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NYSE: **UFI**

# INVESTOR PRESENTATION

May 25, 2021

## Cautionary Statement on Forward-Looking Statements

Certain statements included herein contain “forward-looking statements” within the meaning of federal securities laws about the financial condition and results of operations of the Company that are based on management’s beliefs, assumptions and expectations about our future economic performance, considering the information currently available to management. An example of such forward-looking statements include, among others, guidance pertaining to our financial outlook. The words “believe,” “may,” “could,” “will,” “should,” “would,” “anticipate,” “plan,” “estimate,” “project,” “expect,” “intend,” “seek,” “strive” and words of similar import, or the negative of such words, identify or signal the presence of forward-looking statements. These statements are not statements of historical fact, and they involve risks and uncertainties that may cause our actual results, performance or financial condition to differ materially from the expectations of future results, performance or financial condition that we express or imply in any forward-looking statement.

Factors that could contribute to such differences include, but are not limited to: the competitive nature of the textile industry and the impact of global competition; changes in the trade regulatory environment and governmental policies and legislation; the availability, sourcing and pricing of raw materials; general domestic and international economic and industry conditions in markets where the Company competes, including economic and political factors over which the Company has no control; changes in consumer spending, customer preferences, fashion trends and end uses for products; the financial condition of the Company’s customers; the loss of a significant customer or brand partner; natural disasters, industrial accidents, power or water shortages, extreme weather conditions and other disruptions at one of our facilities; the disruption of operations, global demand, or financial performance as a result of catastrophic or extraordinary events, including epidemics or pandemics such as the recent strain of coronavirus; the success of the Company’s strategic business initiatives; the volatility of financial and credit markets; the ability to service indebtedness and fund capital expenditures and strategic business initiatives; the availability of and access to credit on reasonable terms; changes in foreign currency exchange, interest and inflation rates; fluctuations in production costs; the ability to protect intellectual property; the strength and reputation of our brands; employee relations; the ability to attract, retain and motivate key employees; the impact of environmental, health and safety regulations; the impact of tax laws, the judicial or administrative interpretations of tax laws and/or changes in such laws or interpretations; the operating performance of joint ventures and other equity method investments; and the accurate financial reporting of information from equity method investees.

All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the impact of each such factor on the Company. Any forward-looking statement speaks only as of the date on which such statement is made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, except as may be required by federal securities laws. The above and other risks and uncertainties are described in the Company’s most recent Annual Report on Form 10-K, and additional risks or uncertainties may be described from time to time in other reports filed by the Company with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

## Non-GAAP Financial Measures

Certain non-GAAP financial measures are designed to complement the financial information presented in accordance with GAAP. These non-GAAP financial measures include Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”), Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, Adjusted Working Capital and Net Debt (collectively, the “non-GAAP financial measures”).

- EBITDA represents Net (loss) income before net interest expense, income tax expense, and depreciation and amortization expense.
- Adjusted EBITDA represents EBITDA adjusted to exclude equity in earnings of Parkdale America, LLC (“PAL”) and, from time to time, certain other adjustments necessary to understand and compare the underlying results of the Company.
- Adjusted Net Income (Loss), which represents Net (loss) income calculated under GAAP, adjusted to exclude certain amounts which management believes do not reflect the ongoing operations and performance of UNIFI and/or which are necessary to understand and compare the underlying results of UNIFI;
- Adjusted EPS, which represents Adjusted Net Income (Loss) divided by UNIFI’s weighted average common shares outstanding;
- Adjusted Working Capital represents receivables plus inventory and other current assets, less accounts payable and accrued expenses, which is an indicator of the Company’s production efficiency and ability to manage its inventory and receivables.
- Net Debt represents debt principal less cash and cash equivalents.

The non-GAAP financial measures are not determined in accordance with GAAP and should not be considered a substitute for performance measures determined in accordance with GAAP. The calculations of the non-GAAP financial measures are subjective, based on management’s belief as to which items should be included or excluded in order to provide the most reasonable and comparable view of the underlying operating performance of the business. The Company may, from time to time, modify the amounts used to determine its non-GAAP financial measures.

