

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

FORM 10-K

☒

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

For the fiscal year ended June 28, 2026

OR

☐

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

For the transition period from _____ to _____

Commission File Number: 1-10542

UNIFI, INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

11-2165495
(I.R.S. Employer
Identification No.)

7201 West Friendly Avenue
Greensboro, North Carolina 27410
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: (336) 294-4410

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

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

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of December 26, 2025, the aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant was approximately \$53,095,011. The registrant has no non-voting stock.

As of August 20, 2026, the number of shares of the registrant's common stock outstanding was 18,588,837.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the registrant's 2024 Annual Meeting of Shareholders are incorporated by reference in Part III of this report to the extent described herein.

FORWARD-LOOKING STATEMENTS

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

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

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

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

UNIFI, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED JUNE 28, 2026

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Fiscal Year

The fiscal year for Unifi, Inc., its domestic subsidiaries, and its subsidiary in El Salvador ends on the Sunday in June or July nearest to June 30 of each year. Unifi, Inc.'s fiscal 2026, 2025, and 2024 ended on June 28, 2026, June 29, 2025, and June 30, 2024, respectively. Unifi, Inc.'s remaining material operating subsidiaries' fiscal years end on June 30. For fiscal 2026 and 2025, there were no significant transactions or events that occurred between Unifi, Inc.'s fiscal year end and such wholly owned subsidiaries' fiscal year ends. Unifi, Inc.'s fiscal 2026, 2025, and 2024 each consisted of 52 weeks.

Presentation

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

PART I

Item 1. Business

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

UNIFI maintains one of the textile industry's most comprehensive product offerings that includes a range of specialized, value-added and commodity solutions, with principal geographic markets in North America, Central America, South America, Asia, and Europe. UNIFI has direct manufacturing operations in four countries and participates in a joint venture operating in the United States (the "U.S.").

UNIFI has three reportable segments based on the primary geographies in which UNIFI distributes its products:

- The Americas Segment primarily manufactures and sells recycled and synthetic textile products to yarn manufacturers, knitters and weavers that produce yarn and/or fabric for the apparel, hosiery, home furnishings, automotive, industrial, medical, and other end-use markets principally in North and Central America. The Americas Segment consists of sales and manufacturing operations in the U.S., El Salvador, and Colombia.
- The Brazil Segment primarily manufactures and sells recycled and synthetic textile products to knitters and weavers that produce fabric for the apparel, home furnishings, automotive, industrial, and other end-use markets principally in Brazil. The Brazil Segment includes a manufacturing location and sales offices in Brazil.
- The Asia Segment primarily sources recycled and synthetic textile products from third party suppliers and sells to yarn manufacturers, knitters, and weavers principally in Asia and Europe that produce fabric for the apparel, automotive, home furnishings, industrial, and other end-use markets. The Asia Segment has no manufacturing assets and includes sales offices in China, Turkey, Hong Kong, and India.

Other information for UNIFI's reportable segments is provided in Note 24, "Business Segment Information," to the accompanying consolidated financial statements.

Strategic Overview and Operating Results

UNIFI is committed to investing strategically and synergistically in:

- accelerating innovation and high-quality manufacturing processes;
- expanding the REPREVE® brand;
- growing market share in our major textile regions; and
- penetrating new markets and end-uses, particularly beyond apparel.

Our supply chain has been developed and enhanced in multiple regions around the globe, allowing us to deliver a diverse range of fibers and polymers to key customers in the markets we serve, especially apparel. These textile products are supported by quality assurance, product development, product and fabric certifications, hangtags, and co-marketing along with technical and customer service teams across UNIFI's operating subsidiaries. We have developed this successful operating platform by improving operational and business processes and deriving value from sustainability-based initiatives, including polyester and nylon recycling.

We believe that further commercial expansion will require a continued stream of new technology and innovation that generates products with meaningful consumer benefits. Along with our recycled platform, UNIFI has significant yarn technologies that provide optimal performance characteristics for today's marketplace, including water repellency, flame retardation, soil release, enhanced color-fastness achieved with less water use, and protection from ultra-violet rays, among other attributes. To achieve further growth, UNIFI remains focused on innovation, bringing to market the next wave of fibers and polymers for tomorrow's applications. As we invest and grow, sustainability remains at our core. We believe that increasing the awareness for recycled solutions in applications across fibers and polymers and furthering sustainability-based initiatives with like-minded brand partners will be key to our future success. We also believe that our manufacturing processes and our technical knowledge and capabilities will allow us to grow market share and develop new textile programs with new and existing customers. Ultimately, combining leading-edge innovation with our prominent, high-quality brand and agile regional business model will allow for underlying sales and profitability growth.

Fiscal 2026 Financial Performance

Fiscal 2026 represented a year of significant operational improvement for UNIFI, despite escalating geopolitical tensions contributing to volatility in petroleum markets. While global demand conditions remained challenging and customer purchasing patterns were impacted by macroeconomic uncertainty, trade disruptions, and tariff-related concerns, UNIFI executed a series of strategic actions that materially improved profitability, cash generation, and balance sheet strength.

Throughout fiscal 2026, management remained focused on initiatives within the Fiscal 2026 Profit Improvement Plan and the consolidation of Americas yarn manufacturing operations, including organizational cost reductions, operating efficiency improvements, working capital management, and optimization of the Company's global cost structure. These actions significantly reduced UNIFI's revenue breakeven level and improved our ability to generate earnings and cash flow from a lower sales base.

Although net sales declined compared to fiscal 2025 due to cautious customer ordering patterns and continued market volatility, profitability improved substantially. Gross margins expanded meaningfully as lower manufacturing costs, improved operational execution, and the benefits of restructuring initiatives more than offset lower volumes. Selling, general and administrative expenses ("SG&A") also declined as a result of disciplined cost management and organizational restructuring.

The Americas Segment demonstrated the most significant improvement, with cost reductions and manufacturing optimization efforts driving a return to positive gross profit despite lower revenues.

The Brazil Segment continued to provide stable operating performance, along with favorable foreign currency impacts, despite competitive import pricing pressures throughout the year.

The Asia Segment maintained profitability and advanced customer adoption of innovative and sustainable product offerings despite weak demand. The Asia Segment is better able to withstand volatility in product demand due to its asset-light model.

A key accomplishment during fiscal 2026 was UNIFI's strong cash flow generation, which improved significantly as management maintained a sharp focus on inventory management, working capital efficiency, and capital spending discipline. This cash generation enabled meaningful debt reduction and strengthened the balance sheet throughout the fiscal year. Net debt declined substantially, providing increased financial flexibility and improving UNIFI's overall financial position.

Innovation remained a priority, including the commercialization of new differentiated performance yarn platforms and continued expansion of the REPVE® portfolio. Sustainable and recycled product offerings remained an important component of UNIFI's growth strategy and customer engagement efforts.

Looking ahead to fiscal 2027, management believes UNIFI is better positioned than at any point during the recent industry downturn. UNIFI's lower cost structure, streamlined manufacturing footprint, stronger balance sheet, and continued focus on innovation provide a foundation for future growth.

REPVE®

In the early 2000s, by recycling our own production waste into useful polyester fibers, we took the first steps toward building an important supply chain with a focus on sustainability and environmental responsibility. After nearly two decades, our REPVE brand has become the quintessential recycled fiber of choice for brand, retail, and textile partners around the globe. REPVE is most commonly offered in the following fiber forms: polyester staple fiber, polyester filament, nylon staple fiber, and nylon filament, comprising our REPVE Fiber platform. We also sell REPVE Chip, which is a recycled polyester resin product. Beyond the high quality, versatility, and breadth of application that REPVE offers, UNIFI combines transparency, traceability, and certification for REPVE products to support our customers' own sustainability narratives.

REPVE is our flagship and fastest growing brand. As part of our efforts to expand consumer brand recognition of REPVE, UNIFI has developed recycling-focused sponsorships with various brand partners and other entities that span across sporting, music, and outdoor events. The increasing success and awareness of the REPVE brand continues to provide new opportunities for growth, allowing for expansion into new end-uses and markets for REPVE, as well as continued growth of the brand with current customers. This has driven traction with global brands and retailers who obtain value and lasting consumer interest from the innovation and sustainability aspects that REPVE provides. Expanding sales of REPVE is an important component of our business strategy, and we expect to achieve improved margins and deeper relationships with customers accordingly.

The primary metric for tracking growth of the REPVE brand is REPVE Fiber sales. REPVE Fiber represents UNIFI's collection of fiber products on its recycled platform, with or without added technologies. Of our consolidated net sales in fiscal 2026, 2025, and 2024, REPVE Fiber sales comprised 30%, 31%, and 32%, or \$157,428, \$174,855, and \$188,517, respectively. REPVE Fiber sales decreased primarily due to lower customer demand, cautious purchasing patterns, and ongoing competitive pressures in the recycled fiber market.

Capital Investments

Fiscal 2021 through 2023 capital investments increased in connection with our planned investment of approximately \$100,000 into the Americas and Brazil Segments for new eAFK Evo texturing machinery that has significant efficiency, productivity, and flexibility benefits over our legacy equipment. We are encouraged by the performance metrics surrounding the eAFK Evo texturing machines currently operating in our facilities, and we expect these upgrades to generate meaningful investment returns in the future when product demand recovers. Due to the weak demand environment in fiscal 2023 and 2024, UNIFI negotiated two contract modifications with the equipment vendor. At that time, approximately 75% of the project had been completed in the Americas and 100% had been completed in Brazil. The contract modifications allowed UNIFI to delay the remaining equipment purchases and installation activities until September 2025. In the fourth quarter of fiscal 2025, UNIFI terminated the overall contract in exchange for the forfeiture of \$1,448 in deposits which is included in Restructuring costs within the Consolidated Statements of Operations. These actions allow for (i) improved short- and mid-term liquidity in light of the current subdued levels of sales and facility utilization and (ii) a better matching of future capital expenditures with the consolidation of UNIFI's yarn manufacturing operations. In fiscal 2026, we continued to carefully manage capital expenditures to preserve cash.

In fiscal 2027, we expect to invest between \$7,000 and \$9,000 in capital projects, primarily relating to routine annual maintenance capital expenditures. We will continue to evaluate the level of capital investment required to support the needs of our customers and allocate our resources accordingly as we expand our operations outside of the Americas.

Share Repurchases

In addition to capital investments and debt retirement, UNIFI may utilize excess cash for strategic share repurchases. On October 31, 2018, UNIFI announced that the Company's Board of Directors (the "Board") approved a share repurchase program (the "2018 SRP") under which UNIFI is authorized to acquire up to \$50,000 of its common stock. Under the 2018 SRP, purchases may be made from time to time in the open market at prevailing market prices or through private transactions or block trades. The timing and amount of repurchases will depend on market conditions, share price, applicable legal requirements, and other factors. The share repurchase authorization is discretionary and has no expiration date.

As of June 28, 2026, UNIFI had repurchased 701 shares of its common stock at an average price of \$15.90 per share, none of which occurred in fiscal 2026, leaving \$38,859 available for repurchases under the 2018 SRP. UNIFI will continue to evaluate opportunities to use excess cash flows from operations or existing borrowings to repurchase additional stock, while maintaining sufficient liquidity to support its operational needs and to fund future strategic growth opportunities.

Developments in Principal Markets

Americas

Our operations in the U.S., El Salvador, and Colombia operate under the Dominican Republic—Central America Free Trade Agreement ("CAFTA-DR") and the United States-Mexico-Canada Agreement ("USMCA"). Prior to the establishment of the USMCA, we benefited from a similar agreement known as the North American Free Trade Agreement ("NAFTA").

Throughout fiscal 2023, we experienced adverse pressure from rising input costs, competitive headwinds, and weakening manufacturing productivity. In addition, in fiscal 2024, 2025, and 2026, the Americas Segment experienced lower volumes as a result of lower global demand in connection with the inventory management of major brands and retailers. However, beginning in the second half of fiscal 2026, we experienced an improvement in overall sales, primarily due to our increased commercial efforts and portfolio diversification. Looking ahead, we believe our Americas business remains well-positioned to capture long-term growth opportunities.

Brazil

UNIFI's Brazilian operations play a key role in our strategy. This segment is primarily impacted by (i) price pressures from imported fiber, fabric, and finished goods (similar to our U.S. operations), (ii) the inflation rate in Brazil, and (iii) changes in the value of the Brazilian Real ("BRL"). Economic and political volatility remain challenging conditions in South America, despite our strong performance in recent years. UNIFI continues to (i) aggressively pursue mix enrichment and market share by working with customers to develop programs using our differentiated products, including REPREVE, and (ii) implement process improvements and manufacturing efficiency plans to help lower per-unit costs. The growth of the REPREVE brand in Brazil continues to be a focus as the segment's sales do not include a significant amount of REPREVE. In addition, our installation of eAFK Evo machinery in Brazil has been highly successful in generating manufacturing efficiencies and the associated finished goods have been highly regarded by customers.

Asia

UNIFI's Asia operations remain an important part of our strategy due to the significant production capacity that exists in Asia, which enhances our ability to service customers with global supply chains. Competition in the Asia region remains high; however, interest and demand for UNIFI's products in Asia have helped support strong underlying sales volumes in recent years. We are encouraged by programs undertaken with key brands and retailers that benefit from the diversification and innovation of our global portfolio. During fiscal 2025 and 2026, customer-demand headwinds resulted in depressed volumes in Asia and in the second half of fiscal 2025 and 2026, tariffs placed upon many foreign countries resulted in additional demand volatility due to the recent actions taken by the U.S. during trade-related negotiations.

While macroeconomic conditions, trade policy developments, and customer demand patterns remain uncertain, UNIFI expects to continue benefiting from the structural cost savings achieved through its profit improvement initiatives. Management remains focused on driving additional operating efficiencies, expanding higher-margin innovative product platforms, increasing REPVE® penetration, generating positive free cash flow, and further strengthening the balance sheet. The actions taken during fiscal 2026 have fundamentally improved UNIFI's operating profile and positioned UNIFI to generate stronger profitability and cash flow as market conditions improve.

Industry Overview

UNIFI operates in the textile industry and, within that broad category, the respective markets for yarns, fabrics, fibers, and end-use products, such as apparel and hosiery, automotive, industrial, medical, and home furnishings, among others. Even though the textile industry is global, there are several distinctive regional or other geographic markets that often shape the business strategies and operations of participants in the industry. Because of free trade agreements and other trade regulations entered into by the U.S. government, the U.S. textile industry, which is otherwise a distinctive geographic market on its own, is often considered in conjunction with other geographic markets or regions in North, South, and Central America.

According to data compiled by PCI WoodMackenzie, a global leader in research and analysis for the polyester and raw material markets, global demand for polyester yarns has grown steadily since 1980. Polyester historically has accounted for approximately 50% to 60% of global fiber consumption, and nylon has historically accounted for an estimated 5% to 10%. Due to the higher cost of nylon, the industry may transition certain products from nylon to polyester. The polyester and nylon fiber sectors together have accounted for approximately 55% to 65% of North American textile consumption based on recent history.

According to the National Council of Textile Organizations, the U.S. textile and apparel industry's total shipments were approximately \$60.9 billion for calendar 2025 as the U.S. textile and apparel industry exported nearly \$26.9 billion of textile and apparel products. The U.S. textile industry remains a large manufacturing employer.

Trade Regulation and Rules of Origin

Trade policies, free trade agreements, duty structures, and rules of origin are important factors affecting UNIFI's competitive position, particularly within the Americas Segment. Imports into the U.S. of finished apparel categories that utilize polyester and nylon yarns generally carry duty rates ranging from 16% to 32%; however, imports of fabric and finished goods from countries outside free trade agreements or trade preference programs have increased significantly over time due to lower overseas operating costs, foreign government subsidization, increased overseas sourcing by U.S. retailers, China's entry into the World Trade Organization, and the elimination of textile and apparel quotas.

Regional free trade agreements ("Regional FTAs"), including the regions covered by the Americas Segment and the Colombia and Peru free trade agreements, provide meaningful duty-free advantages for apparel made from qualifying regional fibers, yarns, and fabrics under "yam forward" rules of origin. These requirements are significant to UNIFI because the Company is the largest filament yarn manufacturer, and one of the few producers of qualifying synthetic yarns, in the regions covered by these agreements. As a result, UNIFI's ability to supply Compliant Yarns represents an important competitive advantage for customers seeking eligibility for duty-free treatment.

The USMCA, adopted by the U.S. in calendar 2020, preserved important rules of origin for textile and apparel trade in the region and closed several loopholes under NAFTA that previously allowed certain non-originating inputs, including sewing thread, pocketing, and narrow elastic fabrics. In addition, the Berry Amendment requires certain textile and apparel articles purchased by the U.S. Department of Defense to be manufactured in the U.S. and to consist of yarns and fibers produced in the U.S. UNIFI believes it is the largest producer of polyester and nylon filament yarns for Berry Amendment compliant purchasing programs.

UNIFI refers to fibers sold under specific rules of origin requirements pursuant to the Regional FTAs and the Berry Amendment as "Compliant Yarns." Approximately half of UNIFI's sales within the Americas Segment are sold as Compliant Yarns, making these trade and compliance programs an important component of the Company's regional business model and customer value proposition.

UNIFI believes that rules of origin, duty-free cost advantages, Berry Amendment requirements, and customer demand for supplier responsiveness and improved inventory turns support the continued presence of a meaningful textile supply chain in the Americas. As one of the few significant producers of Compliant Yarns under the Regional FTAs, UNIFI is positioned to leverage its qualifying status to support regional and domestic fabric producers that ship products into the region.

