



UNIFI®, Makers of REPREVE®, Announces Fourth Quarter and Fiscal 2025 Results

August 20, 2025

Company temporarily impacted by trade-related uncertainty, but remains well-positioned to leverage leaner manufacturing footprint, improved competitive position, stronger balance sheet and cash generation capabilities, and pent-up demand heading into the holiday season

GREENSBORO, N.C.--(BUSINESS WIRE)--Aug. 20, 2025-- Unifi, Inc. (NYSE: UFI), the makers of REPREVE® and one of the world's leading innovators in recycled and synthetic yarns, today released operating results for the fourth fiscal quarter and fiscal year ended June 29, 2025.

Fourth Quarter Fiscal 2025 Overview

- Net sales were \$138.5 million, a decrease of 12.0% from the fourth quarter of fiscal 2024, primarily driven by trade-related uncertainty and short-term demand volatility across each business segment.
- Revenues from REPREVE Fiber products were \$42.1 million and represented 30% of net sales, compared to \$53.6 million or 34% of net sales for the fourth quarter of fiscal 2024.
- Gross loss was \$1.1 million and gross margin was (0.8)%, compared to gross profit of \$10.8 million and 6.9% for the fourth quarter of fiscal 2024.
- Net income was \$15.5 million, or \$0.82 per diluted share, which includes a \$35.8 million gain on the sale of a manufacturing facility, partially offset by \$10.6 million in transition costs, compared to a net loss of \$(4.0) million, or \$(0.22) per share, for the fourth quarter of fiscal 2024. Adjusted Net Loss* was \$10.6 million, which excludes the \$35.8 gain on the sale of a manufacturing facility, \$10.6 million in transition costs and \$0.9 million related to recovery of income taxes in Brazil, compared to Adjusted Net Loss of \$4.0 million.
- Adjusted EBITDA* was \$(4.1) million, compared to \$5.9 million for the fourth quarter of fiscal 2024.
- Completed the sale of the Madison, North Carolina manufacturing facility for \$45.0 million, with \$25.0 million of net proceeds used to reduce the existing term loan and \$18.3 million of net proceeds used to reduce outstanding revolving loans.
- Launched Fortisyn™, an abrasion-resistant yarn engineered for military and tactical gear.

Eddie Ingle, Chief Executive Officer of Unifi, Inc., stated, "Our results for the fourth quarter came in below our expectations due to softer ordering patterns, driven by recent tariff and trade uncertainties across our customer base. This included delayed ordering patterns by major customers that wanted to wait and better assess how tariffs would impact global trading patterns. As a result, we believe that these are temporary impacts on our business, as we continue to see strong pent-up customer demand pending clarity on trade policies. Despite the challenging operating environment, we continued to make meaningful progress in optimizing our business and streamlining operations during the period. This was highlighted by the recent sale of our Madison, North Carolina, manufacturing facility, which enabled UNIFI to pay down a significant portion of debt and will help create over \$20 million in estimated annualized operating cost savings going forward. This strategic shift supports our commitment to meeting our customers' needs with sustainable and innovative products and becoming more efficient in the process."

Fourth Quarter Fiscal 2025 Compared to Fourth Quarter Fiscal 2024

Net sales decreased to \$138.5 million from \$157.5 million, primarily due to weaker sales mix and lower sales volumes for the Asia Segment, unfavorable foreign currency effects in the Brazil Segment, and lower sales volumes in the Americas Segment.

Gross profit decreased to \$(1.1) million from \$10.8 million. Americas Segment gross profit decreased by \$5.3 million, primarily from inflationary pressures and transition costs related to the manufacturing footprint reduction. Asia Segment gross profit decreased by \$2.3 million, primarily due to lower sales volumes, a less favorable sales mix, and pricing dynamics in the region. Brazil Segment gross profit decreased by \$4.3 million, primarily due to unfavorable foreign currency translation effects.