We believe that these non-GAAP financial measures better reflect the Company’s underlying operations and performance and that their use, as operating performance measures, provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets, among otherwise comparable companies.

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

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

Management uses Adjusted Working Capital as an indicator of the Company’s production efficiency and ability to manage inventory and receivables. In the first quarter of fiscal 2019, in connection with changes to balance sheet presentation required by the adoption of new revenue recognition guidance, the Company updated the definition of Adjusted Working Capital to include Other current assets for current and historical calculations of the non-GAAP financial measure. Other current assets includes amounts capitalized for future conversion into inventory or receivables (e.g., vendor deposits and contract assets), and management believes that its inclusion in the definition of Adjusted Working Capital improves the understanding of the Company’s capital that is supporting production and sales activity.

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

In evaluating non-GAAP financial measures, investors should be aware that, in the future, we may incur expenses similar to the adjustments included herein. Our presentation of non-GAAP financial measures should not be construed as indicating that our future results will be unaffected by unusual or non-recurring items. Each of our non-GAAP financial measures has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results or liquidity measures as reported under GAAP. Some of these limitations are (i) it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; (ii) it does not reflect the impact of earnings or charges resulting from matters we consider not indicative of our ongoing operations; (iii) it does not reflect changes in, or cash requirements for, our working capital needs; (iv) it does not reflect the cash requirements necessary to make payments on our debt; (v) it does not reflect our future requirements for capital expenditures or contractual commitments; (vi) it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and (vii) other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, these non-GAAP financial measures should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations, including those under our outstanding debt obligations. You should compensate for these limitations by relying primarily on our GAAP results and using these measures only as supplemental information.

# INVESTMENT CONSIDERATIONS

1

Sustainability is a megatrend with growing demand that is met by our flagship brand, REPREVE®.

2

Proximity to world-class brands and production centers, combining strong regional manufacturing and asset-light model.

3

Significantly improved financial position that allows for leveraging growth opportunities and balanced capital allocation.

4

Focused on innovation and technology to deliver a superior product portfolio and customer experience.

FOR THE GOOD OF TOMORROW



# OVERVIEW

**UNIFI** is a **global textile solutions provider** and one of the world's **leading innovators** in manufacturing synthetic and recycled performance fibers.

NYSE: **UFI**

HQ: **Greensboro, NC**

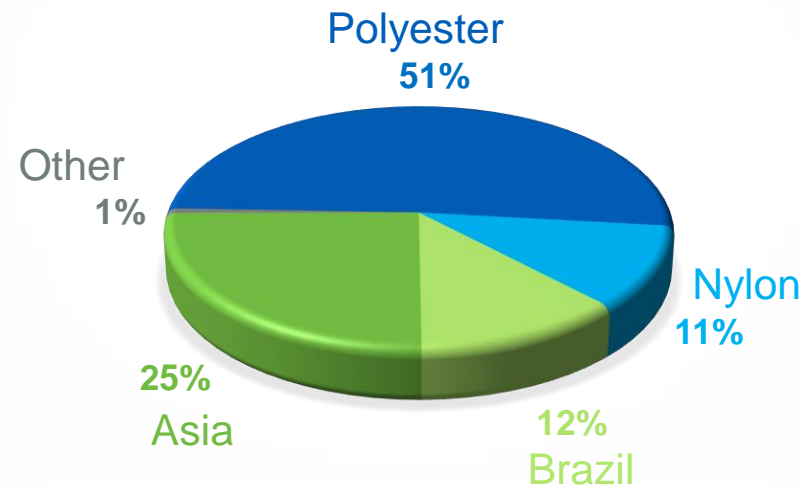
Global Employees:  
**~2,600**

Index Memberships:  
**S&P 600**  
**Russell 2000**

Note: UNIFI's fiscal year ends on the Sunday nearest June 30.