Recent antidumping and countervailing duties on polyester textured yarn imports from certain countries further underscore the importance of trade policy to UNIFI's competitive position, particularly in Americas Segment markets. Accordingly, imports from the following countries have been assessed additional duties:

- China of 32% or more,
- India of 7% or more,
- Indonesia of 7% or more,
- Malaysia of 8%,
- Thailand of 14% or more, and
- Vietnam of 2% or more.

While the short-term and long-term impacts are not yet known, UNIFI expects these duty rates to play a significant role in helping normalize the competitive position of its yarns in the U.S. market relative to imported yarns from those countries.

Competition

The industry in which UNIFI operates is global, highly competitive, and subject to significant pricing, cost, and supply chain pressures. UNIFI competes both as a global yarn producer and as an important participant in regional textile supply chains, where customer purchasing decisions are influenced by product quality, reliability, speed, innovation, sustainability attributes, and overall cost competitiveness. For sales of Compliant Yarns, UNIFI competes with a limited number of foreign and domestic producers of polyester and nylon yarns. For sales of non-Compliant Yarns, UNIFI competes with a broader group of foreign and domestic producers capable of meeting customer specifications for quality, reliability, and delivery performance.

UNIFI's competitive position is also affected by imports of textile, apparel, and hosiery products, which can adversely impact demand for the Company's polyester and nylon products in certain markets. Several foreign competitors benefit from structural cost advantages, including lower wages, raw material costs, capital costs, and favorable foreign currency exchange rates against the U.S. Dollar, any of which may place pressure on UNIFI's margins, pricing flexibility, and related regional supply chains. In addition, while competitors have historically focused on high-volume commodity products, many are increasingly targeting specialty products, including areas where UNIFI has historically generated higher margins and differentiated customer value.

UNIFI's major competitors in the Americas region for polyester yarns include Aquafil O'Mara; United Textiles of America S. de R.L. de C.V.; NanYa Plastics Corp. of America; and C S Central America S.A. de C.V. In fiscal 2024, AKRA, S.A. de C.V., a major competitor, closed its polyester manufacturing facility in Monterrey, Mexico. UNIFI's major competitors for nylon yarn sales in the U.S. include Sapona Manufacturing Company, Inc. and McMichael Mills, Inc.

In Brazil, UNIFI is the only domestic producer of textured polyester and primarily competes with traders of imported yarns and fibers. In fiscal 2024, Petroquímica Suape, the Company's largest domestic competitor in Brazil, halted textured yarn production, which provides UNIFI with an opportunity to strengthen its market position in the region.

UNIFI's operations in Asia face competition from numerous yarn manufacturers, and identifying each competitor is not feasible due to the size and fragmentation of the regional market. However, UNIFI's Asia portfolio is supported by its specialty and recycled product offerings and a global sourcing and support model, which help differentiate the Company in a highly competitive marketplace. Globally, competitors for UNIFI's REPVE products include recycled brands from Far Eastern New Century, Tiejin, Radici, and Polygenta.

Raw Materials, Suppliers and Sourcing

The primary raw material supplier for the Americas Segment of virgin Chip and POY is NanYa. For the Brazil Segment, Reliance Industries, Ltd. is the primary supplier of POY. The primary suppliers of nylon raw materials for the Americas Segment are UNF America, LLC ("UNFA"); and The LYCRA Company. UNFA is a joint venture owned 50% by UNIFI. Currently, there are multiple domestic and foreign suppliers available to fulfill UNIFI's sourcing requirements for its recycled products. The majority of plastic bottles we utilize in the U.S. are obtained in open-market transactions from recycling companies and municipalities throughout the U.S., while our Asian subsidiaries source recycled materials from various countries and entities throughout Asia.

For its operations in the U.S., UNIFI produces and buys certain of its raw material fibers for Compliant Yarns from a variety of sources in the U.S., UNIFI produces a portion of its Chip requirements in its REPVE Recycling Center and purchases the remainder of such requirements from external suppliers for use in its domestic spinning facility to produce POY. In addition, UNIFI purchases nylon and polyester products for resale from various suppliers. Although UNIFI does not generally have difficulty meeting its raw material requirements, UNIFI has, in the past, experienced interruptions or limitations in the supply of certain raw materials.

UNIFI's bottle processing facility in Reidsville, North Carolina provides a high-quality source of Flake for the REPVE Recycling Center as well as for sale to external parties. Combined with recent technological advancements in recycling, we believe the Flake produced at the bottle processing facility enhances our ability to grow REPVE into other markets, such as nonwovens, carpet fiber, and packaging.

The prices of the principal raw materials used by UNIFI continuously fluctuate, and it is difficult or impossible to predict trends or upcoming developments. In any event, UNIFI monitors these dynamic factors closely and does not currently engage in hedges of polyester or nylon raw materials.

Products, Technologies, and Related Markets

Our virgin and recycled products sold across all geographies range from specialty, value-added, to commodity. We provide products to a variety of end-use markets, principally apparel, industrial, furnishings, and automotive.

We estimate our consolidated net sales for fiscal 2026 were distributed across our primary end markets as follows:

- Apparel (including hosiery and footwear) represented approximately 54% of our consolidated net sales.
- Industrial represented approximately 13% of our consolidated net sales, and includes medical, belting, tapes, filtration, ropes, protective fabrics, and awnings.
- Furnishings (including both contract and home furnishings) represented approximately 13% of our consolidated net sales, and is largely dependent upon the housing market, which, in turn, is influenced by consumer confidence and credit availability.
- Automotive represented approximately 6% of our consolidated net sales.
- All other markets represented approximately 14% of our consolidated net sales.

In addition to the above, UNIFI combines its research and development efforts with the demands of customers and brand partners to develop innovative technologies that enhance yarn characteristics. Application of these technologies allows for a diversity of benefits, including: water repellency, flame retardation, soil release, enhanced color-fastness achieved with less water use, and protection from ultra-violet rays, among other attributes.

As we continue to diversify our portfolio beyond apparel and pursue new end markets, we expect to increase margin accretive sales and improve facility utilization. Indicating our expanded product portfolio and enhanced technological capabilities, we introduced new products based on the Textile Takeback platform and Thermaloop insulation during fiscal 2025 and 2026.

Customers

UNIFI's Americas Segment, Brazil Segment, and Asia Segment serve approximately 430, 370, and 510 customers, respectively, all in a variety of geographic markets. UNIFI's products are manufactured according to customer specifications and are shipped based upon customer order requirements. Customer payment terms are generally consistent with prevailing industry practices for the geographies in which we participate.

UNIFI's consolidated net sales are not materially dependent on a single direct customer and no single direct customer accounts for 10% or more of UNIFI's consolidated net sales. In fiscal 2026, Milliken & Company comprised 12% of the Americas Segment's sales. UNIFI's top 10 direct customers accounted for approximately 29% of consolidated net sales for fiscal 2026 and approximately 30% of receivables as of June 28, 2026. However, UNIFI's consolidated net sales are dependent on demand from a relatively small number of brand partners.

Sales and Marketing

UNIFI employs an internal sales force operating out of sales offices primarily in the U.S., Brazil, China, El Salvador, Colombia, Turkey, India, and Europe. UNIFI also relies on independent sales agents for sales in several other countries. UNIFI seeks to create strong customer relationships and to build and strengthen those relationships throughout the supply chain. Through frequent communications with customers, partnering in product development, and engaging key downstream brands and retailers, UNIFI has created significant pull-through sales and brand recognition for its products. For example, UNIFI works with brands and retailers to educate and create demand for its products, including recent engagements involving REPREEVE, REPREEVE Takeback™, Thermaloop™ insulation, and other performance technology products at multiple events and venues in the U.S. and globally. UNIFI then works with key fabric mill partners to develop specific fabrics for those brands and retailers utilizing UNIFI products. In many of these regards, UNIFI draws upon and integrates the resources of its innovation and research and development personnel. In addition, UNIFI is enhancing co-branding activations with integrated point-of-sale and online marketing with popular brands and retailers to enable consumers to find REPREEVE and other performance technology products in multiple retail channels. Our sales and marketing strategy leverages a multi-channel digital approach, including targeted social media collaborations and campaigns, dynamic website engagement, trade presence, and strategic media outreach, to enhance brand visibility, drive customer acquisition, and support product conversion across key markets. Based on the establishment of many commercial and branded programs, this strategy has been successful for UNIFI.

Product Customization and Manufacturing Processes

UNIFI uses advanced production processes to manufacture its high-quality products cost-effectively in North America, Central America, and Brazil and transfers relevant technical knowledge to its asset light operations in Asia for manufacture with trusted supply chain partners. One component of UNIFI's unique competitive position is concentrated geographic presence; our facilities, resources, and people operate in the primary yarn producing regions of the world, allowing us to maintain proximity to brands and textile partners that value our products and require advanced manufacturing or supply chain management.

Additional processing of UNIFI's polyester POY includes texturing, dyeing, twisting, beaming, draw winding, and covering. The texturing process involves the use of high-speed machines to draw, heat, and false-twist POY to produce yarn with different physical characteristics, depending on its ultimate end-use. Texturing gives the yarn greater bulk, strength, stretch, consistent dye-ability, and a softer feel, thereby making it suitable for use in the knitting and weaving of fabric. Solution dyeing and package dyeing allow for matching of customer-specific color requirements for yarns sold into various markets. Twisting incorporates real twist into filament yarns, which can be sold for a variety of uses, such as sewing thread, home furnishings, and apparel. Beaming places both textured and covered yarns onto beams to be used by customers in warp knitting and weaving applications. The draw winding process utilizes heat and draws POY to produce mid-tenacity, flat yarns. Lastly, covering operations utilize a spandex core to produce yarns with more stretch, compression, or comfort.

UNIFI's subsidiaries in Asia offer the same high-quality and innovative products and technologies through contract manufacturing arrangements with local manufacturers. This asset-light model allows for seamless integration of our products into the global supply chains of our customers. As we expand our Asian operations to meet the needs of our global customers, we will continue to leverage the asset-light model where the existing infrastructure can accommodate our highly technical processes, while continually evaluating the need for additional UNIFI assets in response to ever-changing market dynamics.

Research and Development

UNIFI employs research and development personnel, primarily in the U.S., who work closely with UNIFI's customers, brand partners, and others to develop a variety of new yarns as well as improvements to the performance properties of existing yarns and fabrics. Among other things, UNIFI evaluates trends and uses the latest technology to create innovative yarns that meet the needs of evolving consumer preferences. Most of UNIFI's branded yarns, including its flagship REPREVE brand, were derived from its research and development initiatives. UNIFI also includes, as part of its research and development initiatives, the use of continuous improvement methodologies to increase its manufacturing and other operational efficiencies, both to enhance product quality and to derive cost savings.

For fiscal 2026, 2025, and 2024, UNIFI incurred \$7,707, \$8,750, and \$9,599, respectively, in costs for research and development (including employee costs).

Intellectual Property

UNIFI has numerous trademarks registered in the U.S. and in other countries and jurisdictions around the world. Due to its current brand recognition and potential growth opportunities, UNIFI believes that its portfolio of registered REPREVE trademarks is its most significant trademark asset. Ownership rights in registered trademarks typically do not expire if the trademarks are continued in use and properly protected under applicable law.

UNIFI licenses certain trademarks, including Dacron® and Softec™, from Invista S.a.r.l. ("INVISTA").

UNIFI also employs its innovative manufacturing know-how, methods, and processes to produce and deliver proprietary solutions to customers and brand partners. UNIFI relies on the copyright and trade secret laws of the U.S. and other countries, as well as nondisclosure and confidentiality agreements, to protect these rights.

Human Capital

As of June 28, 2026, UNIFI had approximately 2,400 employees. The number of employees in each of the Americas, Brazil, and Asia Segments and the corporate office were approximately 1,430, 800, 90, and 80, respectively, at June 28, 2026. In fiscal 2026, UNIFI implemented additional cost-saving initiatives that included reducing variable manufacturing costs across labor, spend, and support functions, while also eliminating salaried positions in the U.S. While employees of our Brazil Segment are unionized, none of the labor forces employed by UNIFI's domestic or other foreign subsidiaries are currently covered by a collective bargaining agreement. UNIFI believes the Company has a good relationship with its employees.

We believe in the importance of the retention, growth, and development of our employees. UNIFI endeavors to offer competitive compensation and benefits packages to our employees, as well as professional development opportunities to cultivate talent throughout the organization. We focus on employee health and safety initiatives, with thorough training and monitoring practices to enhance workplace safety. We also value people and ideas from varying backgrounds and are constantly striving to create a more diverse workforce and inclusive organization.

Geographic Data

Geographic information reported in conformance with U.S. generally accepted accounting principles ("GAAP") is included in Note 24, "Business Segment Information," to the accompanying consolidated financial statements. Information regarding risks attendant to UNIFI's foreign operations is included in "Item 1A. Risk Factors" in this report.

Seasonality

UNIFI is not significantly impacted by seasonality; however, UNIFI typically experiences its highest sales volumes in the fourth quarter of its fiscal year. Excluding the effects of fiscal years with 53 weeks rather than 52 weeks, the most significant effects on UNIFI's results of operations for particular periods during a year are due to planned manufacturing shutdowns by either UNIFI or its customers for certain holiday or traditional shutdown periods.

Backlog

UNIFI's level of unfilled orders is affected by many factors, including the timing of specific orders and the delivery time for specific products, as well as a customer's ability or inability to cancel the related order. As such, UNIFI does not consider the amount of unfilled orders, or backlog, to be a meaningful indicator of expected levels of future sales or to be material to an understanding of UNIFI's business as a whole.

Working Capital

UNIFI funds its working capital requirements through cash flows generated from operations, along with short-term borrowings, as needed. For more detailed information, see “Liquidity and Capital Resources” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this report.

Inflation

Beyond the inflationary environment experienced during fiscal 2023 through 2026, UNIFI expects that costs could continue to rise long-term for certain consumables used to produce and ship its products, as well as for its utilities and labor. UNIFI expects to mitigate the impacts of such rising costs through increased operational efficiencies and increased selling prices, but rising inflation could be a factor that negatively impacts UNIFI’s profitability.

In the past, selling price adjustments were primarily associated with changes in the price of polyester and nylon raw materials, but the current economic environment requires that selling price adjustments accommodate significant increases in all categories of input costs, including packaging, supplies, additives, and labor. For the majority of our portfolio, we have been able to implement selling price adjustments to protect gross margins. However, some selling price adjustments in the U.S. and Central America were not realized rapidly enough to avoid temporary gross margin declines in certain portions of our portfolio. While we navigated the dynamic cost environment during fiscal 2023 through 2026 better than in earlier prior years, low manufacturing utilization and manufacturing productivity have adversely impacted our gross margin and remain current headwinds to UNIFI’s profitability, most notably in the Americas Segment. In early March 2026, disruptions to certain supply routes associated with this conflict resulted in a sharp increase in crude oil and related feedstock prices. As a result of higher raw material costs stemming from disruptions in the Middle East, the Company implemented responsive price increases and surcharges that began in April 2026 and are expected to continue while petrochemical-related inflation remains elevated. We recognize that additional or prolonged impacts to the petroleum or other global markets could cause further inflationary pressures to our global raw material costs or additional unforeseen adverse impacts.

Environmental Matters

UNIFI is subject to various federal, state, and local environmental laws and regulations limiting the use, storage, handling, release, discharge, and disposal of a variety of hazardous substances and wastes used in or resulting from its operations (and to potential remediation obligations thereunder). These laws include the Federal Water Pollution Control Act, the Clean Air Act, the Resource Conservation and Recovery Act (including provisions relating to underground storage tanks), the Comprehensive Environmental Response, Compensation, and Liability Act, commonly referred to as “Superfund” or “CERCLA,” and various state counterparts to such laws. UNIFI’s operations are also governed by laws and regulations relating to workplace safety and worker health, principally the Occupational Safety and Health Act and regulations issued thereunder, which, among other things, establish exposure standards regarding hazardous materials and noise standards and regulate the use of hazardous chemicals in the workplace.

UNIFI believes that it has obtained, and is in compliance in all material respects with, all significant permits required to be issued by federal, state, or local law in connection with the operation of its business. UNIFI also believes that the operation of its production facilities and its disposal of waste materials are substantially in compliance with applicable federal, state, and local laws and regulations, and that there are no material ongoing or anticipated capital expenditures associated with environmental control facilities necessary to remain in compliance with such provisions. UNIFI incurs normal operating costs associated with the discharge of materials into the environment but does not believe that these costs are material or inconsistent with those of its domestic competitors.