Operating income increased to \$15.1 million from \$(0.8) million. The increase was primarily due to the gain on the sale of a manufacturing facility, partially offset by transition costs. Net income was \$15.5 million compared to a net loss of \$(4.0) million. Adjusted Net Loss* was \$10.6 million, which excludes the \$35.8 gain on the sale of a manufacturing facility, \$10.6 million in transition costs and \$0.9 million related to recovery of income taxes in Brazil, compared to Adjusted Net Loss of \$4.0 million for the fourth quarter of fiscal 2024. Adjusted EBITDA* was \$(4.1) million, which excluded the gain on the sale and transition costs adjustments, compared to \$5.9 million.

Update on Manufacturing Transition

In February 2025, UNIFI announced the closure and planned transition of certain domestic manufacturing operations to enhance operating efficiency, lower fixed costs, improve profitability, and further strengthen the balance sheet. The associated real estate sale closed on May 20, 2025. The manufacturing transition and restructuring charges will continue through the first quarter of fiscal 2026. Following the manufacturing footprint reduction, UNIFI expects to achieve an annual cost savings of approximately \$20.0 million, primarily comprised of lower headcount and operational synergies.

First Quarter Fiscal 2026 Outlook

The current outlook assumes no meaningful changes in business activities resulting from the evolving tariff and trade negotiations. UNIFI expects the following first quarter fiscal 2026 results:

- Net sales and Adjusted EBITDA** improving sequentially from the fourth quarter of fiscal 2025, primarily driven by cost savings for the Americas Segment.
- Continued restructuring and transition expenses of between \$1.0 million and \$2.0 million.

Ingle concluded, "As we look towards fiscal 2026, we recognize that our business performance is not yet where we want it to be and has been temporarily impacted by a volatile trade environment. We have made significant changes to strengthen our business, including lowering our costs and creating a leaner manufacturing footprint in the U.S., which will drive higher utilizations as we move forward. We also believe that our proactive decisions have enhanced our competitive position, improved cash generation capabilities, and strengthened our profitability profile, all of which will contribute to better performance for UNIFI in the future. Most importantly, the conversations we are having with global brands confirm that customers' appetites for sustainable solutions and a commitment to textile circularity have not waned. While these strategic decisions are helping us navigate these temporary challenges, they are ultimately designed to position UNIFI for long-term success and create long-term value for our shareholders."

* Adjusted Net Income (Loss) and Adjusted EBITDA are non-GAAP financial measures. The schedules included in this press release reconcile each non-GAAP financial measure to its most directly comparable GAAP financial measure.

** Guidance provided is a non-GAAP figure presented on an adjusted basis. For further details, see the non-GAAP financial measures information presented in the schedules included in this press release.

Fourth Quarter Fiscal 2025 Earnings Conference Call

UNIFI will provide additional commentary regarding its fourth quarter and fiscal 2025 results and other developments during its earnings conference call on August 21, 2025, at 9:00 a.m., Eastern Time. The call can be accessed via a live audio webcast on UNIFI's website at <http://investor.unifi.com>. Additional supporting materials and information related to the call will also be available on UNIFI's website.

About UNIFI

UNIFI, Inc. (NYSE: UFI) is a global leader in fiber science and sustainable synthetic textiles. Using proprietary recycling technology, UNIFI is a pioneer in scaling the transformation of post-industrial and post-consumer waste into sustainable products. Through REPVE, the world's leading brand of traceable, recycled fiber and resin, UNIFI is changing the way industries think about the materials they use – and reuse. A vertically-integrated manufacturer, the company has direct operations in the United States, Colombia, El Salvador, and Brazil, and sales offices all over the world. UNIFI envisions a future where circular and sustainable solutions are the only choice. For more information about UNIFI, visit www.unifi.com.

About REPVE®

Made by UNIFI, Inc. (NYSE: UFI), REPVE® is the global leader in recycled performance fibers and resins. Using proprietary recycling technology, REPVE leverages multiple waste sources, including single-use plastic bottles, ocean-bound plastic, textile waste, and recycled yarn. REPVE has transformed more than 40 billion plastic bottles into recycled fiber, powering globally scalable products for world-leading brands. Made traceable with FiberPrint® technology and certified by U-Trust®, REPVE spans sports apparel, fashion, home, automotive, construction, transport, military, medical and packaged goods. For more information about REPVE, visit www.repreve.com.