## Sales by Segment

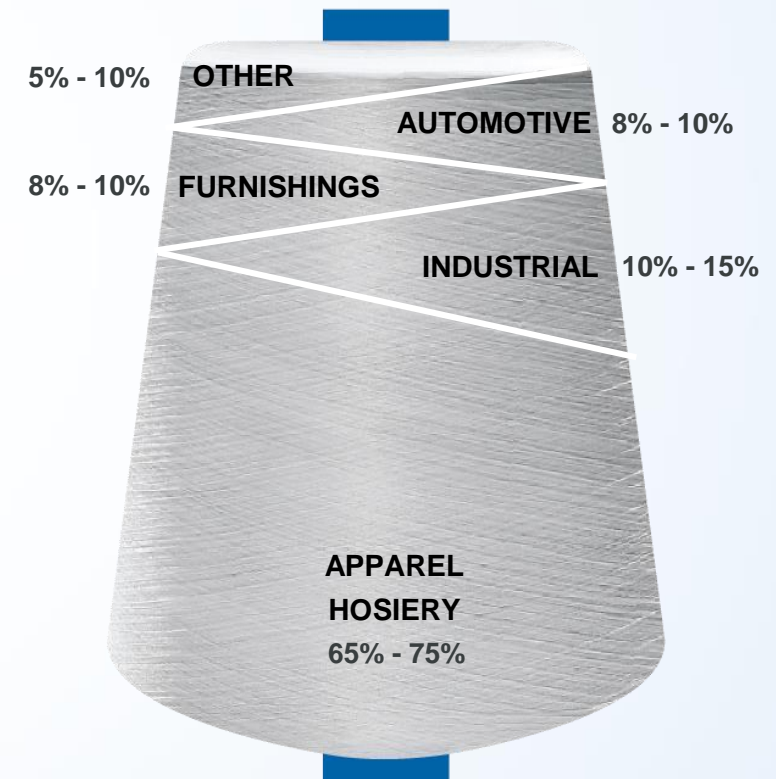
FY 2020 Revenues  
**\$607 mm \***



**\* Expected FY 2021 revenues are ~\$664 mm.**

## Sales by End Market

(Estimated)