On September 30, 2004, Unifi Kinston, LLC ("UK"), a subsidiary of Unifi, Inc., completed its acquisition of polyester filament manufacturing assets located in Kinston, North Carolina ("Kinston") from INVISTA. The land for the Kinston site was leased pursuant to a 99-year ground lease (the "Ground Lease") with E.I. DuPont de Nemours ("DuPont"). Since 1993, DuPont has been investigating and cleaning up the Kinston site under the supervision of the U.S. Environmental Protection Agency and the North Carolina Department of Environmental Quality (the "DEQ") pursuant to the Resource Conservation and Recovery Act Corrective Action program. The program requires DuPont to identify all potential areas of environmental concern ("AOCs"), assess the extent of containment at the identified AOCs, and remediate the AOCs to comply with applicable regulatory standards. Effective March 20, 2008, UK entered into a lease termination agreement associated with conveyance of certain assets at the Kinston site to DuPont. This agreement terminated the Ground Lease and relieved UK of any future responsibility for environmental remediation, other than participation with DuPont, if so called upon, with regard to UK's period of operation of the Kinston site, which was from 2004 to 2008. At this time, UNIFI has no basis to determine if or when it will have any responsibility or obligation with respect to the AOCs or the extent of any potential liability for the same. UK continues to own property (the "Kentec site") acquired in the 2004 transaction with INVISTA that has contamination from DuPont's prior operations and is monitored by the DEQ. The Kentec site has been remediated by DuPont, and DuPont has received authority from the DEQ to discontinue further remediation, other than natural attenuation. Prior to transfer of responsibility to UK, DuPont and UK had a duty to monitor and report the environmental status of the Kentec site to the DEQ. Effective April 10, 2019, UK assumed sole remediator responsibility of the Kentec site pursuant to its contractual obligations with INVISTA and received \$180 of net monitoring and reporting costs due from DuPont. In connection with monitoring, UK expects to sample and report to the DEQ annually. At this time, UNIFI does not expect any active site remediation will be required but expects that any costs associated with active site remediation, if ever required, would likely be immaterial.

Joint Ventures and Unconsolidated Affiliates

UNIFI participates in one joint venture located in the U.S. that supplies raw materials to the Americas Segment. As of June 28, 2026, UNIFI had \$925 recorded for this unconsolidated affiliate investment. Other information regarding UNIFI's unconsolidated affiliates is provided in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report and under the subheading "*Investments in Unconsolidated Affiliates*" in Note 10, "Other Non-Current Assets," to the accompanying consolidated financial statements.

Available Information

UNIFI's website is www.unifi.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as proxy statements and other information we file with, or furnish to, the SEC are available free of charge on our website. We make these documents available as soon as reasonably practicable after we electronically transmit them to the SEC. Except as otherwise stated in these documents, the information on our website or linked to or from our website is not a part of this report and is not incorporated by reference in this report or any of our other filings with the SEC. In addition, many of our corporate governance materials are available on our website, including the charters for the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee, the Corporate Governance Guidelines, the Code of Business Conduct and Ethics, the Ethical Business Conduct Policy Statement, the Code of Ethics for Senior Financial and Executive Officers, the Insider Trading Policy, and the Incentive-Based Compensation Recovery Policy. Copies of such corporate governance materials, as well as any of our SEC reports and all amendments thereto, may also be obtained without charge by writing to Unifi, Inc., 7201 West Friendly Avenue, Greensboro, North Carolina 27410, Attention: Secretary.

Item 1A. Risk Factors

Many of the factors that affect UNIFI's business and operations involve risk and uncertainty. The factors described below are some of the risks that could materially negatively affect UNIFI's business, financial condition, results of operations, and cash flows. You should consider all such risks in evaluating UNIFI or making any investment decision involving UNIFI.

Strategic Risks

UNIFI faces intense competition from a number of domestic and foreign yarn producers and importers of foreign-sourced fabric, apparel, and other textile products. Because UNIFI and the supply chains in which UNIFI conducts its business do not typically operate on the basis of long-term contracts with textile customers or brand partners, these competitive factors could cause UNIFI's customers or brand partners to shift rapidly to other producers.

UNIFI competes not only against domestic and foreign yarn producers, but also against importers of foreign-sourced fabric, apparel, and other textile products into the U.S. and other countries in which UNIFI does business, particularly in Brazil with respect to commodity yarn products. The primary competitive factors in the textile industry include price, quality, product styling, performance attributes and differentiation, brand reputation, flexibility and location of production and finishing, delivery time, and customer service. The needs of certain customers and brand partners and the characteristics of particular products determine the relative importance of these various factors. A large number of UNIFI's foreign competitors have significant competitive advantages that may include lower labor and raw material costs, production facilities in locations outside UNIFI's existing supply chain, government subsidies, and favorable foreign currency exchange rates against the USD. If any of these advantages increase, if new and/or larger competitors emerge in the future, or if UNIFI's brand reputation is detrimentally impacted, UNIFI's products could become less competitive, and its sales and profits may decrease as a result. In particular, devaluation of the Chinese currency against the USD could result in UNIFI's products becoming less competitive from a pricing standpoint and/or could result in the Americas region losing market share to Chinese imports, thereby adversely impacting UNIFI's sales and profits. While foreign competitors have traditionally focused on commodity production, entities are now increasingly focused on value-added products and unbranded recycled products. Competition from unbranded recycled yarns has increased, and has resulted in market share losses for our flagship REPREEVE brand. UNIFI may not be able to continue to compete effectively with foreign-made textile and apparel products, which would materially adversely affect its business, financial condition, results of operations, or cash flows. Similarly, to maximize their own supply chain efficiency, customers and brand partners sometimes request that UNIFI's products be produced and sourced from specific geographic locations that are in close proximity to the customer's fabric mills or that have other desirable attributes from the customer's perspective. These locations are sometimes situated outside the footprint of UNIFI's existing global supply chain. If UNIFI is unable to move production based on customer requests or other shifts in regional demand, we may lose sales and experience an adverse effect on our business, financial condition, results of operations, or cash flows.

Due to the uncertain economic and regulatory environment with regards to China, certain customers and brand partners have shifted their supply chains from China to other countries in the region. If customers and brand partners continue to move their supply base from China, this would have a negative impact on UNIFI's profitability in a geographic location where we have made a significant investment in people and the manufacturing partners that make up our supply chain.

A significant portion of our sales is dependent upon demand from a few large brand partners.

UNIFI's strategy involves the sale of products and solutions to other yarn manufacturers and knitters and weavers (UNIFI's direct customers) that produce yarn and/or fabric for brands and retailers in the apparel, hosiery, home furnishings, automotive, industrial, medical, and other end-use markets (UNIFI's indirect customers). We sometimes refer to these indirect customers as "brand partners." Although we generally do not derive revenue directly from our brand partners, sales volumes to our direct customers are linked with demand from our brand partners because our direct sales generally form a part of our brand partners' supply chains. A significant portion of our overall sales is tied to ongoing programs for a limited number of brand partners. Our future operating results depend on both the success of our largest brand partners and on our success in diversifying our products and our indirect customer base. Because we typically do not operate on the basis of long-term contracts, our customers and brand partners can cease incorporating our products into their own with little notice to us and with little or no penalty. The loss of a large brand partner, and the failure to add new customers to replace the corresponding lost sales, would have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Significant price volatility of UNIFI's raw materials and rising energy costs may result in increased production costs. UNIFI attempts to pass such increases in production costs on to its customers through responsive price increases. However, any such price increases are effective only after a time lag that may span one or more quarters, during which UNIFI and its margins are negatively affected.

Petroleum-based chemicals and recycled plastic bottles comprise a significant portion of UNIFI's raw materials. The prices for these products and related energy costs are volatile and dependent on global supply and demand dynamics, including geo-political risks. While UNIFI enters into raw material supply agreements from time to time, these agreements typically provide index pricing based on quoted market prices. Therefore, supply agreements provide only limited protection against price volatility. UNIFI attempts to pass on to its customers increases in raw material costs, but at times it cannot. When it can, there is typically a time lag that adversely affects UNIFI's margins during one or more quarters. Certain customers are subject to an index-based pricing model in which UNIFI's sales prices are adjusted based on the change in the cost of certain raw materials in the prior quarter. Pricing adjustments for other customers must be negotiated independently. In ordinary market conditions in which raw material price increases have stabilized and sales volumes are consistent with traditional levels, UNIFI has historically been successful in implementing price adjustments within one to two fiscal quarters of the raw material price increase for its index priced customers and within two fiscal quarters of the raw material price increase for its non-index priced customers. UNIFI has lost in the past (and expects that it may lose in the future) customers to its competitors as a result of price increases. In addition, competitors may be able to obtain raw materials at a lower cost due to market regulations that favor local producers in certain foreign locations where UNIFI operates, and certain other market regulations that favor UNIFI over other producers may be amended or repealed. Additionally, inflation can have a long-term impact by increasing the costs of materials, labor, and/or energy, any of which costs may adversely impact UNIFI's ability to maintain satisfactory margins. If UNIFI is not able to pass on such cost increases to customers in a timely manner (or if it loses a large number of customers to competitors as a result of price increases), the result could be material and adverse to its business, financial condition, results of operations, or cash flows.

Depending on the price volatility of petroleum-based inputs, recycled bottles, and other raw materials, the price gap between virgin Chip and recycled Chip could make virgin raw materials more cost-effective than recycled raw materials, which could result in an adverse effect on UNIFI's ability to sell its REPVEVE brand recycled products profitably.

The success of UNIFI's business is tied to the strength and reputation of its brands. If the reputation of one or more of our brands erodes significantly, it could have a material impact on our financial results.

UNIFI has invested heavily in branding and marketing initiatives, and certain of our brands, particularly our REPVEVE brand, have widespread recognition. Our financial success is directly dependent on the success of our brands. The success of a brand can suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Our financial results could also be negatively impacted if one of our brands suffers substantial harm to its reputation due to a product recall, product-related litigation, the sale of counterfeit products, or other circumstances that tarnish the qualities and values represented by our brands. We license our trademarks to brands and customers through formal licensing agreements, allowing for co-branding usage and related marketing claims when our products or technologies are used. All such usage must comply with the terms set forth in the licensing agreement as well as meet our requirements for certification and content usage. Although we make concerted efforts to protect our brands through quality control mechanisms and contractual obligations imposed on our licensees, there is a risk that some licensees might not be in full compliance with those mechanisms and obligations. If the reputation of one or more of our brands is significantly eroded, it could adversely affect our sales, results of operations, cash flows, and/or financial condition.

UNIFI's future success will depend in part on its ability to protect and preserve its intellectual property rights, and UNIFI's inability to enforce these rights could cause it to lose sales, reduce any competitive advantage it has developed, or otherwise harm its business.

UNIFI's future success depends in part on its ability to protect and preserve its rights in the trademarks and other intellectual property it owns or licenses, including its proprietary know-how, methods, and processes. UNIFI relies on the trademark, copyright, and trade secret laws of the U.S. and other countries, as well as nondisclosure and confidentiality agreements, to protect its intellectual property rights. However, UNIFI may be unable to prevent third parties, employees, or contractors from using its intellectual property without authorization, breaching nondisclosure or confidentiality agreements, or independently developing technology that is similar to UNIFI's. The use of UNIFI's intellectual property by others without authorization may cause it to lose sales, reduce any competitive advantage UNIFI has developed, or otherwise harm its business.

Financial Risks

UNIFI has significant foreign operations, and its consolidated results of operations and business may be adversely affected by the risks associated with doing business in foreign locations, including the risk of fluctuations in foreign currency exchange rates.

UNIFI has foreign operations in Brazil, China, Colombia, El Salvador, India, and Turkey. In addition, to help service its customers, UNIFI from time to time engages with third-party independent contractors to provide sales and distribution, manufacturing, and other operational and administrative support services in locations around the world. UNIFI serves customers throughout the Americas and Asia, as well as various countries in Europe. UNIFI's foreign operations are subject to certain political, tax, economic, and other uncertainties not encountered by its domestic operations that can materially impact UNIFI's supply chains or other aspects of its foreign operations. The risks of international operations include trade barriers, duties, exchange controls, national and regional labor strikes, social and political unrest, general economic risks, compliance with a variety of foreign laws (including tax laws), the difficulty of enforcing agreements and collecting receivables through foreign legal systems, taxes on distributions or deemed distributions to UNIFI or any of its U.S. subsidiaries, maintenance of minimum capital requirements, and import and export controls. UNIFI's consolidated results of operations and business could be adversely affected as a result of a significant adverse development with respect to any of these risks.

Through its foreign operations, UNIFI is also exposed to foreign currency exchange rate fluctuations. Fluctuations in foreign currency exchange rates will impact period-to-period comparisons of UNIFI's reported results. Additionally, UNIFI operates in countries with foreign exchange controls. These controls may limit UNIFI's ability to transfer funds from its international operations or otherwise to convert local currencies into USDs. These limitations could restrict UNIFI's ability to access cash from its foreign operations.

In addition, due to its foreign operations, a risk exists that UNIFI's employees, contractors, or agents could engage in business practices prohibited by U.S. laws and regulations applicable to the Company, such as the Foreign Corrupt Practices Act or the anti-bribery and corruption laws and regulations of other countries in which we do business. UNIFI maintains policies prohibiting these practices but remains subject to the risk that one or more of its employees, contractors, or agents, specifically ones based in or from countries where such practices are customary, will engage in business practices in violation of these laws and regulations. Any such violations, even if in breach of UNIFI's policies, could adversely affect its business or financial performance.

UNIFI may be subject to greater tax liabilities.

UNIFI is subject to income tax and other taxes in the U.S. and in numerous foreign jurisdictions. UNIFI's domestic and foreign income tax liabilities are dependent on the jurisdictions in which profits are determined to be earned and taxed. Additionally, the amount of taxes paid is subject to UNIFI's interpretation of applicable tax laws in the jurisdictions in which we operate. Changes in tax laws including regulatory developments arising from U.S. tax reform legislation, judicial interpretations in the jurisdictions in which we operate, and multi-jurisdictional changes enacted in response to the action items provided by the Organization for Economic Co-operation and Development could have an adverse effect on UNIFI's business, financial condition, operating results, and cash flows. Significant judgment, knowledge, and experience are required in determining our worldwide provision for income taxes.

UNIFI requires cash to service its indebtedness and to fund capital expenditures and strategic initiatives, and its ability to generate sufficient cash for those purposes depends on many factors beyond its control.

UNIFI's principal sources of liquidity are cash flows generated from operations and borrowings under its credit facility. UNIFI's ability to make payments on its indebtedness and to fund planned capital expenditures and strategic initiatives will depend on its ability to generate future cash flows from operations. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond UNIFI's control. The business may not generate sufficient cash flows from operations, and future borrowings may not be available to UNIFI in amounts sufficient to enable UNIFI to pay its indebtedness and to fund its other liquidity needs. Any such development would have a material adverse effect on UNIFI. The Company is always engaged in efforts to reduce costs and rationalize assets (i.e. improve liquidity).

UNIFI currently holds the majority of its cash deposits with large foreign banks in our associated operating regions, and management believes that it has the ability to repatriate cash to the U.S. relatively quickly, although management recognizes that various inherent risks do exist in executing the repatriation of cash from foreign subsidiaries. If any of the financial institutions within the 2022 Credit Agreement (as defined below) or the construction financing arrangement ("lending counterparties") are unable to perform on their commitments, our liquidity could be adversely impacted, and we may not be able to adequately fund our operations and pay our debts as they become due. We actively monitor all lending counterparties, and none have indicated that they may be unable to perform on their commitments. In addition, we periodically review our lending counterparties, considering the stability of the institutions and other aspects of the relationships. Based on our monitoring activities, we currently believe our lending counterparties will be able to perform their commitments.

Operational Risks

UNIFI depends on limited sources for certain of its raw materials, and interruptions in supply could increase its costs of production, cause production inefficiencies, or lead to a halt in production.

UNIFI depends on a limited number of third parties for certain raw materials, such as POY, Chip, dyes, and chemicals. Although alternative sources of raw materials exist, UNIFI may not be able to obtain adequate supplies of such materials on acceptable terms, or at all, from other sources. UNIFI is dependent on USMCA/NAFTA, CAFTA-DR, and Berry Amendment qualified suppliers of raw materials for the production of Compliant Yarns. These suppliers are also at risk with their raw material supply chains. Any significant disruption or curtailment in the supply of any of its raw materials could cause UNIFI to reduce or cease production for an extended period, or require UNIFI to increase its pricing, any of which could have a material adverse effect on its business, financial condition, results of operations, or cash flows.

A disruption at one of our facilities could harm our business and result in significant losses, lead to a decline in sales, and increase our costs and expenses.

Our operations and business could be disrupted by natural disasters, industrial accidents, power or water shortages, extreme weather conditions, epidemics or pandemics, and other man-made disasters or catastrophic events. We carry commercial property damage and business interruption insurance against various risks, with limits we deem adequate, for reimbursement for damage to our fixed assets and resulting disruption of our operations. However, the occurrence of any of these business disruptions could harm our business and result in significant losses, lead to a decline in sales, and increase our costs and expenses. Any disruptions from these events could require substantial expenditures and recovery time to resume operations and could also have a material adverse effect on our operations and financial results to the extent losses are uninsured or exceed insurance recoveries and to the extent that such disruptions adversely impact our relationships with our customers.

Our business and operations could suffer in the event of cybersecurity breaches.

Attempts to gain unauthorized access to our information technology systems have become increasingly more sophisticated over time. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases we might be unaware of an incident or its magnitude and effects. We carry cyber liability insurance against cyber-attacks, with limits we deem adequate for the reimbursement for damage to our computers, equipment, and networks and resulting disruption of our operations. However, any disruption from a cyber-attack could require substantial expenditures and recovery time in order to fully resume operations and could also have a material adverse effect on our operations and financial results to the extent losses are uninsured or exceed insurance recoveries and to the extent that such disruptions adversely impact our relationships with our customers. We have been a target of cybersecurity attacks in the past and, while such attacks have not resulted in a material impact on our operations, business, or customer relationships, such attacks could in the future.