Financial Statements, Business Segment Information and Reconciliations of Reported Results to Adjusted Results to Follow

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

	For the Three Months Ended		For the Fiscal Year Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net sales	\$ 138,535	\$ 157,452	\$ 571,344	\$ 582,209
Cost of sales	139,664	146,661	562,926	565,593
Gross (loss) profit	(1,129)	10,791	8,418	16,616
Selling, general and administrative expenses	11,947	11,243	49,005	46,632
(Benefit) provision for bad debts	(127)	312	(166)	1,571
Restructuring costs	7,604	—	8,924	5,101
(Gain) loss on sales and disposals of assets	(35,783)	131	(40,079)	62
Other operating expense (income), net	110	(72)	254	671
Operating income (loss)	15,120	(823)	(9,520)	(37,421)
Interest income	(256)	(426)	(888)	(2,136)
Interest expense	2,198	2,357	9,520	9,862
Equity in loss of unconsolidated affiliates	10	79	477	390
Income (loss) before income taxes	13,168	(2,833)	(18,629)	(45,537)
(Benefit) provision for income taxes	(2,302)	1,151	1,719	1,858
Net income (loss)	<u>\$ 15,470</u>	<u>\$ (3,984)</u>	<u>\$ (20,348)</u>	<u>\$ (47,395)</u>
Net income (loss) per common share:				
Basic	\$ 0.84	\$ (0.22)	\$ (1.11)	\$ (2.61)
Diluted	\$ 0.82	\$ (0.22)	\$ (1.11)	\$ (2.61)
Weighted average common shares outstanding:				
Basic	18,361	18,252	18,314	18,154
Diluted	18,940	18,252	18,314	18,154

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (In thousands)

	<u>June 29, 2025</u>	<u>June 30, 2024</u>
ASSETS		
Cash and cash equivalents	\$ 22,664	\$ 26,805
Receivables, net	75,383	79,165
Inventories	122,929	131,181
Income taxes receivable	5,429	164
Other current assets	9,222	11,618
Total current assets	<u>235,627</u>	<u>248,933</u>
Property, plant and equipment, net	172,923	193,723
Operating lease assets	7,879	8,245
Deferred income taxes	5,535	5,392
Other non-current assets	4,904	12,951
Total assets	<u>\$ 426,868</u>	<u>\$ 469,244</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 37,468	\$ 43,622
Income taxes payable	49	754
Current operating lease liabilities	2,368	2,251
Current portion of long-term debt	12,159	12,277
Other current liabilities	18,899	17,662
Total current liabilities	<u>70,943</u>	<u>76,566</u>
Long-term debt	95,727	117,793
Non-current operating lease liabilities	5,614	6,124
Deferred income taxes	1,224	1,869
Other long-term liabilities	3,889	3,507
Total liabilities	<u>177,397</u>	<u>205,859</u>
Commitments and contingencies		
Common stock	1,836	1,825
Capital in excess of par value	74,095	70,952
Retained earnings	239,049	259,397
Accumulated other comprehensive loss	(65,509)	(68,789)
Total shareholders' equity	<u>249,471</u>	<u>263,385</u>
Total liabilities and shareholders' equity	<u>\$ 426,868</u>	<u>\$ 469,244</u>

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

	<u>For the Fiscal Year Ended</u>	
	<u>June 29, 2025</u>	<u>June 30, 2024</u>
Cash and cash equivalents at beginning of year	\$ 26,805	\$ 46,960
<i>Operating activities:</i>		
Net loss	(20,348)	(47,395)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Equity in loss of unconsolidated affiliates	477	390
Distribution received from unconsolidated affiliate	—	1,000
Depreciation and amortization expense	25,284	27,669
Non-cash compensation expense	3,252	2,074
(Gain) loss on sales and disposals of assets	(39,317)	62
Deferred income taxes	(676)	(3,543)
Other, net	160	(50)
Changes in assets and liabilities	9,857	21,885
Net cash (used) provided by operating activities	<u>(21,311)</u>	<u>2,092</u>
<i>Investing activities:</i>		
Capital expenditures	(10,488)	(11,189)
Proceeds from sale of assets	51,553	519
Net cash provided (used) by investing activities	<u>41,065</u>	<u>(10,670)</u>
<i>Financing activities:</i>		