# PRIMARY END MARKETS



Accessories



Apparel



Automotive



Bedding



Flooring



Footwear



Furnishings



Industrial



Medical Accessories



Military



Outdoors



Socks/Hosiery



Sewing Thread



PET FLAKE



PET CHIP



POLYESTER



NYLON



STAPLE FIBER



Zippers

# REPREVE® PROCESS



## RECYCLED BOTTLES

Post-consumer bottles are recycled



## RECYCLED FLAKE

Bottles are washed and chopped into flake



## REPREVE CHIP

Flake is melted and formed into chip



## REPREVE RECYCLED FIBER

Chip is melted and extruded into yarn

# REPREVE® APPLICATIONS

## REPREVE® CHIP



## REPREVE® FIBER

### STAPLE

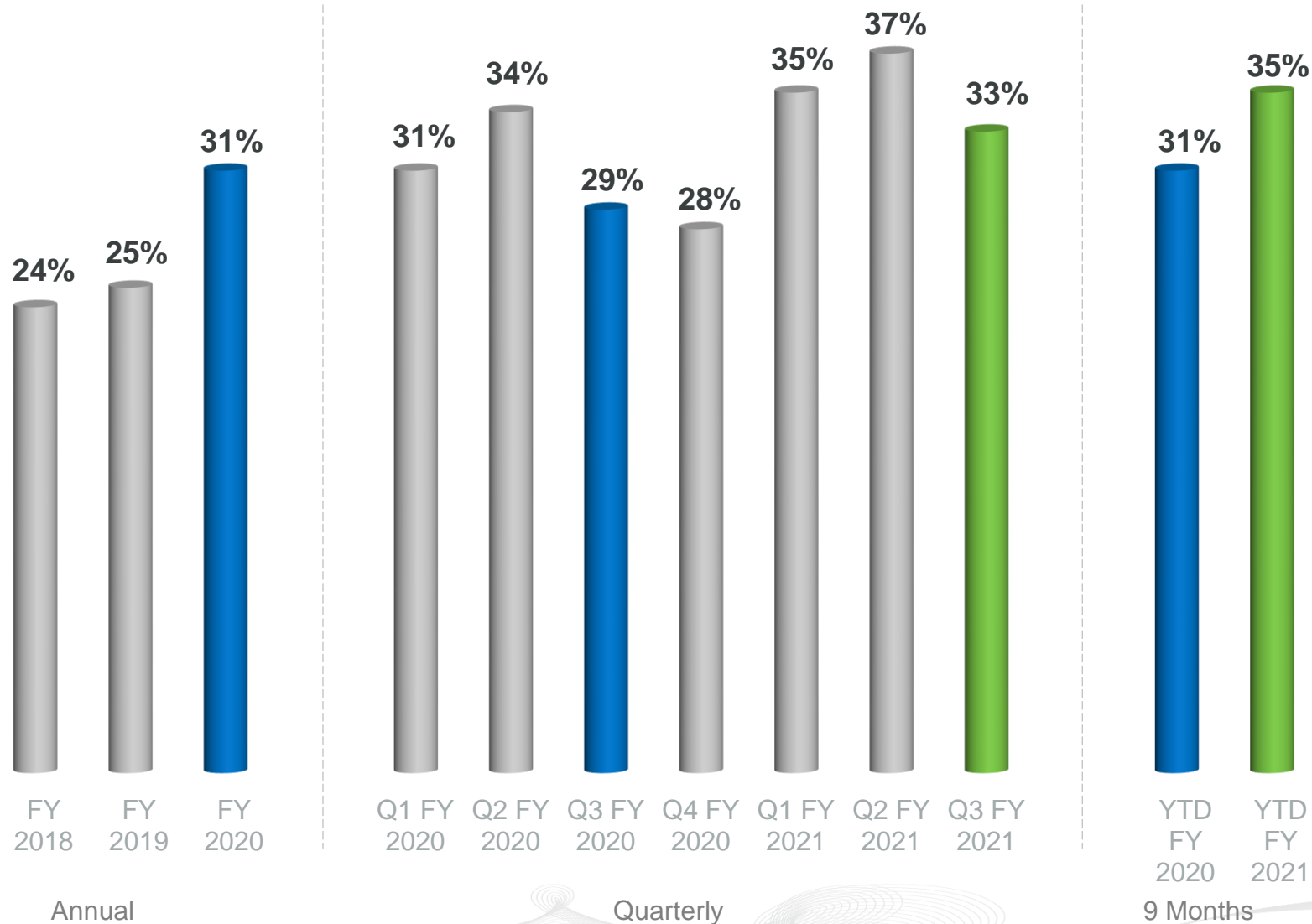


### FILAMENT





# REPREVE® FIBER SALES AS A % OF NET SALES



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



# TRANSPARENT. TRACEABLE. TRUSTED.



## U Trust™ Verification

The U Trust verification program is a comprehensive certification program designed to provide REPREVE® customers with a high level of transparency and confidence.



## FiberPrint™ Technology





FiberPrint™ technology helps customers avoid false environmental claims. This proprietary technology validates the authenticity of REPREVE® products and analyzes the fabric content and composition to support third-party certifications.