The theft, unauthorized use, or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives, or otherwise adversely affect our business. To the extent that any cybersecurity breach results in inappropriate disclosure of our customers' or brand partners' confidential information, we may incur significant liability and reputational harm as a result. In addition, devoting additional resources to the security of our information technology systems in the future could significantly increase the cost of doing business or otherwise adversely impact our financial results.

A decline or change in general economic conditions, political conditions, and/or levels of consumer spending could cause a decline in demand for textile products, including UNIFI's products.

UNIFI's products are used in the production of fabric primarily for the apparel, hosiery, home furnishings, automotive, industrial, medical, and other end-use markets. Demand for furniture and other durable goods is often affected significantly by economic conditions that have global or regional industry-wide consequences. Demand for a number of categories of apparel is impacted by discretionary spending by consumers. Discretionary spending is affected by many factors that are outside of our control, including general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, currency exchange rates, taxation, energy prices, unemployment trends, and other matters that influence consumer confidence and spending. Demand for textile products, therefore, tends to vary with the business cycles of the U.S. and other economies, as well as changes in global trade flows, and economic and political conditions. Additionally, prolonged economic downturns that negatively impact UNIFI's results of operations and cash flows could result in future material impairment charges to write-down the carrying value of certain assets, including facilities and equipment, amortizable intangible assets, and equity affiliates.

Specific to other ongoing geopolitical tensions, we recognize the disruption to global markets and supply chains caused by the conflicts in Ukraine and the Middle East, particularly in Iran. Escalating geopolitical tensions involving Iran have contributed to volatility in petroleum markets. In early March 2026, disruptions to certain supply routes associated with this conflict resulted in a sharp increase in crude oil and related feedstock prices. As a result of higher raw material costs stemming from disruptions in the Middle East, the Company implemented responsive price increases and surcharges that began in April 2026 and are expected to continue while petrochemical-related inflation remains elevated. We recognize that additional or prolonged impacts to the petroleum or other global markets could cause further inflationary pressures to our global raw material costs or additional unforeseen adverse impacts.

Changes in consumer spending, customer preferences, fashion trends, and end-uses for UNIFI's products could weaken UNIFI's competitive position and cause UNIFI's products to become less competitive, and its sales and profits may decrease as a result. Additionally, the end-consumer retail and apparel markets may continue to experience difficult conditions and other transformations, which could have an adverse effect on UNIFI's business and financial condition.

General Risks

Unfavorable changes in trade policies and tariffs and/or violations of existing trade policies could weaken UNIFI's competitive position significantly and have a material adverse effect on its business.

A number of markets within the textile industry in which UNIFI sells its products, particularly the apparel, hosiery, and home furnishings markets, are subject to intense foreign competition. Other markets within the textile industry in which UNIFI sells its products may in the future become subject to more intense foreign competition. There are currently a number of trade regulations, duties, and tariffs in place to protect the U.S. textile industry against competition from low-priced foreign producers, such as those in China, India, and Vietnam. Political and policy-driven influences are subjecting international trade regulations to significant volatility. Future changes in such trade regulations, duties, or tariffs may make the price of UNIFI's products less attractive than the goods of its competitors or the finished products of a competitor in the supply chain, which could have a material adverse effect on UNIFI's business, financial condition, results of operations, or cash flows. Such changes in import duties and tariffs in the U.S. and other countries in which we operate might also result in increased direct and indirect costs on items imported to support UNIFI's operations and/or countervailing or responsive changes applicable to exports of our products outside the U.S.

According to industry experts and trade associations, there has been a significant amount of illegal transshipments of POY and apparel products into the U.S. and into certain other countries in the Americas region in which UNIFI competes. Illegal transshipment involves circumventing duties by falsely claiming that textiles and apparel are products of a particular country of origin (or include yarn of a particular country of origin) to avoid paying higher duties and tariffs or to receive benefits from regional free trade agreements, such as USMCA/NAFTA and CAFTA-DR. If illegal transshipments are not monitored, and if enforcement is not effective to limit them, these shipments could have a material adverse effect on UNIFI's business, financial condition, results of operations, or cash flows.

In order to compete effectively, we must attract and retain qualified employees, and our failure to do so could harm our business and our results of operations.

In order to compete effectively, we must attract and retain qualified employees. Our future operating results and success depend on retaining key personnel and management as well as expanding our technical, sales and marketing, innovation, and administrative support. The competition for qualified personnel is intense, particularly as it relates to hourly personnel in the domestic communities in which our manufacturing facilities are located. We cannot be sure that we will be able to attract and retain qualified personnel in the future, which could harm our business and results of operations.

Catastrophic or extraordinary events, including epidemics or pandemics such as the COVID-19 pandemic, could disrupt global economic activity and/or demand and negatively impact our financial performance and results of operations.

Widespread public health emergencies or outbreaks of epidemics, pandemics, or contagious diseases, such as the COVID-19 pandemic, have had, and could in the future have, a material adverse effect on UNIFI's business, financial condition, results of operations, or cash flows. The full extent to which a global health crisis may impact our business and operating results would depend on future developments that are highly uncertain and cannot be accurately predicted, including new medical and other information that may emerge as a result and the actions by governmental entities or others to contain or treat its impact.

The risks associated with climate change, localized energy management initiatives, other environmental impacts and compliance with new reporting regulations could negatively affect UNIFI's business and operations.

UNIFI's business is susceptible to risks associated with climate change, including, but not limited to, disruptions to our supply chain, which could potentially impact the production and distribution of our products and the availability and pricing of raw materials. Increased frequency and intensity of weather events could lead to supply chain disruption, energy and resource rationing, or an adverse event at one of our manufacturing facilities or the facilities of our manufacturing partners. Further, regulatory responses to climate change could adversely affect our operations. Additionally, weaknesses in energy infrastructure could result in supply disruptions that could indirectly affect our operations and could adversely impact our results of operations and cash flows.

In March 2024, the SEC issued a final rule that required registrants to provide climate disclosures in their annual reports and registration statements. The disclosure requirements of the new rule would have become effective for UNIFI beginning in fiscal 2027. In March 2025, the SEC announced that it had voted to end its defense of the final rule and in May 2026, the SEC proposed the rescission of the rule altogether. As such, it is not expected that UNIFI will have to make any climate-related disclosure under an SEC rule. However, the Company may need to make disclosure under state or international climate-related rules in the regions in which we do business.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

As a part of the Company's overall risk management and compliance programs, we have developed an enterprise cybersecurity program designed to detect, identify, classify, and mitigate cybersecurity and other data security threats. Our enterprise cybersecurity program classifies potential threats by risk levels and we typically prioritize our threat mitigation efforts based on those risk classifications, while focusing on maintaining the resiliency of our systems. In recent years, we have increased our investments in our ability to detect, identify, classify and mitigate cybersecurity and other data security threats within our environment. In the event we identify a potential cybersecurity or other data security issue, we have defined procedures for responding to such issues, including procedures that address when and how to engage with Company management, the Board, other stakeholders and law enforcement when responding to such issues.

The Company's enterprise cybersecurity program focuses on vulnerability management, access management, and user awareness training. Among other things, the Company implements scheduled patching and system updates and proactively scans for vulnerabilities. We regularly engage qualified third-party experts to assess the Company's information technology infrastructure and identify vulnerabilities and opportunities for continued focus and improvement. The Company utilizes industry-standard technologies, processes, and capabilities designed to protect our systems and data and to detect potential suspicious activity. We provide cybersecurity training and user education on a regular basis for users with access to the Company's information technology systems. We conduct monthly social engineering tests to promote phishing awareness and security awareness. The Company monitors servers and endpoint devices across the organization to detect signs of a cyberattack. We maintain and practice a response and recovery plan to restore systems and data. We also maintain cyber liability insurance against cyber-attacks as part of our comprehensive insurance portfolio. Because we are aware of the risks related to third-party service providers, we have implemented processes to oversee, identify, and manage risks from cybersecurity threats associated with our most significant third-party service providers.

We have experienced targeted and non-targeted cybersecurity attacks and incidents in the past, and we could in the future experience similar attacks. For the years presented, we did not identify any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that had, or were reasonably likely to have, a material effect on the Company, including our business strategy, results of operations, or financial condition. For additional information regarding the risks from cybersecurity threats we face, see *"Operational Risks - Our business and operations could suffer in the event of cybersecurity breaches,"* in "Item 1A. Risk Factors" in this report.

Governance

Day-to-day management of cybersecurity risk is performed by the Company's Information Technology Security Team with direct oversight from the Chief Information Officer (the "CIO"). The Company's incident response plan includes a defined escalation matrix for critical or high severity information security events involving notifications to the CIO, who further escalates critical or high severity events to the Company's Cyber Incident Steering Committee (the "CISC"), which consists of the CIO, the Chief Financial Officer, the General Counsel, and the Internal Audit Manager. Additional senior management from relevant business units are included as needed based on the nature of identified cybersecurity incidents. The CISC is responsible for providing support, guidance, and oversight of UNIFI's incident response, including making a determination of materiality to evaluate the need for escalation and disclosure. The materiality evaluation is made using the framework established in the federal securities laws, with a focus on the importance of the information to a reasonable investor.

The Board recognizes the important role of information security and mitigating cybersecurity and other data security threats, as part of our efforts to protect and maintain the confidentiality and security of customer, employee, and vendor information, as well as non-public information about UNIFI. Although the Board as a whole is ultimately responsible for the oversight of our risk management function, the Board uses its committees to assist in its risk oversight function. The Audit Committee of the Board has primary responsibility for oversight of risk assessment and risk management, including risks related to cybersecurity and other technology issues.

The Audit Committee regularly reviews our cybersecurity and other technology risks, controls and procedures. The Audit Committee receives reports from the CIO quarterly regarding our cybersecurity framework, as well as our plans to mitigate cybersecurity risks and to respond to any data breaches. The Company's Information Technology Security Team and its cybersecurity infrastructure is overseen by the CIO who reports to the Chief Executive Officer. The CIO has served in various roles in information technology for over 30 years.

Furthermore, UNIFI management prepares, and the Audit Committee reviews and discusses, a quarterly assessment of our risks on an enterprise-wide basis. We conduct a rigorous enterprise risk management program that is updated quarterly and is designed to bring to the Audit Committee's attention our most critical risks for evaluation, including cybersecurity risks.

Item 2. Properties

The following table contains information about the principal properties owned or leased by UNIFI as of June 28, 2026 (not in thousands):

Location	Principal Use	Approx. Total Area (Sq. Ft.)	Owned or Leased	
Administrative				
Greensboro, North Carolina	Corporate headquarters	121,000	Owned	
Americas Segment				
Domestic				
Yadkinville, North Carolina	Manufacturing facility	812,000	*	Owned
Yadkinville, North Carolina	Manufacturing facility	413,000		Owned
Yadkinville, North Carolina	Manufacturing facility	261,000		Owned
Yadkinville, North Carolina	Manufacturing facility	212,000		Owned
Yadkinville, North Carolina	Manufacturing facility	147,000		Owned
Yadkinville, North Carolina	Warehouse	400,000	*	Owned
Yadkinville, North Carolina	Warehouse	120,000		Owned
Yadkinville, North Carolina	Warehouse	82,000		Leased
Yadkinville, North Carolina	Warehouse	61,000		Leased
Reidsville, North Carolina	Manufacturing facility	384,000		Owned
Reidsville, North Carolina	Manufacturing facility	160,000		Owned
Reidsville, North Carolina	Warehouse	91,000		Leased
Madison, North Carolina	Warehouse	31,000		Owned
Foreign				
Ciudad Arce, El Salvador	Manufacturing facility	132,000		Leased
Ciudad Arce, El Salvador	Warehouse	59,000		Leased
Bogota (Soacha), Colombia	Manufacturing facility	31,000		Owned
Bogota, Colombia	Sales office	1,000		Leased
Brazil Segment				
Foreign				
Alfenas, Brazil	Manufacturing facility	360,000		Owned
Alfenas, Brazil	Warehouse	372,000		Owned
Sao Paulo, Brazil	Corporate office	13,000		Leased
Asia Segment				
Foreign				
Suzhou, China	Sales office	19,000		Leased
Suzhou, China	Warehouse	59,000		Leased
Suzhou, China	Warehouse	50,000		Leased
Suzhou, China	Warehouse	16,000		Leased

* This warehouse and 110,000 square feet of this manufacturing facility are under agreement to sale based on the 8-K filed on August 17, 2026.

Management believes all of UNIFI's operating properties are well maintained and in good condition. Management does not anticipate any capacity constraints in the foreseeable future.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following is a description of the names and ages of the executive officers of the Company, indicating all positions and offices with the Company held by each such person and each person's principal occupation or employment during the past five years. Each executive officer of UNIFI is elected by the Board and holds office from the date of election until thereafter removed by the Board.

Edmund M. Ingle – Age: 61 – Mr. Ingle has served as Chief Executive Officer of UNIFI and a member of the Board since June 2020. From May 2019 to June 2020, he served as Chief Executive Officer of the Recycling group of Indorama Ventures, a world-class chemicals company and a global integrated leader in PET and fibers serving major customers in diversified end-use markets. From May 2018 to May 2019, he was Chairperson and Chief Executive Officer of Indorama's Wellman International division. Prior to that, Mr. Ingle was with UNIFI for approximately 30 years, during which time he held various key leadership positions, including Vice President of Global Corporate Sustainability, Vice President of Supply Chain, General Manager of the Company's Flake and Chip business, Vice President and General Manager of REPREVE® Polymers, General Manager of the Company's Nylon business, and Director of Global Procurement.

Albert P. Carey – Age: 74 – Mr. Carey has served as Executive Chairman of the Board since April 2019. Mr. Carey previously served as Non-Executive Chairman of the Board from January 2019 to March 2019. In March 2019, Mr. Carey retired from PepsiCo, Inc., a consumer products company, after a 38-year career with the company in which he held a number of senior leadership roles, including Chief Executive Officer of PepsiCo North America from March 2016 to January 2019, Chief Executive Officer of PepsiCo North America Beverages from July 2015 to March 2016, Chief Executive Officer of PepsiCo Americas Beverages from September 2011 to July 2015, and President and Chief Executive Officer of Frito-Lay North America from June 2006 to September 2011.

Andrew J. (A.J.) Eaker – Age: 41 – Mr. Eaker has served as Executive Vice President and Chief Financial Officer of UNIFI since January 2024, as Treasurer of UNIFI since December 2022, and as Vice President of UNIFI's primary domestic operating subsidiary since June 2017. Mr. Eaker previously served as Interim Chief Financial Officer of UNIFI from August 2023 to January 2024. Mr. Eaker has held various other positions with increasing leadership and functional responsibilities since joining UNIFI in March 2014, including Vice President of Finance, Corporate Finance Manager, and Assistant Controller. Mr. Eaker is a Certified Public Accountant in North Carolina and began his career in the audit practice of KPMG LLP from 2009 to 2014.

Hongjun Ning – Age: 59 – Mr. Ning has served as an Executive Vice President of UNIFI since July 2020, President of Unifi Textiles (Suzhou) Co. Ltd. ("UTSC") (UNIFI's subsidiary in China) since March 2020, and President of Unifi Asia Pacific since June 2017. Previously, he served as Vice President of UTSC from September 2013 to June 2017, Director of Sales & Marketing of UTSC from August 2008 to September 2013, and General Manager, Sales & Marketing of a former UNIFI joint venture in China from January 2006 to August 2008.

Brian D. Moore – Age: 56 – Mr. Moore has served as an Executive Vice President of UNIFI and as President of Unifi Manufacturing, Inc., the Company's primary operating subsidiary in the U.S., since January 2024. Mr. Moore previously served as Senior Vice President of Direct Sales & Operations of UNIFI from March 2023 to January 2024 and as Vice President of Global Brand Sales from September 2020 to March 2023. Mr. Moore first joined UNIFI in 1993 and has held a number of other key roles with the Company, including leading UNIFI's Asian market. From 2005 to 2018, Mr. Moore served as Managing Director, Asia Pacific, and as Vice President of Global Sales, Marketing, and Asian Operations for Scovill Fasteners Ltd. From 2018 to 2020, he served as Chief Executive Officer for Prym Fashion, a global manufacturer of fastening systems and accessories.

Meredith S. Boyd – Age: 40 – Ms. Boyd has served as Executive Vice President and Chief Product Officer of UNIFI since January 2024. Ms. Boyd previously served as Senior Vice President of Sustainability, Technology & Innovation of UNIFI from September 2020 to January 2024 and Senior Vice President of Global Innovation from April 2019 to September 2020. Ms. Boyd joined UNIFI in 2007 and has held several other key positions, including Vice President of Brand Sales and head of the Global Business Development group. Ms. Boyd also serves on the Board of Directors for the Synthetic Yarn and Fabric Association (SYFA) and the Textile Technology Center (TTC) Advisory Council.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

UNIFI's common stock is listed for trading on the New York Stock Exchange (the "NYSE") under the symbol "UFI."

As of August 20, 2026, there were 107 record holders of UNIFI's common stock. A significant number of the outstanding shares of common stock that are beneficially owned by individuals and entities are registered in the name of Cede & Co. Cede & Co. is a nominee of The Depository Trust Company, a securities depository for banks and brokerage firms. UNIFI estimates that there are approximately 6,400 beneficial owners of its common stock.