Proceeds from long-term debt	212,551	149,600
Payments on long-term debt	(236,544)	(160,201)
Other, net	(428)	(6)
Net cash used by financing activities	<u>(24,421)</u>	<u>(10,607)</u>
Effect of exchange rate changes on cash and cash equivalents	526	(970)
Net decrease in cash and cash equivalents	<u>(4,141)</u>	<u>(20,155)</u>
Cash and cash equivalents at end of year	<u>\$ 22,664</u>	<u>\$ 26,805</u>

BUSINESS SEGMENT INFORMATION
(Unaudited)
(In thousands)

Net sales and gross (loss) profit details for each reportable segment of UNIFI are as follows:

	For the Three Months Ended		For the Fiscal Year Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Americas	\$ 85,009	\$ 91,004	\$ 347,931	\$ 344,256
Brazil	28,810	32,240	118,726	117,783
Asia	24,716	34,208	104,687	120,170
Consolidated net sales	<u>\$ 138,535</u>	<u>\$ 157,452</u>	<u>\$ 571,344</u>	<u>\$ 582,209</u>
	For the Three Months Ended		For the Fiscal Year Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Americas	\$ (5,342)	\$ 2	\$ (20,217)	\$ (17,630)
Brazil	1,316	5,612	16,027	14,755
Asia	2,897	5,177	12,608	19,491
Consolidated gross (loss) profit	<u>\$ (1,129)</u>	<u>\$ 10,791</u>	<u>\$ 8,418</u>	<u>\$ 16,616</u>

RECONCILIATIONS OF REPORTED RESULTS TO ADJUSTED RESULTS
(Unaudited)
(In thousands)

EBITDA and Adjusted EBITDA (Non-GAAP Financial Measures)

The reconciliations of the amounts reported under U.S. generally accepted accounting principles ("GAAP") for Net income (loss) to EBITDA and Adjusted EBITDA are set forth below.

	For the Three Months Ended		For the Fiscal Year Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net income (loss)	\$ 15,470	\$ (3,984)	\$ (20,348)	\$ (47,395)
Interest expense, net	1,942	1,931	8,632	7,726
(Benefit) provision for income taxes	(2,302)	1,151	1,719	1,858
Depreciation and amortization expense ⁽¹⁾	6,018	6,850	25,064	27,513
EBITDA	21,128	5,948	15,067	(10,298)
Transition costs ⁽²⁾	10,585	—	13,485	—
Gain on sales of assets ⁽³⁾	(35,807)	—	(40,103)	—
Restructuring costs ⁽⁴⁾	—	—	—	5,101
Adjusted EBITDA	<u>\$ (4,094)</u>	<u>\$ 5,948</u>	<u>\$ (11,551)</u>	<u>\$ (5,197)</u>

- (1) Within this reconciliation, depreciation and amortization expense excludes the amortization of debt issuance costs, which are reflected in interest expense, net. However, within the accompanying Condensed Consolidated Statements of Cash Flows, amortization of debt issuance costs is reflected in depreciation and amortization expense.
- (2) In fiscal 2025, UNIFI incurred various transition costs totaling \$10,585 for the fourth quarter of fiscal 2025 and \$13,485 for fiscal 2025 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$4,808 and \$5,896, respectively, (ii) inventory write-downs of \$1,924 and \$2,923, respectively, (iii) excess fixed manufacturing costs of \$1,058 and \$1,638, respectively, and (iv) employee separation or retention costs of \$1,347 and \$1,580, respectively, and (v) forfeitures of deposits for texturing machinery of \$1,448 and \$1,448, respectively. The facility closure, equipment relocation, employee separation and retention costs, and forfeitures of deposits were all recorded within Restructuring costs and the inventory write-downs and excess fixed manufacturing costs were recorded within Cost of sales in the Condensed Consolidated Statements of Operations.
- (3) In the second quarter of fiscal 2025, UNIFI recorded a gain of \$4,296 related to the sale of a warehouse located in Yadkinville, North Carolina. In the fourth quarter of fiscal 2025, UNIFI recorded a gain of \$35,807 related to the sale of a manufacturing facility in Madison, North Carolina.
- (4) In the second quarter of fiscal 2024, UNIFI incurred severance costs of \$2,351 in connection with the Profitability Improvement Plan in the U.S. and a loss of \$2,750 related to the dissolution of a nylon joint venture.