## Recycled Content

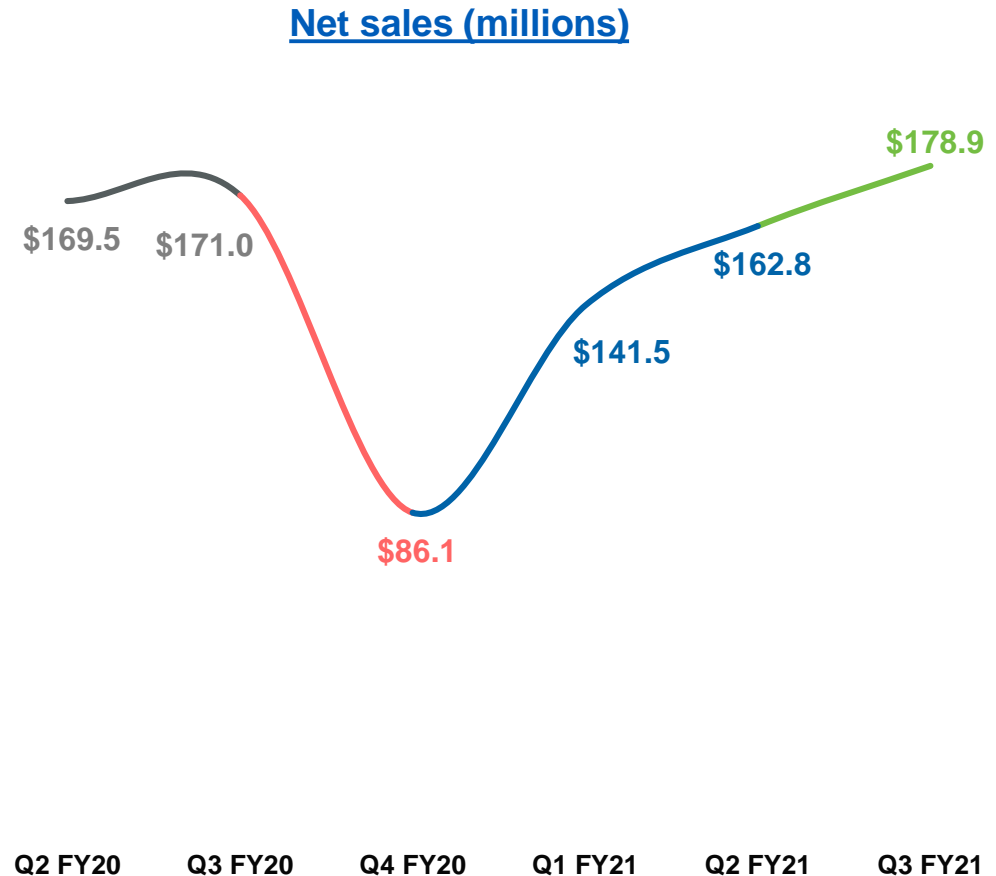
Products made with REPREVE® recycled materials, including post-consumer plastic bottles and pre-consumer fiber waste, are certified by third parties.

# SALES DISTRIBUTION

Segment	Geographies Serviced	Primary Product	Approx. % REPREVE®
Polyester	North & Central America	Polyester	 < 25%
Asia	China, Southeast Asia, & Europe	Polyester	 > 75%
Brazil	Brazil	Polyester	 < 10%
Nylon	North & Central America	Nylon	 < 25%

# MARCH 2021 QUARTER

- Strength and recovery across all segments
  - Sales and gross profit performance exceeded expectations
  - Record gross margin performance in Brazil
- Supply chain, raw material, selling prices, and customer service remain in focus
  - February 2021 Texas-based supply disruptions were minimal but have created temporary cost pressure for the June 2021 quarter
  - Selling price adjustments in process to offset rising raw material costs
  - COVID-19 lock-downs and restrictions in Brazil started in late March 2021
- Balance sheet remains strong after two bolt-on acquisitions completed in fiscal 2021
- Momentum continues for new products, customer adoptions, and co-branding, as REPREEVE® Fiber products comprised 33% of consolidated net sales, up from 29% in Q3 fiscal 2020



# FINANCIAL TRENDS

(dollars in thousands, except per share amounts)