No dividends were paid in the past two fiscal years, and UNIFI does not intend to pay cash dividends in the foreseeable future. UNIFI's current debt obligations contain certain restricted payment and restricted investment provisions, including a restriction on the payment of dividends and share repurchases under certain circumstances. Information regarding UNIFI's debt obligations is provided in Note 12, "Long-Term Debt," to the accompanying consolidated financial statements.

Purchases of Equity Securities

On October 31, 2018, UNIFI announced that the Board approved the 2018 SRP under which UNIFI is authorized to acquire up to \$50,000 of its common stock. Under the 2018 SRP, purchases may be made from time to time in the open market at prevailing market prices or through private transactions or block trades. The timing and amount of repurchases will depend on market conditions, share price, applicable legal requirements, and other factors. The share repurchase authorization is discretionary and has no expiration date.

As of June 28, 2026, UNIFI had repurchased 701 shares of its common stock at an average price of \$15.90 per share, none of which occurred in fiscal 2026, leaving \$38,859 available for repurchase under the 2018 SRP. UNIFI will continue to evaluate opportunities to use excess cash flows from operations or existing borrowings to repurchase additional stock, while maintaining sufficient liquidity to support its operational needs and to fund future strategic growth opportunities.

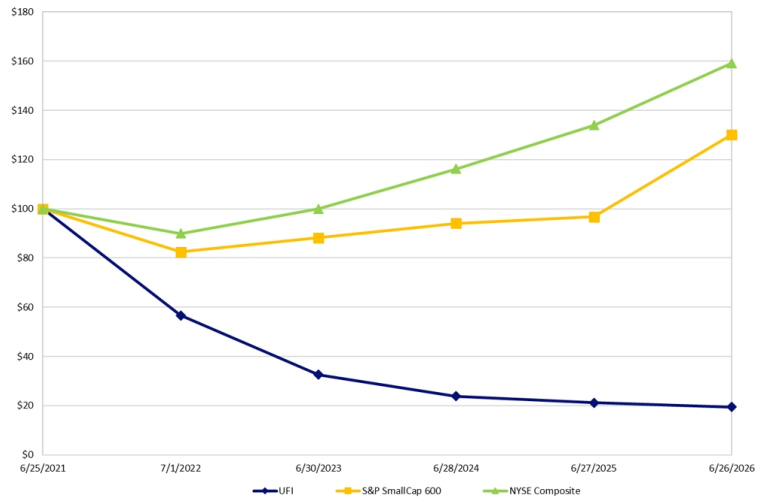
In fiscal 2026, UNIFI withheld 71 shares in satisfaction of tax withholding obligations under net share settle transactions of stock-based compensation awards ("net share settlement").

In fiscal 2025, UNIFI withheld 28 shares for net share settlement.

In fiscal 2024, UNIFI withheld 12 shares for net share settlement.

PERFORMANCE GRAPH - SHAREHOLDER RETURN ON COMMON STOCK

The below graphic comparison assumes the investment of \$100 in each of UNIFI common stock, the S&P SmallCap 600 Index (a benchmark index containing inclusion characteristics closely associated with UNIFI), and the NYSE Composite Index (a broad equity market index), all at June 25, 2021. The resulting cumulative total return assumes that dividends, if any, were reinvested. Past performance is not indicative of future performance.



	June 25, 2021	July 1, 2022	June 30, 2023	June 28, 2024	June 27, 2025	June 26, 2026
Unifi, Inc.	\$ 100.00	\$ 56.65	\$ 32.61	\$ 23.80	\$ 21.17	\$ 19.39
S&P SmallCap 600	100.00	82.40	88.19	94.07	96.79	130.12
NYSE Composite	100.00	89.89	99.98	116.22	133.95	159.23

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that have affected UNIFI's operations, along with material changes in financial condition, during the periods included in the accompanying consolidated financial statements. Management's discussion and analysis should be read in conjunction with the remainder of this report, with the understanding that forward-looking statements may be present. A reference to a "note" refers to the accompanying notes to consolidated financial statements.

Strategic Priorities

We believe UNIFI's underlying performance during recent fiscal years reflects the strength of our global initiative to deliver differentiated solutions to customers and brand partners throughout the world. Our supply chain has been developed and enhanced in multiple regions around the globe, allowing us to deliver a diverse range of fibers and polymers to key customers in the markets we serve, especially apparel. These textile products are supported by quality assurance, product development, product and fabric certifications, hangtags, co-marketing, and technical and customer service teams across UNIFI's operating subsidiaries. We have developed this successful operating platform by improving operational and business processes and deriving value from sustainability-based initiatives, including polyester and nylon recycling.

We believe that further commercial expansion will require a continued stream of new technology and innovation that generates products with meaningful consumer benefits. Along with our recycled platform, UNIFI has significant yarn technologies that provide optimal performance characteristics for today's marketplace, including water repellency, flame retardation, soil release, enhanced color-fastness achieved with less water use, and protection from ultra-violet rays, among other attributes. To achieve further growth, UNIFI remains focused on innovation, bringing to market the next wave of fibers and polymers for tomorrow's applications. As we invest and grow, sustainability remains at our core. We believe that increasing the awareness for recycled solutions in applications across fibers and polymers and furthering sustainability-based initiatives with like-minded brand partners will be key to our future success. We also believe that our manufacturing processes and our technical knowledge and capabilities will allow us to grow market share and develop new textile programs with new and existing customers. Ultimately, we believe that combining leading-edge innovation with our prominent, high-quality brand and agile regional business model will allow for underlying sales and profitability growth.

Significant Developments and Trends

Key drivers of our recent financial results include:

- Throughout fiscal 2021, our businesses experienced sequential improvement alongside global demand and economic recovery, and we capitalized on profitable opportunities that fueled strong consolidated results.
- Throughout fiscal 2022, we experienced adverse pressure from rising input costs and a weakening of labor productivity, primarily in our domestic operations.
- Throughout fiscal 2023, we experienced a downturn in global textile demand as brands and retailers began to destock their inventory levels.
- Throughout fiscal 2024, global textile demand remained weak, particularly in the Americas and Asia Segments with reduced overall order levels.
- Throughout fiscal 2025, inflationary pressures and uncertainty over global trade policies resulted in volatility and customer-demand headwinds, particularly in the Americas and Asia Segments.
- Throughout fiscal 2026, global textile demand remained weak resulting from geopolitical events and continued global trade uncertainty. However, certain demand began to improve in the second half of the fiscal year. Looking ahead, we believe our operations remain well-positioned to capture long-term growth opportunities, our liquidity position has improved significantly.

Once global economic pressures subside, we believe incremental revenue for the Americas Segment will be generated from our anti-dumping petitions and efforts around fair trade of textile yarn, and continued demand for innovative and sustainable products. The Asia Segment continues to focus on demand for recycled products and serves as a significant component of future growth. The Brazil Segment has returned to more normalized levels of performance and is expected to maintain healthy volumes and margins. As the Asia market improves, the volume of low-cost Asian imports into Brazil is expected to decrease.

The following developments and trends occurred or were occurring in fiscal 2026:

- Demand levels for the majority of our business lines in the Americas and Asia Segments were below expectations, as a result of lower global demand amid consumer and macroeconomic uncertainty including the recent geopolitical situation in Iran, trade disruptions, and tariff-related concerns.
- Our REPREE family of products continued to gain momentum with brands, retailers, and mill partners who value sustainability and UNIFI's ability to produce leading-edge products with in-demand technologies.
- The Americas Segment experienced significant improvement due to higher manufacturing utilization and production levels after UNIFI implemented the Fiscal 2026 Profit Improvement Plan as a cost-saving initiative that included reducing variable manufacturing costs across labor, spend, and support functions, while also eliminating salaried positions in the U.S. In addition, in early March 2026, disruptions to certain supply routes associated with the Iran conflict resulted in a sharp increase in crude oil and related feedstock prices. As a result of higher raw material costs stemming from disruptions in the Middle East, UNIFI implemented responsive price increases and surcharges that began in April 2026 and are expected to continue while petrochemical-related inflation remains elevated.
- The Brazil Segment incurred selling price pressures from low-cost imports for most of the fiscal year, but sales volumes and margins remained strong due to diligent pricing actions associated with the Iran conflict.
- The Asia Segment's sales volumes slowed in fiscal 2026, along with continued margin pressure, due to customer-demand headwinds and recent volatility from uncertainty related to tariffs; however, there remains healthy demand for REPREE, generating continued portfolio expansion.

Fluctuations in Raw Material Costs and Foreign Currency Exchange Rates

Raw material costs represent a significant portion of UNIFI's product costs. The prices for the principal raw materials used by UNIFI continually fluctuate, and it is difficult or impossible to predict trends or upcoming developments.

The continuing volatility in global crude oil prices is likely to impact UNIFI's polyester and nylon raw material costs. While it is not possible to predict the timing or amount of the impact or whether the recent fluctuations in crude oil prices will stabilize, increase, or decrease, UNIFI monitors these dynamic factors closely. In addition, UNIFI attempts to pass on to its customers increases in raw material costs but due to market pressures, this is not always possible. When price increases can be implemented, there is typically a time lag that adversely affects UNIFI and its margins during one or more quarters. Certain customers are subject to an index-based pricing model in which UNIFI's prices are adjusted based on the change in the cost of certain raw materials in the prior quarter. Pricing adjustments for other customers must be negotiated independently. In ordinary market conditions in which raw material cost increases have stabilized and sales volumes are consistent with traditional levels, UNIFI has historically been successful in implementing price adjustments within one or two fiscal quarters of the raw material price increase for all of its customers.

UNIFI is also impacted by significant fluctuations in the value of the BRL and the Chinese Renminbi (the "RMB"), the local currencies for our operations in Brazil and China, respectively. Appreciation of the BRL and the RMB improves our net sales and gross profit metrics when the results of our subsidiaries are translated into USDs at comparatively favorable rates. However, such strengthening may cause adverse impacts to the value of USDs held in these foreign jurisdictions. UNIFI expects continued volatility in the value of the BRL and the RMB to impact our key performance metrics and actual financial results, although the magnitude of the impact is dependent upon the significance of the volatility, and it is not possible to predict the timing or amount of the impact.

The BRL to USD weighted average exchange rate was 5.27, 5.71, and 5.01 for fiscal 2026, 2025, and 2024, respectively. The RMB to USD weighted average exchange rate was 6.98, 7.21, and 7.22 for fiscal 2026, 2025, and 2024, respectively.

Key Performance Indicators and Non-GAAP Financial Measures

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

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

EBITDA, Adjusted EBITDA, Adjusted Net (Loss) Income, Adjusted EPS, Adjusted Working Capital, and Net Debt (collectively, the "non-GAAP financial measures") are not determined in accordance with GAAP and should not be considered a substitute for performance measures determined in accordance with GAAP. The calculations of the non-GAAP financial measures are subjective, based on management’s belief as to which items should be included or excluded in order to provide the most reasonable and comparable view of the underlying operating performance of the business. We may, from time to time, modify the amounts used to determine our non-GAAP financial measures. When applicable, management’s discussion and analysis includes specific consideration for items that comprise the reconciliations of its non-GAAP financial measures.

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

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

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

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

See "Non-GAAP Reconciliations" below for reconciliations of each non-GAAP metrics to the most directly comparable GAAP metric.

Review of Results of Operations for Fiscal 2026, 2025, and 2024

UNIFI's fiscal 2026, 2025, and 2024 each consisted of 52 weeks, with no impacts to net sales, gross profit, and selling, general, and administrative ("SG&A") expenses due to extra weeks.

Consolidated Overview

The below tables provide:

- the components of net loss and the percentage increase or decrease over the prior fiscal year amounts,
- a reconciliation from net loss to EBITDA and Adjusted EBITDA, and
- a reconciliation from net loss to Adjusted Net Loss and Adjusted EPS.

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

Net Loss

	Fiscal 2026	% Change	Fiscal 2025	% Change	Fiscal 2024
Net sales	\$ 531,303	(7.0)	\$ 571,344	(1.9)	\$ 582,209
Cost of sales	500,847	(11.0)	562,926	(0.5)	565,593
Gross profit	30,456	nm	8,418	(49.3)	16,616
SG&A	44,681	(8.8)	49,005	5.1	46,632
(Benefit) provision for bad debts	(156)	(6.0)	(166)	(110.6)	1,571
Restructuring costs, net	1,853	(79.2)	8,924	74.9	5,101
(Gain) loss on sales and disposals of assets	(4)	(100.0)	(40,079)	nm	62
Other operating (income) expense, net	(1,270)	nm	254	(62.1)	671
Operating loss	(14,648)	53.9	(9,520)	(74.6)	(37,421)
Interest expense, net	5,114	(40.8)	8,632	11.7	7,726
Loss from unconsolidated affiliates	266	(44.2)	477	22.3	390
Loss before income taxes	(20,028)	7.5	(18,629)	(59.1)	(45,537)
Provision for income taxes	4,534	163.8	1,719	(7.5)	1,858
Net loss	\$ (24,562)	20.7	\$ (20,348)	(57.1)	\$ (47,395)

nm – not meaningful

Non-GAAP Reconciliations**EBITDA and Adjusted EBITDA (Non-GAAP Financial Measures)**

The reconciliations of the amounts reported under GAAP for Net Loss to EBITDA and Adjusted EBITDA are as follows.

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Net loss	\$ (24,562)	\$ (20,348)	\$ (47,395)
Interest expense, net	5,114	8,632	7,726
Provision for income taxes	4,534	1,719	1,858
Depreciation and amortization expense ⁽¹⁾	23,820	25,064	27,513
EBITDA	8,906	15,067	(10,295)
Transition costs ⁽²⁾	1,068	13,485	—
Gain on foreign currency transaction, net ⁽³⁾	(1,892)	—	—
Gain on sales of assets ⁽⁴⁾	—	(40,103)	—
Restructuring costs, net ⁽⁵⁾	785	—	5,101
Adjusted EBITDA	\$ 8,867	\$ (11,551)	\$ (5,197)

(1) Within this reconciliation, depreciation and amortization expense excludes the amortization of debt issuance costs, which are reflected in interest expense, net. Within the accompanying Consolidated Statements of Cash Flows, amortization of debt issuance costs is reflected in depreciation and amortization expense. In fiscal 2025, interest expense, net includes \$136 of loss on debt extinguishment.

(2) In fiscal 2026, UNIFI incurred various transition costs totaling \$1,068 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$1,021, and (ii) employee separation costs of \$47. The facility closure, equipment relocation, and employee separation costs were all recorded within Restructuring costs in the Consolidated Statements of Operations. In fiscal 2025, UNIFI incurred various transition costs totaling \$13,485 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$5,896, (ii) inventory write-downs of \$2,923, (iii) excess fixed manufacturing costs of \$1,638, (iv) employee separation or retention costs of \$1,580, and (v) forfeitures of deposits for texturing machinery of \$1,448. 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 Consolidated Statements of Operations.

- (3) In fiscal 2026, UNIFI recorded a foreign currency gain of \$1,892. In December 2025, Brazil declared dividends against the majority of its retained earnings in connection with certain tax law changes related to future dividends. Foreign currency transaction gains (losses) are recorded to reflect changes in the exchange rate of the Brazilian Real to the U.S. Dollar while the dividend payable is outstanding.
- (4) 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.
- (5) In fiscal 2026, UNIFI recorded employee separation costs of \$1,093 in connection with the Fiscal 2026 Profit Improvement Plan and a \$308 gain from disposals of assets from the consolidation of Americas yarn manufacturing operations. In 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) Loss Before Income Taxes ("Pre-tax Loss"), Provision for Income Taxes ("Tax Impact") and Net Loss to Adjusted Net Loss and (ii) Diluted EPS to Adjusted EPS.

	Fiscal 2026			
	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (20,028)	\$ (4,534)	\$ (24,562)	\$ (1.33)
Transition costs ⁽¹⁾	1,068	—	1,068	0.06
Gain on foreign currency transaction, net ⁽²⁾	(1,892)	488	(1,404)	(0.07)
Restructuring costs, net ⁽³⁾	785	(11)	774	0.04
Adjusted results	<u>\$ (20,067)</u>	<u>\$ (4,057)</u>	<u>\$ (24,124)</u>	<u>\$ (1.30)</u>

Weighted average common shares outstanding 18,488

	Fiscal 2025			
	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (18,629)	\$ (1,719)	\$ (20,348)	\$ (1.11)
Transition costs ⁽¹⁾	13,485	—	13,485	0.74
Gain on sales of assets ⁽⁴⁾	(40,103)	—	(40,103)	(2.19)
Recovery of income taxes ⁽⁵⁾	—	(893)	(893)	(0.05)
Adjusted results	<u>\$ (45,247)</u>	<u>\$ (2,612)</u>	<u>\$ (47,859)</u>	<u>\$ (2.61)</u>

Weighted average common shares outstanding 18,314

	Fiscal 2024			
	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (45,537)	\$ (1,858)	\$ (47,395)	\$ (2.61)
Restructuring costs, net ⁽³⁾	5,101	—	5,101	0.28
Adjusted results	<u>\$ (40,436)</u>	<u>\$ (1,858)</u>	<u>\$ (42,294)</u>	<u>\$ (2.33)</u>

Weighted average common shares outstanding 18,154

- (1) In fiscal 2026, UNIFI incurred various transition costs totaling \$1,068 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$1,021, and (ii) employee separation costs of \$47. The facility closure, equipment relocation, and employee separation costs were all recorded within Restructuring costs in the 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. In fiscal 2025, UNIFI incurred various transition costs totaling \$13,485 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$5,896, (ii) inventory write-downs of \$2,923, (iii) excess fixed manufacturing costs of \$1,638, (iv) employee separation or retention costs of \$1,580, and (v) forfeitures of deposits for texturing machinery of \$1,448. 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 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 fiscal 2026, UNIFI recorded a foreign currency gain of \$1,892. In December 2025, Brazil declared dividends against the majority of its retained earnings in connection with certain tax law changes related to future dividends. Foreign currency transaction gains (losses) are recorded to reflect changes in the exchange rate of the Brazilian Real to the U.S. Dollar while the dividend payable is outstanding. The associated tax impact was estimated to be \$488, based on the relevant jurisdiction's statutory tax rate for the period.
- (3) In fiscal 2026, UNIFI recorded employee separation costs of \$1,093 in connection with the Fiscal 2026 Profit Improvement Plan and a \$308 gain from disposals of assets from the consolidation of Americas yarn manufacturing operations. The associated tax impact was estimated to be \$11 related to employee separation costs in the Asia Segment. In 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.