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

The tables below set forth reconciliations of (i) Income (loss) before income taxes ("Pre-tax Income (Loss)"), (ii) (Benefit) provision for income taxes ("Tax Impact"), (iii) Net income (loss) ("Net Income (Loss)") to Adjusted Net Loss, and (iv) Diluted Earnings Per Share ("Diluted EPS") to Adjusted EPS. Rounding may impact certain of the below calculations.

	For the Three Months Ended June 29, 2025				For the Three Months Ended June 30, 2024			
	Pre-tax Income (Loss)	Tax Impact	Net Income (Loss)	Diluted EPS	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ 13,168	\$ 2,302	\$ 15,470	\$ 0.82	\$ (2,833)	\$ (1,151)	\$ (3,984)	\$ (0.22)
Transition costs ⁽¹⁾	10,585	—	10,585	0.56	—	—	—	—
Gain on sale of assets ⁽²⁾	(35,807)	—	(35,807)	(1.89)	—	—	—	—
Recovery of income taxes ⁽³⁾	—	(893)	(893)	(0.05)	—	—	—	—
Adjusted results	<u>\$ (12,054)</u>	<u>\$ 1,409</u>	<u>\$ (10,645)</u>	<u>\$ (0.56)</u>	<u>\$ (2,833)</u>	<u>\$ (1,151)</u>	<u>\$ (3,984)</u>	<u>\$ (0.22)</u>

Weighted average common shares outstanding 18,940 18,252

	For the Fiscal Year Ended June 29, 2025				For the Fiscal Year Ended June 30, 2024			
	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (18,629)	\$ (1,719)	\$ (20,348)	\$ (1.11)	\$ (45,537)	\$ (1,858)	\$ (47,395)	\$ (2.61)
Transition costs ⁽¹⁾	13,485	—	13,485	0.74	—	—	—	—
Gain on sales of assets ⁽²⁾	(40,103)	—	(40,103)	(2.19)	—	—	—	—
Recovery of income taxes ⁽³⁾	—	(893)	(893)	(0.05)	—	—	—	—
Restructuring costs ⁽⁴⁾	—	—	—	—	5,101	—	5,101	0.28
Adjusted results	<u>\$ (45,247)</u>	<u>\$ (2,612)</u>	<u>\$ (47,859)</u>	<u>\$ (2.61)</u>	<u>\$ (40,436)</u>	<u>\$ (1,858)</u>	<u>\$ (42,294)</u>	<u>\$ (2.33)</u>