	3 Months Ending March 2020	3 Months Ending June 2020	3 Months Ending September 2020	3 Months Ending December 2020	3 Months Ending March 2021
<b>Net Sales</b>	\$ 170,994	\$ 86,055	\$ 141,505	\$ 162,776	\$ 178,866
<b>Operating Income (Loss)</b>	3,145	(20,873)	2,906	13,092	8,616
<b>Adjusted Net Income (Loss) *</b>	4,083	(19,376)	3,432	7,464	4,758
<b>Adjusted EPS *</b>	0.22	(1.05)	0.18	0.40	0.25
<b>Adjusted EBITDA *</b>	9,349	(13,961)	9,051	19,238	15,905
<b>Cash Provided by Operating Activities</b>	3,470	20,619	7,922	11,804	5,984
<b>Capital Expenditures</b>	6,636	3,538	1,864	4,171	6,036
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	March 29, 2020	June 28, 2020	September 27, 2020	December 27, 2020	March 28, 2021
<b>Adjusted Working Capital *</b>	\$ 172,790	\$ 135,894	\$ 136,682	\$ 145,778	\$ 152,677
<b>Net Debt *</b>	100,318	23,614	17,341	9,575	13,796



# CAPITAL ALLOCATION

## CAPITAL SPENDING



- New technology or capabilities
- New machinery or capacity expansion
- \$19 mm spent in FY20
- \$22 - \$24 mm expected for FY21

## ACQUISITIONS



- Adjacent or tangential targets
- Additional joint ventures / partnerships
- Two bolt-on acquisitions completed in FY21

## SHARE REPURCHASES



- Offset dilution from equity compensation
- \$50 mm program approved in October 2018
- \$2 mm repurchased in FY20

## DEBT REDUCTION



- Maintain appropriate leverage
- Reduce interest rate exposure
- Net Debt reduced to \$13.8 mm at March 28, 2021

# TRADE DEVELOPMENTS

## 1 December 2019 and January 2020 – Trade Petitions Finalized

- Unanimous affirmative decision in the final injury investigation on imports of polyester textured yarn from China and India.
- After years of domestic industry injury, this has the potential to significantly improve our competitive position in the U.S.
- Duties should remain in place for 5 years, subject to renewal and routine administrative review.

In addition to normal course duties in place:

Imports from ...	Require a Cash Deposit Rate of
China	97% or more
India	18% or more

### Impact

- We will have invested ~\$3 million in expenses during calendar 2018 thru 2021 to pursue these actions.
- We expect \$20 million in additional annual sales to benefit our P&L from the combined actions – starting FY 2022.

## 2 December 2020 – Trade Petitions Progressing

In December 2020, the USITC determined that there is a reasonable indication of material injury.

As a result of the USITC's affirmative determinations, the U.S. Department of Commerce will continue its investigations, with its preliminary antidumping duty determinations expected by **June 2021**.

Country	Alleged Dumping Margin
Indonesia	15.51%
Malaysia	75.13%
Thailand	56.80%
Vietnam	42.29%

# JUNE 2021 QUARTER OUTLOOK

## Positioned Well for Long-Term, Sustainable Growth Exiting the Pandemic

The Company expects demand levels and trends across the business to remain strong and anticipates current inflationary pressures from raw material fluctuations to be mostly offset by selling price adjustments. The Company's outlook for the June 2021 quarter includes the following expectations:

- Sales volumes to increase, with net sales improving sequentially from the March 2021 quarter by approximately 1.0% to 3.0%;
- Adjusted EBITDA to range from approximately \$12.0 million to \$14.0 million. This range includes consideration for continued underlying business momentum in spite of pandemic uncertainty in addition to an expected reduction from the recent exceptional performance of the Brazil Segment, recent global raw material cost increases that will adversely impact gross profit due to the inherent lag in responsive selling price adjustments, partially offset by a lack of incentive compensation expense due to full recognition during the first nine months of fiscal 2021;
- An effective tax rate between 45% and 55%; and
- Capital expenditures of approximately \$10.0 million to \$12.0 million.

Note: Fiscal 2021 and the June 2021 quarter ends on June 27, 2021.

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