- (4) 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.
- (5) 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.

Net Sales

Fiscal 2026 vs. Fiscal 2025

Consolidated net sales for fiscal 2026 decreased by \$40,041, or 7.0%, and consolidated sales volumes decreased 5.1%, compared to fiscal 2025. Net sales in fiscal 2026 were lower primarily due to (i) lower sales volumes in the Asia Segment, (ii) lower sales volumes and lower-priced sales mix in the Americas Segment, and (iii) lower sales volumes and prices in the Brazil Segment. Overall sales remain depressed, particularly in the Americas and Asia Segments as a result of continued volatility from uncertainty over ongoing geopolitical events, global trade policies, and competition from lower-priced products. Additionally, UNIFI's strategic pricing initiatives in the Americas Segment led to a decline in lower-margin sales.

Consolidated weighted average sales prices decreased 1.9%. The decrease in sales prices was primarily attributable to sales mix and lower average selling prices in the Americas and Brazil Segments.

REPREVE Fiber products for fiscal 2026 comprised 30%, or \$157,428, of consolidated net sales, compared to 31%, or \$174,855, for fiscal 2025.

Fiscal 2025 vs. Fiscal 2024

Consolidated net sales for fiscal 2025 decreased by \$10,865, or 1.9%, and consolidated sales volumes increased 0.2%, compared to fiscal 2024. Net sales in fiscal 2025 were lower primarily due to lower sales in the Asia Segment which were partially offset by improved sales volumes and prices in the Brazil Segment. However, most of Brazil's improvement was offset by unfavorable foreign currency translation effects. Despite some volume improvements, overall sales remain depressed, particularly in the Americas and Asia Segments as a result of continued customer-demand headwinds and volatility from uncertainty over global trade policies.

Consolidated weighted average sales prices decreased 2.1%. The decrease in sales prices was primarily attributable to sales mix and lower average selling prices in the Asia Segment, together with unfavorable foreign currency translation effects from the weakening of the BRL versus the USD within our Brazil Segment.

REPREVE Fiber products for fiscal 2025 comprised 31%, or \$174,855, of consolidated net sales, compared to 32%, or \$188,517, for fiscal 2024. REPREVE Fiber sales decreased primarily due to lower customer demand, cautious purchasing patterns, and ongoing competitive pressures in the recycled fiber market.

Gross Profit

Fiscal 2026 vs. Fiscal 2025

Gross profit for fiscal 2026 increased to \$30,456 from \$8,418 in fiscal 2025. Gross profit increased primarily due to (i) variable cost-saving initiatives and (ii) improved utilization in certain manufacturing areas. This increase was partially offset by (a) lower sales volumes and (b) production volatility from an inability to forecast demand due to the uncertainty caused by geopolitical events and tariffs impacting the Americas Segment. Gross profit continues to be unfavorably impacted by demand volatility in the Americas Segment and import pricing pressures in the Brazil Segment.

- Americas Segment gross profit increased primarily due to overall cost-saving initiatives, including reductions in manufacturing costs from the consolidation of Americas yarn manufacturing operations and the Fiscal 2026 Profit Improvement Plan, partially offset by demand and production volatility stemming from geopolitical events and tariff uncertainty.
- Brazil Segment gross profit decreased primarily due to (i) lower sales volumes and (ii) competitive import pricing pressures.
- Asia Segment gross profit decreased primarily due to lower sales volumes.

Fiscal 2025 vs. Fiscal 2024

Gross profit for fiscal 2025 decreased to \$8,418 from \$16,616 in fiscal 2024. Gross profit decreased primarily due to (i) lower overall conversion margins and (ii) low utilization and decreased productivity related to the consolidation of yarn manufacturing operations in the Americas Segment. This was partially offset by (a) increased sales volumes, (b) variable cost-saving initiatives, and (c) improved productivity in certain manufacturing areas. Gross profit continues to be unfavorably impacted by weak manufacturing utilization in the Americas Segment, where utilization and productivity remain below expected levels.

- For the Americas Segment, gross profit decreased primarily due to (i) low manufacturing utilization and (ii) decreased productivity related to the consolidation of yarn manufacturing operations, partially offset by (a) slightly higher sales volumes, (b) higher conversion margins, and (c) variable cost management efforts. Additionally, \$4,561 of transition costs were incurred during fiscal 2025, recorded in Cost of sales, related to (i) inventory write-downs of \$2,923, and (ii) excess fixed manufacturing costs of \$1,638.
- For the Brazil Segment, gross profit increased primarily due to (i) higher selling prices and (ii) higher sales volumes from market share gains, which were partially offset by (a) increased raw material costs and (b) an unfavorable foreign currency translation impact. However, low-cost import competition unfavorably impacted sales prices during the fiscal year.
- For the Asia Segment, gross profit decreased primarily due to (i) lower sales volumes and (ii) lower conversion margins from an unfavorable change in sales mix in a volatile and weak demand environment.

SG&A Expenses

The changes in SG&A expenses were as follows:

SG&A for fiscal 2024	\$	46,632
Net increase in compensation-related expenses		2,454
Net increase in professional fees		690
Other net increases		158
Net decrease in depreciation and amortization expenses		(929)
SG&A for fiscal 2025	\$	49,005
SG&A for fiscal 2025	\$	49,005
Net decrease in professional fees		(1,544)
Net decrease in salary expenses		(1,493)
Net decrease in travel and entertainment		(547)
Net decrease in marketing expenses		(487)
Other net decreases		(253)
SG&A for fiscal 2026	\$	44,681

Fiscal 2026 vs. Fiscal 2025

SG&A expenses decreased from fiscal 2025, primarily due to the actions from the Fiscal 2026 Profit Improvement Plan.

Fiscal 2025 vs. Fiscal 2024

SG&A expenses increased from fiscal 2024, primarily due to higher compensation-related expenses and professional fee expenses, partially offset by decreases in depreciation and amortization expenses.

(Benefit) Provision for Bad Debts

Fiscal 2026 vs. Fiscal 2025

The (benefit) provision for bad debts was a benefit of \$156 in fiscal 2026 and a benefit of \$166 in fiscal 2025 as the current year reflects no material activity.

Fiscal 2025 vs. Fiscal 2024

The (benefit) provision for bad debts changed to a benefit of \$166 in fiscal 2025 from a provision of \$1,571 in fiscal 2024 as the current year reflects a partial recovery of a provision recorded in fiscal 2024 for a specifically identified customer balance originating in the U.S. fiber market.

Restructuring Costs, Net

During October 2025, UNIFI implemented additional cost-saving initiatives that include reducing variable manufacturing costs across labor, spend, and support functions, while also eliminating a meaningful percentage of salaried positions in the U.S. In fiscal 2026, UNIFI incurred employee separation costs of \$1,093 related to the Fiscal 2026 Profit Improvement Plan. Additionally, UNIFI recognized a gain of \$308 during fiscal 2025 from disposals of assets in conjunction with the consolidation of Americas yarn manufacturing operations. In fiscal 2026, UNIFI incurred \$1,068 in additional costs related to the Madison facility shutdown described below.

On February 3, 2025, UNIFI announced the closing of its Madison, North Carolina facility and the transition of those manufacturing operations to other UNIFI production facilities in North and Central America. As a result, UNIFI incurred transition costs of \$8,924 in fiscal 2025 which consisted of (i) equipment relocation and facility closure costs (including asset impairments and disposals) of \$5,896, (ii) employee separation or retention costs of \$1,580 and (iii) \$1,448 in forfeitures of deposits for texturing machinery.

Restructuring costs for fiscal 2024 consisted of (i) a loss of \$2,750 for the dissolution of a nylon joint venture and (ii) severance charges of \$2,351 in connection with the Profitability Improvement Plan in the U.S.

Loss (Gain) on Sales and Disposals of Assets

In the second quarter of fiscal 2025, UNIFI recorded a gain of \$4,296 related to the sale of a warehouse located in Yadkinville, North Carolina. In the fourth quarter of fiscal 2025, UNIFI recorded a gain of \$35,807 related to the sale of its manufacturing facility in Madison, North Carolina. There was no meaningful activity in fiscal 2026 or 2024.

Other Operating (Income) Expense, Net

Fiscal 2026 vs. Fiscal 2025 vs. Fiscal 2024

Other operating (income) expense, net for fiscal 2026, 2025, and 2024 includes foreign currency transaction (gains) losses of \$(1,215), \$323, and \$376, respectively, with no other meaningful activity. In December 2025, Brazil declared dividends against the majority of its retained earnings in connection with certain tax law changes related to future dividends. Foreign currency transaction gains (losses) are recorded to reflect changes in the exchange rate of the Brazilian Real to the U.S. Dollar while the dividend payable is outstanding.

Interest Expense, Net

Fiscal 2026 vs. Fiscal 2025

Interest expense, net decreased from fiscal 2025. The decrease was attributable to lower average debt principal and lower average interest rates in fiscal 2026. Fiscal 2025 also included a \$136 loss on debt extinguishment.

Fiscal 2025 vs. Fiscal 2024

Interest expense, net increased from fiscal 2024. The increase was attributable to higher average borrowings on the revolving credit facilities for most of fiscal 2025 and lower global cash balances in fiscal 2025. Fiscal 2025 also included a \$136 loss on debt extinguishment.

Loss from Unconsolidated Affiliates

There was no material activity for fiscal 2026, 2025, and 2024.

Provision for Income Taxes

The change in consolidated income taxes is as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Loss before income taxes	\$ (20,028)	\$ (18,629)	\$ (45,537)
Provision for income taxes	4,534	1,719	1,858
Effective tax rate	(22.6)%	(9.2)%	(4.1)%

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

Fiscal 2026 vs. Fiscal 2025

The decrease in the effective tax rate from fiscal 2025 to fiscal 2026 was primarily attributable to (i) a greater increase in the valuation allowances on losses and credit carryforwards in fiscal 2026, and (ii) a tax benefit associated with the recovery of income taxes in Brazil in fiscal 2025.

Fiscal 2025 vs. Fiscal 2024

The decrease in the effective tax rate from fiscal 2024 to fiscal 2025 was primarily attributable to (i) lower losses in the U.S. current year and (ii) a decrease in valuation allowances and release of interest and penalty reserves for uncertain tax benefits as a result of concluding an IRS audit in prior period.

Net Loss

Fiscal 2026 vs. Fiscal 2025

Net loss for fiscal 2026 was \$24,562, or \$1.33 per diluted share, compared to \$20,348, or \$1.11 per diluted share, for fiscal 2025. The change in net loss was primarily attributable to (i) a gain on sales of assets in fiscal 2025 and (ii) higher income tax expense, which were partially offset by (a) increased gross profit, (b) lower SG&A expenses, (c) lower interest expense, net, and (d) lower restructuring costs in fiscal 2026.

Fiscal 2025 vs. Fiscal 2024

Net loss for fiscal 2025 was \$20,348, or \$1.11 per diluted share, compared to \$47,395, or \$2.61 per diluted share, for fiscal 2024. The improvement in net loss was primarily attributable to gains on the sales of assets, partially offset by (a) lower gross profit and (b) higher restructuring costs.

Adjusted EBITDA (Non-GAAP Financial Measure)

Adjusted EBITDA increased from \$(11,551) for fiscal 2025 to \$8,867 for fiscal 2026, primarily due to (i) higher gross profit and (ii) lower SG&A.

Adjusted EBITDA decreased from \$(5,197) for fiscal 2024 to \$(11,551) for fiscal 2025, primarily due to lower gross profit together with increases in SG&A expenses, partially offset by the improvement in bad debt expense.

Adjusted Net Loss (Non-GAAP Financial Measure)

Adjusted Net Loss improved from \$(47,859) for fiscal 2025 to \$(24,124) for fiscal 2026, primarily due to (i) higher gross profit, (ii) lower SG&A, and (iii) lower interest expense.

Adjusted Net Loss increased from \$(42,294) for fiscal 2024 to \$(47,859) for fiscal 2025, primarily due to lower gross profit together with increases in SG&A expenses, partially offset by the improvement in bad debt expense.

Segment Overview

Following is a discussion and analysis of the revenue and profitability performance of UNIFI's reportable segments for fiscal 2025, 2024, and 2023.

Americas Segment

The components of Segment Profit and the percentage increase or decrease over the prior period amounts for the Americas Segment are as follows:

	Fiscal 2026		% Change	Fiscal 2025		% Change	Fiscal 2024	
Net sales	\$	325,210	(6.5)	\$	347,931	1.1	\$	344,256
Cost of sales		320,397	(13.0)		368,148	1.7		361,886
Gross profit (loss)		4,813	123.8		(20,217)	(14.7)		(17,630)
Depreciation expense		19,559	(6.9)		21,003	(5.2)		22,154
Segment Profit	\$	24,372	nm	\$	786	(82.6)	\$	4,524
Gross margin		1.5%			(5.8)%			(5.1)%
Segment margin		7.5%			0.2%			1.3%
Segment net sales as a percentage of consolidated amount		61.2%			60.9%			59.1%
Segment Profit as a percentage of consolidated amount		45.7%			2.4%			10.8%
nm – not meaningful								

The changes in net sales for the Americas Segment are as follows:

Net sales for fiscal 2024	\$	344,256
Net change in average selling price and sales mix		1,843
Increase in sales volumes		1,832
Net sales for fiscal 2025	\$	347,931
Net sales for fiscal 2025	\$	347,931
Net change in average selling price and sales mix		(21,741)
Decrease in sales volumes		(980)
Net sales for fiscal 2026	\$	325,210

The decrease in net sales for the Americas Segment from fiscal 2025 to fiscal 2026 was primarily attributable to (i) a lower-priced sales mix and (ii) lower sales volumes as discussed above.

The increase in net sales for the Americas Segment from fiscal 2024 to fiscal 2025 was primarily attributable to higher sales volumes, partially offset by a lower-priced sales mix. Both periods were unfavorably impacted by customer-demand headwinds and the volatile global textile demand environment.

The changes in Segment Profit for the Americas Segment are as follows:

Segment Profit for fiscal 2024	\$	4,524
Change in underlying margins and sales mix		(3,738)
Segment Profit for fiscal 2025	\$	786
Segment Profit for fiscal 2025	\$	786
Change in underlying margins and sales mix		23,586
Segment Profit for fiscal 2026	\$	24,372

The increase in Segment Profit for the Americas Segment from fiscal 2025 to fiscal 2026 was primarily attributable to overall cost-saving initiatives, including reductions in manufacturing costs from the consolidation of Americas yarn manufacturing operations and the Fiscal 2026 Profit Improvement Plan, contributing to improved facility utilization.

The decrease in Segment Profit for the Americas Segment from fiscal 2024 to fiscal 2025 was primarily attributable to lower than anticipated manufacturing utilization and inconsistent productivity, along with transition costs related to the consolidation of yarn manufacturing operations.

Brazil Segment

The components of Segment Profit and the percentage increase or decrease over the prior period amounts for the Brazil Segment are as follows:

	Fiscal 2026	% Change	Fiscal 2025	% Change	Fiscal 2024
Net sales	\$ 115,148	(3.0)	\$ 118,726	0.8	\$ 117,783
Cost of sales	101,008	(1.6)	102,699	(0.3)	103,028
Gross profit	14,140	(11.8)	16,027	8.6	14,755
Depreciation expense	3,271	18.0	2,771	(14.9)	3,257
Segment Profit	\$ 17,411	(7.4)	\$ 18,798	4.4	\$ 18,012
Gross margin	12.3%		13.5%		12.5%
Segment margin	15.1%		15.8%		15.3%
Segment net sales as a percentage of consolidated amount	21.7%		20.8%		20.2%
Segment Profit as a percentage of consolidated amount	32.6%		58.3%		42.8%

The changes in net sales for the Brazil Segment are as follows:

Net sales for fiscal 2024	\$	117,783
Increase in average selling price and change in sales mix		10,735
Increase in sales volumes		4,476
Unfavorable foreign currency translation effects		(14,268)
Net sales for fiscal 2025	\$	118,726
Net sales for fiscal 2025	\$	118,726
Decrease in average selling price and change in sales mix		(6,998)
Decrease in sales volumes		(6,058)
Favorable foreign currency translation effects		9,478
Net sales for fiscal 2026	\$	115,148

The decrease in net sales for the Brazil Segment from fiscal 2025 to fiscal 2026 was primarily attributable to (i) lower selling prices associated with competitive import pricing pressures and (ii) lower sales volumes due to market conditions, partially offset by favorable foreign currency translation effects from the strengthening of the BRL versus the USD.