Weighted average common shares outstanding 18,314 18,154

- (1) In fiscal 2025, UNIFI incurred various transition costs totaling \$10,585 for the fourth quarter of fiscal 2025 and \$13,485 for fiscal 2025 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$4,808 and \$5,896, respectively, (ii) inventory write-downs of \$1,924 and \$2,923, respectively, (iii) excess fixed manufacturing costs of \$1,058 and \$1,638, respectively, and (iv) employee separation or retention costs of \$1,347 and \$1,580, respectively, and (v) forfeitures of deposits for texturing machinery of \$1,448 and \$1,448, respectively. The facility closure, equipment relocation, employee separation and retention costs, and forfeitures of deposits were all recorded within Restructuring costs and the inventory write-downs and excess fixed manufacturing costs were recorded within Cost of sales in the Condensed Consolidated Statements of Operations. The associated tax impact was estimated to be \$0 due to a valuation allowance against net operating losses in the U.S.
- (2) In the second quarter of fiscal 2025, UNIFI recorded a gain of \$4,296 related to the sale of a warehouse located in Yadkinville, North Carolina. In the fourth quarter of fiscal 2025, UNIFI recorded a gain of \$35,807 related to the sale of a manufacturing facility in Madison, North Carolina. The associated tax impact was estimated to be \$0 due to a valuation allowance against net operating losses and capital losses in the U.S.
- (3) In fiscal 2025, following a favorable preliminary court injunction, UNIFI recorded a recovery of income taxes in connection with ICMS deductibility for Brazil's federal income tax return relating to the income taxes paid in prior fiscal years.
- (4) In the second quarter of fiscal 2024, UNIFI incurred severance costs of \$2,351 in connection with the Profitability Improvement Plan in the U.S. and a loss of \$2,750 related to the dissolution of a nylon joint venture.

Net Debt (Non-GAAP Financial Measure)

Reconciliations of Net Debt are as follows:

	June 29, 2025	June 30, 2024
Long-term debt	\$ 95,727	\$ 117,793
Current portion of long-term debt	12,159	12,277
Unamortized debt issuance costs	122	229
Debt principal	108,008	130,299
Less: cash and cash equivalents	22,664	26,805
Net Debt	<u>\$ 85,344</u>	<u>\$ 103,494</u>

Cash and cash equivalents

At June 29, 2025 and June 30, 2024, UNIFI's foreign operations held nearly all consolidated cash and cash equivalents.

REPVEVE Fiber

REPVEVE Fiber represents UNIFI's collection of fiber products on its recycled platform, with or without added technologies.

Non-GAAP Financial Measures

Certain non-GAAP financial measures included herein 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 (Loss) Income, Adjusted EPS, and Net Debt (together, 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, from time to time, certain adjustments necessary to understand and compare the underlying results of UNIFI.
- Adjusted Net (Loss) Income represents Net (loss) income calculated under GAAP adjusted to exclude certain amounts. Management believes the excluded amounts do not reflect the ongoing operations and performance of UNIFI and/or exclusion may be necessary to understand and compare the underlying results of UNIFI.
- Adjusted EPS represents Adjusted Net (Loss) Income divided by UNIFI’s weighted average common shares outstanding.
- 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. We may, from time to time, modify the amounts used to determine our non-GAAP financial measures.

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

This press release also includes certain forward-looking information that is not presented in accordance with GAAP. Management believes that a quantitative reconciliation of such forward-looking information to the most directly comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts because a reconciliation of these non-GAAP financial measures would require UNIFI to predict the timing and likelihood of potential future events such as restructurings, M&A activity, contract modifications, and other infrequent or unusual gains and losses. Neither the timing nor likelihood of these events, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, a reconciliation of such forward-looking information to the most directly comparable GAAP financial measure is not provided.

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.

Management uses Adjusted Net (Loss) Income 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 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 investors 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. Investors should compensate for these limitations by relying primarily on our GAAP results and using these measures only as supplemental information.

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 UNIFI 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 UNIFI competes, including economic and political factors over which UNIFI has no control; changes in consumer spending, customer preferences, fashion trends, and end-uses for UNIFI’s products; the financial condition of UNIFI’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, but not limited to, epidemics or pandemics; the success of UNIFI’s strategic

business initiatives; the volatility of financial and credit markets, including the impacts of counterparty risk (e.g., deposit concentration and recent depositor sentiment and activity); the ability to service indebtedness and fund capital expenditures and strategic business initiatives; the availability of and access to credit on reasonable terms; changes in foreign currency exchange, interest, and inflation rates; fluctuations in production costs; the ability to protect intellectual property; the strength and reputation of our brands; employee relations; the ability to attract, retain, and motivate key employees; the impact of climate change or environmental, health, and safety regulations; and the impact of tax laws, the judicial or administrative interpretations of tax laws, and/or changes in such laws or interpretations.

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 UNIFI. 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 UNIFI'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 UNIFI with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

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