors:

Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, officers and

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directors of the Company are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan. (Pledges of Company Securities arising from certain types of hedging transactions are governed by the paragraph above captioned "**Hedging Transactions.**")

All Persons Discouraged from the Following Transactions:

Standing and Limit Orders. Standing and limit orders (except standing and limit orders that comply with Exchange Act Rule 10b5-1, described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when an associate, officer or director is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company Securities.

Rule 10b5-1 Plans

Rule 10b5-1 under the Securities Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in the Rule (a "**Rule 10b5-1 Plan**"). If the plan meets the requirements of Rule 10b5-1, Company Securities may be purchased or sold without regard to certain insider trading restrictions. To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval to the Compliance Officer prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to an approved Rule 10b5-1 Plan will be required.

Post-Termination Transactions

If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer material.

Consequences of Violations

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in the Company's Securities, is prohibited by law. Insider trading violations are pursued vigorously by the U.S. Securities and Exchange Commission (SEC) and U.S. Department of Justice. Punishment for insider trading violations is severe and could include significant fines and imprisonment.

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While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.

Administration of the Policy | Questions

The Company's general counsel, David Foshee, is the Compliance Officer for the purposes of this Policy. The Compliance Officer has the authority to interpret this Policy, including to grant exceptions where applicable. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

Any person who has a question about this Policy or its application to any proposed transaction may obtain guidance from the Compliance Officer, who can be reached by email at david.foshee@interface.com or by telephone at +1 (770) 437-6862.

In Mr. Foshee's absence, please contact another member of the Company's legal department.

Certification | Training

All persons subject to this Policy must certify their understanding of, and intent to comply with, this Policy, at such intervals as determined by the Compliance Officer. Persons subject to this Policy may also be required to undergo training to comply with the Policy and law.

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CERTIFICATION

I certify that:

1. I have read and understand the Company's Insider Trading Policy (the "Policy"). I understand that the Compliance Officer is available to answer any questions I have regarding the Policy.
2. Since I have been a member of the Board of Directors of, employee of, or other service provider to the Company, I have complied with the Policy.
3. I will continue to comply with the Policy for as long as I am subject to the Policy.

Print name: Signature: Date:

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Exhibit 31.1

CERTIFICATION

I, Laurel M. Hurd, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Interface, 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: November 7, 2023 5/7/2024

/s/ Laurel M. Hurd

Laurel M. Hurd
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Bruce A. Hausmann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Interface, 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: **November 7, 2023** **5/7/2024**

/s/ Bruce A. Hausmann

 Bruce A. Hausmann
 Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

I, Laurel M. Hurd, Chief Executive Officer of Interface, Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350 as adopted by § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended **October 1, 2023** **March 31, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: **November 7, 2023** **5/7/2024**

/s/ Laurel M. Hurd

 Laurel M. Hurd
 Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

I, Bruce A. Hausmann, Chief Financial Officer of Interface, Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350 as adopted by § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended **October 1, 2023** **March 31, 2024** (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: **November 7, 2023** **5/7/2024**

/s/ Bruce A. Hausmann

 Bruce A. Hausmann
 Chief Financial Officer

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