The increase in net sales for the Brazil Segment from fiscal 2024 to fiscal 2025 was primarily attributable to (i) higher average selling prices in response to increasing raw material costs and (ii) an improvement in sales volumes from market share gains, mostly offset by unfavorable foreign currency translation effects from the weakening of the BRL versus the USD.

The changes in Segment Profit for the Brazil Segment are as follows:

Segment Profit for fiscal 2024	\$	18,012
Increase in underlying margins		2,198
Increase in sales volumes		688
Unfavorable foreign currency translation effects		(2,100)
Segment Profit for fiscal 2025	\$	18,798
Segment Profit for fiscal 2025	\$	18,798
Decrease in underlying margins		(1,592)
Decrease in sales volumes		(942)
Favorable foreign currency translation effects		1,147
Segment Profit for fiscal 2026	\$	17,411

The decrease in Segment Profit for the Brazil Segment from fiscal 2025 to fiscal 2026 was primarily attributable to (i) lower margins primarily due to sales mix and import pricing pressures and (ii) a decrease in sales volumes discussed above, partially offset by favorable foreign currency translation effects from the strengthening of the BRL versus the USD. We continue to prioritize innovation and differentiation to improve our portfolio and competitive position in Brazil.

The increase in Segment Profit for the Brazil Segment from fiscal 2024 to fiscal 2025 was primarily attributable to (i) higher conversion margins and (ii) an increase in sales volumes discussed above, partially offset by unfavorable foreign currency translation effects. We continue to prioritize innovation and differentiation to improve our portfolio and competitive position in Brazil.

Asia Segment

The components of Segment Profit and the percentage increase or decrease over the prior period amounts for the Asia Segment are as follows:

	Fiscal 2026	% Change	Fiscal 2025	% Change	Fiscal 2024
Net sales	\$ 90,945	(13.1)	\$ 104,687	(12.9)	\$ 120,170
Cost of sales	79,442	(13.7)	92,079	(8.5)	100,679
Gross profit	11,503	(8.8)	12,608	(35.3)	19,491
Depreciation expense	57	—	57	470.0	10
Segment Profit	\$ 11,560	(8.7)	\$ 12,665	(35.1)	\$ 19,501
Gross margin	12.6%		12.0%		16.2%
Segment margin	12.7%		12.1%		16.2%
Segment net sales as a percentage of consolidated amount	17.1%		18.3%		20.6%
Segment Profit as a percentage of consolidated amount	21.7%		39.3%		46.4%

The changes in net sales for the Asia Segment are as follows:

Net sales for fiscal 2024	\$	120,170
Change in average selling price and sales mix		(10,103)
Decrease in sales volumes		(5,433)
Favorable foreign currency translation effects		53
Net sales for fiscal 2025	\$	104,687
Net sales for fiscal 2025	\$	104,687
Decrease in sales volumes		(14,673)
Change in average selling price and sales mix		(2,157)
Favorable foreign currency translation effects		3,088
Net sales for fiscal 2026	\$	90,945

The decrease in net sales for the Asia Segment from fiscal 2025 to fiscal 2026 was primarily attributable to (i) an overall decrease in sales volumes due to competitive pricing pressures and the continued volatility stemming from geopolitical events and tariffs and (ii) a change in sales mix of REPVE products, partially offset by favorable foreign currency translation effects from the strengthening of the RMB versus the USD.

The decrease in net sales for the Asia Segment from fiscal 2024 to fiscal 2025 was primarily attributable to (i) a change in sales mix of REPVE products and (ii) an overall decrease in sales volumes due to the continued customer-demand headwinds, particularly for apparel, and volatility introduced by recent tariffs partially offset by favorable foreign currency translation effects due to the strengthening of the RMB versus the USD.

The changes in Segment Profit for the Asia Segment are as follows:

Segment Profit for fiscal 2024	\$	19,501
Change in underlying margins and sales mix		(5,979)
Decrease in sales volumes		(862)
Favorable foreign currency translation effects		25
Segment Profit for fiscal 2025	\$	12,665
Segment Profit for fiscal 2025	\$	12,665
Decrease in sales volumes		(1,782)
Change in underlying margins and sales mix		252
Favorable foreign currency translation effects		425
Segment Profit for fiscal 2026	\$	11,560

The decrease in Segment Profit for the Asia Segment from fiscal 2025 to fiscal 2026 was primarily attributable to a decline in sales volumes as discussed above.

The decrease in Segment Profit for the Asia Segment from fiscal 2024 to fiscal 2025 was primarily attributable to a decline in gross margin associated with (i) a change in sales mix of REPREVE products and (ii) lower sales volumes due to customer-demand headwinds and volatility introduced by recent tariffs.

Liquidity and Capital Resources

UNIFI's primary capital requirements are for working capital, capital expenditures, and debt service. UNIFI's primary sources of capital are cash generated from operations and borrowings available under existing debt agreements.

As of June 28, 2026, \$70,439 of UNIFI's debt obligations were guaranteed by certain of its domestic operating subsidiaries and the remaining \$22,000 were guaranteed by a related party discussed below, and nearly all of UNIFI's cash and cash equivalents were held by its foreign subsidiaries. Cash and cash equivalents held by foreign subsidiaries may not be presently available to fund UNIFI's domestic capital requirements, including its domestic debt obligations. UNIFI employs a variety of strategies to ensure that its worldwide cash is available in the locations where it is needed.

The following table presents a summary of cash and cash equivalents, borrowings available under financing arrangements, liquidity, working capital, and total debt obligations as of June 28, 2026 for domestic operations compared to foreign operations:

	Domestic	Foreign	Total
Cash and cash equivalents	\$ 41	\$ 25,031	\$ 25,072
Potential borrowings available under financing arrangements	44,741	—	44,741
Trigger level under ABL Revolver	(16,500)	—	(16,500)
Available liquidity	\$ 28,282	\$ 25,031	\$ 53,313
Working capital	\$ 41,131	\$ 106,767	\$ 147,898
Total debt obligations	\$ 92,439	\$ —	\$ 92,439

For fiscal 2026, cash provided from operations was \$26,534 and, at June 28, 2026, excess availability under the 2022 ABL Revolver and the 2024 Facility was \$44,147 and \$594, respectively. Our liquidity position (calculated in the table above) and asset base remains elevated and is expected to be adequate to allow UNIFI to manage through the current macro-economic environment and to respond quickly to demand recovery.

UNIFI considers \$44,110 of its unremitted foreign earnings to be permanently reinvested to fund working capital requirements and operations abroad, and has therefore not recognized a deferred tax liability for the estimated future taxes that would be incurred upon repatriation. If these earnings were distributed in the form of dividends or otherwise, or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, UNIFI could be subject to additional tax liabilities of approximately \$13,728.

Liquidity Considerations

Inflationary pressures and demand uncertainty throughout fiscal 2024, 2025, and 2026 created risks to UNIFI's liquidity.

Following the establishment of the 2022 Credit Agreement and the reduction in net debt from the sale of the Madison manufacturing facility, UNIFI's cash and liquidity positions are considered sufficient to sustain its operations and meet its growth needs. However, further degradation in the macroeconomic environment could introduce additional liquidity risk and require UNIFI to limit cash outflows for discretionary activities while further utilizing available and additional forms of credit.

Short-term global demand appears somewhat uncertain and any adverse events or circumstances could place critical pressure on (i) our liquidity position; and/or (ii) our ability to fund our operations, capital expenditures, and expected business growth. Should global demand, economic activity, or input availability decline considerably for a prolonged period of time (for example, in connection with the Russia-Ukraine or Middle East conflicts or other macro-economic factors), UNIFI maintains the ability to (i) seek additional credit or financing arrangements and/or (ii) re-implement cost reduction initiatives to preserve cash and secure the longevity of the business and operations.

Additionally, UNIFI considers opportunities to repatriate existing cash to reduce debt and preserve or enhance liquidity. In fiscal 2024, 2025, and 2026, we repatriated approximately \$32,000, \$15,000, and \$13,000, respectively, from our operations in Asia and Brazil to the U.S. and, after remitting the appropriate withholding taxes, utilized the cash to reduce our outstanding revolver borrowings, thereby increasing the availability. Management regularly evaluates such repatriations and believes that it has the ability to take additional, similar actions from time to time, as circumstances warrant.

In the fourth quarter of fiscal 2025, UNIFI sold its Madison, North Carolina facility, as well as certain machinery and equipment located thereon, for a cash purchase price of \$45,000. The sale of this facility was part of a plan announced in February 2025 to consolidate the Americas Segment yarn manufacturing operations and transition the associated manufacturing operations to other production facilities in North and Central America.

During fiscal 2027, we expect the majority of our capital will be deployed to support further working capital needs in response to the current demand environment and product sales. However, given the current global economic risks, we are prepared to act swiftly and decisively to ensure the vitality of the business. Our recent actions, specifically the transition of our Madison operations to other production facilities within North and Central America, will continue to provide better operational efficiency as a result of the cost savings that have been realized. We have also entered into an agreement to sell certain non-strategic real estate assets in North Carolina, and the closing of this transaction would have a significant positive impact to deleveraging the balance sheet and operating structure.

Debt Obligations

The following table presents details for UNIFI's debt obligations:

	Scheduled Maturity Date	Weighted Average Interest Rate as of June 28, 2026	Principal Amounts as of	
			June 28, 2026	June 29, 2025
ABL Revolver	October 2027	7.8%	\$ 3,900	\$ 11,000
2024 Facility	October 2027	4.5%	22,000	22,000
ABL Term Loan	October 2027	5.8%	57,800	67,000
Finance lease obligations	(1)	4.8%	8,739	8,008
Total debt			92,439	108,008
Current ABL Term Loan			(9,200)	(9,200)
Current portion of finance lease obligations			(3,171)	(2,959)
Unamortized debt issuance costs			(70)	(122)
Total long-term debt			\$ 79,998	\$ 95,727

(1) Scheduled maturity dates for finance lease obligations range from November 2026 to October 2032, as further outlined in Note 4, "Leases," to the accompanying consolidated financial statements.

2022 ABL Facility and Amendments

On October 28, 2022, Unifi, Inc. and certain of its subsidiaries entered into a Second Amended and Restated Credit Agreement (the "2022 Credit Agreement") with a syndicate of lenders which provided for a \$230,000 senior secured credit facility (the "2022 ABL Facility"), including a \$115,000 revolving credit facility (the "2022 ABL Revolver") and a term loan (the "2022 ABL Term Loan") that can be reset up to a maximum amount of \$115,000, once per fiscal year, if certain conditions are met. The 2022 ABL Facility has a maturity date of October 28, 2027. The 2022 ABL Term Loan requires quarterly principal payments of \$2,300. Borrowings under the 2022 ABL Facility bear interest at the Secured Overnight Financing Rate ("SOFR") plus 0.10% plus an applicable margin of 2.0%, or the Base Rate (as defined in the 2022 Credit Agreement) plus an applicable margin of 1.0%, with interest paid most commonly on a monthly basis.

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

On April 10, 2025, UNIFI entered into a Second Amendment to the 2022 Credit Agreement (the "Second Amendment"). The Second Amendment primarily (i) permitted the Company to enter into the purchase agreement related to, and consummate the sale of, the Madison, North Carolina property, (ii) permitted the Company to allocate a portion of the net proceeds from the sale to repay outstanding revolving loans under the 2022 Credit Agreement, after the application of the greater of \$25,000 or 50% of such net proceeds toward outstanding term loans, and (iii) required the consent of all lenders, rather than the Required Lenders (as defined in the 2022 Credit Agreement), in order to reset the maximum amount of the term loans available under the 2022 Credit Agreement.

The 2022 ABL Facility is secured by a first-priority perfected security interest in substantially all owned property and assets (together with all proceeds and products) of Unifi, Inc., Unifi Manufacturing, Inc., and a certain subsidiary guarantor (collectively, the "Loan Parties"). It is also secured by a first-priority security interest in all (or 65% in the case of UNIFI's first-tier controlled foreign subsidiary, as required by the lenders) of the stock of (or other ownership interests in) each of the Loan Parties (other than Unifi, Inc.) and certain subsidiaries of the Loan Parties, together with all proceeds and products thereof.

If excess availability under the 2022 ABL Revolver falls below the Trigger Level (as defined in the First Amendment), a financial covenant requiring the Loan Parties to maintain a fixed charge coverage ratio on a quarterly basis of at least 1.05 to 1.00 becomes effective. The Trigger Level as of June 28, 2026 was \$16,500. In addition, the 2022 ABL Facility contains restrictions on particular payments and investments, including certain restrictions on the payment of dividends and share repurchases. Subject to specific provisions, the 2022 ABL Term Loan may be prepaid at par, in whole or in part, at any time before the maturity date, at UNIFI's discretion.

The applicable margin is based on (i) the excess availability under the 2022 ABL Revolver and (ii) the consolidated leverage ratio, calculated as of the end of each fiscal quarter. UNIFI's ability to borrow under the 2022 ABL Revolver is limited to a borrowing base equal to specified percentages of eligible accounts receivable and inventories and is subject to certain conditions and limitations. There is also a monthly unused line fee under the 2022 ABL Revolver of 0.25%.

As of June 28, 2026, UNIFI was in compliance with all financial covenants in the 2022 Credit Agreement; excess availability under the 2022 ABL Revolver was \$44,147 and UNIFI had \$0 of standby letters of credit. Management maintains the capability to improve the fixed charge coverage ratio utilizing existing foreign cash and cash equivalents.

UNIFI did not incur additional costs or administrative burdens during the transition from LIBOR to SOFR with the establishment of the 2022 Credit Agreement.

2024 Facility

On October 25, 2024, UNIFI entered into a new credit agreement with Wells Fargo Bank, National Association for a \$25,000 revolving credit facility (the "2024 Facility"). The maturity date of the 2024 Facility is the earlier of (i) October 28, 2027 and (ii) the termination or refinancing of the 2022 Credit Agreement. The 2024 Facility is deemed unsecured financing for UNIFI, but is collateralized by certain assets pledged by related party Kenneth G. Langone, one of the members of UNIFI's Board of Directors. Borrowings under the 2024 Facility bear interest at a rate of SOFR plus 0.90%. The 2024 Facility contains no additional financial covenants beyond those already in effect for the 2022 Credit Agreement and is subject to a monthly unused line fee of 0.25% on available borrowing capacity. UNIFI borrowed \$22,000 against the 2024 Facility during the third fiscal quarter and used the proceeds to reduce the outstanding ABL Revolver balance. There was no impact to debt principal from these transactions.

Finance Lease Obligations

During fiscal 2026, UNIFI entered into finance lease obligations totaling \$4,117 for transportation equipment. The maturity dates of these obligations range from October 2030 to October 2032 with interest rates ranging from 4.2% to 4.5%.

During fiscal 2025, UNIFI entered into finance lease obligations totaling \$1,716 for transportation equipment. The maturity dates of these obligations range from March 2028 to August 2032 with interest rates ranging from 4.2% to 5.4%.

Scheduled Debt Maturities

The following table presents the scheduled maturities of UNIFI's outstanding debt obligations for the following five fiscal years and thereafter.

	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Thereafter
ABL Revolver	\$ —	\$ 3,900	\$ —	\$ —	\$ —	\$ —
2024 Facility	—	22,000	—	—	—	—
ABL Term Loan	9,200	48,600	—	—	—	—
Finance lease obligations	3,171	2,210	973	949	834	602
Total	\$ 12,371	\$ 76,710	\$ 973	\$ 949	\$ 834	\$ 602

Further discussion of the terms and conditions of the Credit Agreement and the Company's existing indebtedness is outlined in Note 12, "Long-Term Debt," to the accompanying consolidated financial statements.

Net Debt (Non-GAAP Financial Measure)

The reconciliations for Net Debt are as follows:

	June 28, 2026	June 29, 2025
Long-term debt	\$ 79,998	\$ 95,727
Current portion of long-term debt	12,371	12,159
Unamortized debt issuance costs	70	122
Debt principal	92,439	108,008
Less: cash and cash equivalents	25,072	22,664
Net Debt	\$ 67,367	\$ 85,344

Net debt decreased from fiscal 2025 to fiscal 2026 primarily due to improved operating cash flow generation, driven by higher gross profit and lower working capital levels, which enabled the Company to repay \$16,300 on its ABL Facility reducing overall debt principal.

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

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

	June 28, 2026	June 29, 2025
Cash and cash equivalents	\$ 25,072	\$ 22,664
Receivables, net	76,666	75,383
Inventories	101,067	122,929
Income taxes receivable	905	5,429
Other current assets	7,743	9,222
Accounts payable	(31,151)	(37,468)
Other current liabilities	(17,249)	(18,899)
Income taxes payable	(656)	(49)
Current operating lease liabilities	(2,128)	(2,368)
Current portion of long-term debt	(12,371)	(12,159)
Working capital	\$ 147,898	\$ 164,684
Less: Cash and cash equivalents	(25,072)	(22,664)
Less: Income taxes receivable	(905)	(5,429)
Less: Income taxes payable	656	49
Less: Current operating lease liabilities	2,128	2,368
Less: Current portion of long-term debt	12,371	12,159
Adjusted Working Capital	\$ 137,076	\$ 151,167

Working capital decreased from \$164,684 as of June 29, 2025 to \$147,898 as of June 28, 2026, while Adjusted Working Capital decreased from \$151,167 to \$137,076, both primarily in connection with slower overall economic conditions and higher input costs. Working capital and Adjusted Working Capital are within the range of management's expectations based on the composition of the underlying business and global structure.

The increase in receivables, net was primarily due to the timing of cash receipts. The decrease in inventories was primarily attributable to concerted efforts to reduce inventory levels in response to the depressed demand environment and in relation to the consolidation of yarn manufacturing operations with the recent closure of the Madison, North Carolina facility. The decrease in other current assets was primarily due to the decrease in inventory prepayments. The decrease in accounts payable followed the decrease in inventories and production activity in fiscal 2026. The decrease in other current liabilities primarily reflects the change in compensation-related accruals in fiscal 2026 and the timing of payroll and operating expense payments between the two period-ends. The decrease in income taxes receivable was primarily due to receipt of refunds of income taxes recovered for prior periods in Brazil. The change in income taxes payable, current operating lease liabilities, and current portion of long-term debt were insignificant.

Capital Projects

Maintenance capital expenditures are necessary to support UNIFI's current operations, capacities, and capabilities and exclude expenses relating to repairs and costs that do not extend an asset's useful life.

In fiscal 2026, UNIFI invested \$5,002 in capital projects, primarily relating to (i) modifications of machinery with the consolidation of yarn manufacturing operations, (ii) further improvements in production capabilities and technological enhancements in the Americas, and (iii) routine annual maintenance capital expenditures.

In fiscal 2025, UNIFI invested \$10,488 in capital projects, primarily relating to (i) modifications of machinery with the consolidation of yarn manufacturing operations, (ii) further improvements in production capabilities and technological enhancements in the Americas, and (iii) routine annual maintenance capital expenditures.

In fiscal 2024, UNIFI invested \$11,198 in capital projects, primarily relating to (i) further improvements in production capabilities and technological enhancements in the Americas, and (ii) routine annual maintenance capital expenditures.

In fiscal 2027, UNIFI expects to invest between \$7,000 and \$9,000 in capital projects, primarily relating to routine annual maintenance capital expenditures. UNIFI will seek to ensure maintenance capital expenditures are sufficient to allow continued production at high efficiencies.

The total amount ultimately invested for fiscal 2027 could be more or less than the currently estimated amount depending on the timing and scale of contemplated initiatives and is expected to be funded primarily with cash provided by operating activities and other borrowings. UNIFI expects recent and future capital projects to provide benefits to future profitability. The additional assets from these capital projects consist primarily of machinery and equipment.

Share Repurchase Program

On October 31, 2018, UNIFI announced that the Board approved the 2018 SRP under which UNIFI is authorized to acquire up to \$50,000 of its common stock. Under the 2018 SRP, purchases may be made from time to time in the open market at prevailing market prices or through private transactions or block trades. The timing and amount of repurchases will depend on market conditions, share price, applicable legal requirements, and other factors. The share repurchase authorization is discretionary and has no expiration date.

As of June 28, 2026, UNIFI had repurchased 701 shares of its common stock at an average price of \$15.90 per share, none of which occurred in fiscal 2026, leaving \$38,859 available for repurchases under the 2018 SRP. UNIFI will continue to evaluate opportunities to use excess cash flows from operations or existing borrowings to repurchase additional stock, while maintaining sufficient liquidity to support its operational needs and to fund future strategic growth opportunities.

Liquidity Summary

UNIFI has met its historical liquidity requirements for working capital, capital expenditures, debt service requirements, and other operating needs from its cash flows from operations and available borrowings. UNIFI believes that its existing cash balances, cash provided by operating activities, and credit facility will enable UNIFI to meet its foreseeable liquidity requirements. However, further degradation in the macroeconomic environment could introduce additional liquidity risk and require UNIFI to limit cash outflows while further utilizing available and additional forms of credit.

Cash Provided (Used) by Operating Activities

The significant components of net cash provided (used) by operating activities are summarized below. UNIFI analyzes net cash provided by operating activities utilizing the major components of the statements of cash flows prepared under the indirect method.

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Net loss	\$ (24,562)	\$ (20,348)	\$ (47,395)
Depreciation and amortization expense	24,050	25,284	27,669
Equity in loss of unconsolidated affiliates	266	477	390
Non-cash compensation expense	3,352	3,252	2,074
Gain on foreign currency transaction, net	(1,892)	—	—
(Gain) loss on sales and disposals of assets	(119)	(39,317)	62
Deferred income taxes	235	(676)	(3,543)
Subtotal	1,330	(31,328)	(20,743)
Distributions received from unconsolidated affiliates	—	—	1,000
Change in inventories	24,441	9,588	13,879
Other changes in assets and liabilities	763	429	7,956
Net cash provided (used) by operating activities	\$ 26,534	\$ (21,311)	\$ 2,092

Fiscal 2026 Compared to Fiscal 2025

The increase in operating cash flows from fiscal 2025 was primarily due to improvement in gross profit and the reduction in working capital balances in fiscal 2026.

Fiscal 2025 Compared to Fiscal 2024

The decrease in operating cash flows from fiscal 2024 was primarily due to weaker underlying earnings together with less favorable impacts from changes in working capital than in the prior year, and transition activities.

Cash (Used) Provided by Investing Activities and Financing Activities

Fiscal 2026

Significant investing activities included \$5,002 for capital expenditures (as described above). Significant financing activities included \$16,300 of net payments against the 2022 ABL Facility.

Fiscal 2025

Significant investing activities included \$10,488 for capital expenditures (as described above) and \$51,553 of cash proceeds from the sales of a warehouse in Yadkinville, North Carolina and manufacturing facility in Madison, North Carolina. Significant financing activities included \$20,900 of net payments against the 2022 ABL Facility (including \$25,000 and \$18,322 of payments towards the 2022 ABL Term Loan and Revolver, respectively, associated with the sale of the Madison, North Carolina facility in the fourth quarter) along with \$3,093 of payments on finance lease obligations.

Fiscal 2024

Significant investing activities included \$11,189 for capital expenditures (as described above). Significant financing activities included \$7,600 of net payments against the 2022 ABL Facility, along with \$3,001 of payments on finance lease obligations.

Contractual Obligations

In addition to management’s discussion and analysis surrounding our liquidity and capital resources, long-term debt, finance leases, operating leases, and the associated principal and interest components thereof, as of June 28, 2026, UNIFI’s contractual obligations consisted of the following additional concepts and considerations:

- *Purchase obligations* are agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Such obligations, predominantly related to ongoing operations and service contracts in support of normal course business, range from approximately \$1,000 to \$10,000 per annum and vary based on the renewal timing of specific commitments and the range of services received.
- *Non-capital purchase orders* totaled approximately \$20,170 at the end of fiscal 2026 and are expected to be settled in fiscal 2027. Such open purchase orders are in the ordinary course of business for the procurement of (i) raw materials used in the production of inventory, (ii) certain consumables and outsourced services used in UNIFI’s manufacturing processes, and (iii) selected finished goods for resale sourced from third-party suppliers.
- *Other balance sheet items* are detailed within the notes to the consolidated financial statements, including, but not limited to, post-employment plan liabilities, unpaid invoice and contract amounts, and other balances and charges that primarily relate to normal course operations.

UNIFI does not engage in off-balance sheet arrangements and only enters into material contracts in the ordinary course of business and/or to hedge the associated risks (e.g., interest rate swaps).

Recent Accounting Pronouncements

Issued and Pending Adoption

In November 2024, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU No. 2024-03 does not change or remove existing expense disclosure requirement but requires disaggregated disclosures about certain expense categories and captions, including but not limited to, purchases of inventory, employee compensation, depreciation, amortization, and selling expenses. This ASU will become effective for UNIFI’s fiscal 2028 and in the first quarter of fiscal 2029 for interim reporting, with retrospective application permitted. UNIFI is currently evaluating the impact on the Company’s disclosures on its consolidated financial statements.

Upon review of each ASU issued by the FASB through the date of this report, UNIFI identified no other newly issued accounting pronouncements that are expected to have a significant impact on UNIFI’s consolidated financial statements.

Recently Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 modifies the rules on income tax disclosures to require entities to disclose (i) specific categories in the rate reconciliation, (ii) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (iii) income tax expense or benefit from continuing operations (separated by federal, state, and foreign). The ASU also requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. UNIFI adopted the ASU this fiscal year and the adoption did not have a material impact to UNIFI’s consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU No. 2023-07 expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. UNIFI adopted the ASU this fiscal year and the adoption did not have a material impact to UNIFI’s consolidated financial statements.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The SEC has defined a company's most critical accounting policies as those involving accounting estimates that require management to make assumptions about matters that are highly uncertain at the time and where different reasonable estimates or changes in the accounting estimate from quarter to quarter could materially impact the presentation of the financial statements. The following discussion provides further information about accounting policies critical to UNIFI and should be read in conjunction with Note 2, "Summary of Significant Accounting Policies," to the accompanying consolidated financial statements.

Inventory Net Realizable Value Adjustment

The inventory net realizable value adjustment is established based on many factors, including: historical recovery rates, inventory age, expected net realizable value of specific products, and current economic conditions. Specific reserves are established based on a determination of the obsolescence of the inventory and whether the inventory cost exceeds net realizable value. Anticipating selling prices and evaluating the condition of the inventories require judgment and estimation, which may impact the resulting inventory valuation and gross margins. UNIFI uses current and historical knowledge to record reasonable estimates of its markdown percentages and expected sales prices. UNIFI believes it is unlikely that differences in actual demand or selling prices from those forecasted by management would have a material impact on UNIFI's financial condition or results of operations. UNIFI has not made any material changes to the methodology used in establishing its inventory net realizable value adjustment during the past three fiscal years. A plus or minus 10% change in the inventory net realizable value adjustment would not have been material to UNIFI's consolidated financial statements for the past three fiscal years.

	June 28, 2026	June 29, 2025	June 30, 2024
Net realizable value adjustment	\$ (3,779)	\$ (3,964)	\$ (3,813)

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

UNIFI is exposed to interest rate risk through its borrowing activities. As of June 28, 2026, UNIFI had borrowings under the 2022 ABL Facility and 2024 Facility totaling \$83,700. After considering UNIFI's outstanding debt obligations with fixed rates of interest, UNIFI's sensitivity analysis indicates that a 50-basis point interest rate increase as of June 28, 2026 would result in an increase in annual interest expense of approximately \$400.

Foreign Currency Exchange Rate Risk

UNIFI conducts its business in various foreign countries and in various foreign currencies. Each of UNIFI's subsidiaries may enter into transactions (sales, purchases, fixed purchase commitments, etc.) that are denominated in currencies other than the subsidiary's functional currency and thereby expose UNIFI to foreign currency exchange rate risk. UNIFI may enter into foreign currency forward contracts to hedge this exposure. UNIFI may also enter into foreign currency forward contracts to hedge its exposure for certain equipment or inventory purchase commitments. As of June 28, 2026, UNIFI had no outstanding foreign currency forward contracts.

A significant portion of raw materials purchased by the Brazil Segment are denominated in USDs, requiring UNIFI to exchange BRL for USD. A significant portion of sales and asset balances for the Asia Segment are denominated in USDs. During recent fiscal years, UNIFI has been negatively impacted by fluctuations of the BRL and the RMB. Discussion and analysis surrounding the impact of fluctuations of the BRL and the RMB on UNIFI's results of operations are included above in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." UNIFI does not enter into foreign currency derivatives to hedge its net investment in its foreign operations.

As of June 28, 2026, foreign currency exchange rate risk concepts included the following:

	Approximate Amount or Percentage	
Percentage of total consolidated assets held by UNIFI's subsidiaries outside the U.S. whose functional currency is not the USD		35%
Cash and cash equivalents held outside the U.S.:		
Dominated in USD	\$	12,216
Dominated in RMB		1,654
Dominated in BRL		10,200
Dominated in other foreign currencies		644
Total cash and cash equivalents held outside the U.S.	\$	24,714
Percentage of total cash and cash equivalents held outside the U.S.		99%
Cash and cash equivalents held inside the U.S. in USD by foreign subsidiaries	\$	317

Raw Material and Commodity Cost Risks

A significant portion of UNIFI's raw material and energy costs are derived from petroleum-based chemicals. The prices for petroleum and petroleum-related products and related energy costs are volatile and dependent on global supply and demand dynamics, including certain geo-political risks. A sudden rise in the price of petroleum and petroleum-based products could have a material impact on UNIFI's profitability. UNIFI does not use financial instruments to hedge its exposure to changes in these costs as management has concluded that the overall cost of hedging petroleum exceeds the potential risk mitigation. The costs of the primary raw materials that UNIFI uses throughout all of its operations are generally based on USD pricing, and such materials are purchased at market or at fixed prices that are established with individual vendors as part of the purchasing process for quantities expected to be consumed in the ordinary course of business. UNIFI manages fluctuations in the cost of raw materials primarily by making corresponding adjustments to the prices charged to its customers. Certain customers are subject to an index-based pricing model in which UNIFI's prices are adjusted based on the change in the cost of certain raw materials in the prior quarter. Pricing adjustments for other customers must be negotiated independently. UNIFI attempts to pass on to its customers increases in raw material costs, but due to market conditions, this is not always possible. When price increases can be implemented, there is typically a time lag that adversely affects UNIFI's margins during one or more quarters. In ordinary market conditions in which raw material price increases have stabilized and sales volumes are consistent with traditional levels, UNIFI has historically been successful in implementing price adjustments within one to two fiscal quarters of the raw material price increase for its index-priced customers and within two fiscal quarters of the raw material price increase for its non-index-priced customers.

During fiscal 2022 and 2023, our raw material costs were elevated. We were able to implement responsive selling price adjustments for the majority of our portfolio; however our underlying gross margin was pressured. In fiscal 2024, 2025, and 2026, while gross margins were still pressured, UNIFI experienced a more stable raw material pricing environment. Nonetheless, such costs remain subject to the volatility described above and, should raw material costs increase unexpectedly, UNIFI's results of operations and cash flows are likely to be adversely impacted. In any event, UNIFI monitors these dynamic factors closely.

Cash Deposits and Financial Institution Risk

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

Other Risks

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

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and the related notes begin on page F-i herein.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of June 28, 2026, an evaluation of the effectiveness of UNIFI's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) was performed under the supervision and with the participation of UNIFI's management, including the principal executive officer and principal financial officer. Based on that evaluation, UNIFI's principal executive officer and principal financial officer concluded that UNIFI's disclosure controls and procedures are effective to ensure that information required to be disclosed by UNIFI in its reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that information required to be disclosed by UNIFI in the reports UNIFI files or submits under the Exchange Act is accumulated and communicated to UNIFI's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management of UNIFI is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). UNIFI's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. UNIFI's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of UNIFI; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of UNIFI are being made only in accordance with authorizations of management and directors of UNIFI; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of UNIFI's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, under the supervision and with the participation of the principal executive officer and principal financial officer, assessed the effectiveness of UNIFI's internal control over financial reporting as of June 28, 2026, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, management concluded that, as of June 28, 2026, UNIFI's internal control over financial reporting was effective based on the criteria established in *Internal Control – Integrated Framework (2013)*.

Attestation Report of the Independent Registered Public Accounting Firm

The effectiveness of UNIFI's internal control over financial reporting as of June 28, 2026 has been audited by KPMG LLP ("KPMG"), an independent registered public accounting firm. KPMG's report, which appears in "Item 8. Financial Statements and Supplementary Data," expresses an unqualified opinion on the effectiveness of UNIFI's internal control over financial reporting as of June 28, 2026.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 28, 2026, there has been no change in UNIFI's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, UNIFI's internal control over financial reporting.

Item 9B. Other Information

Insider Trading Arrangements

During the quarter ended June 28, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

UNIFI will file with the SEC a definitive proxy statement for the Company's 2026 Annual Meeting of Shareholders (the "Proxy Statement") no later than 120 days after the close of fiscal 2026. The information required with respect to our executive officers appears in Part I of this report under the heading "Information About our Executive Officers." The other information required by this item is furnished by incorporation by reference to the information under the headings "Election of Directors" and "Corporate Governance" in the Proxy Statement.

We have adopted a Code of Ethics for Senior Financial and Executive Officers (the "Code of Ethics"), which is intended to qualify as a "code of ethics" within the meaning of Item 406 of Regulation S-K of the Exchange Act. The Code of Ethics applies to our principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions. The Code of Ethics is available on our website at www.unifi.com. A copy of the Code of Ethics may also be obtained without charge by any person, upon request, by writing to Unifi, Inc., 7201 West Friendly Avenue, Greensboro, North Carolina 27410, Attention: Secretary.

We will disclose information pertaining to, or waiver from, the provisions of the Code of Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer, or persons performing similar functions and that relate to any element of the Code of Ethics enumerated in the SEC rules and regulations by posting this information on our website at www.unifi.com. The information on our website or linked to or from our website is not a part of this report and is not incorporated by reference in this report or any of our other filings with the SEC. Our non-employee directors and their respective principal occupation or employment are as follows: Emma S. Battle (President and Chief Executive Officer, Market Vigor, L.L.C., a business services company focused on strategic consulting and digital and online marketing); Francis S. Blake (Retired Chairman and Chief Executive Officer of The Home Depot, Inc., the world's largest home improvement retailer); Kenneth G. Langone (Chairman and Chief Executive Officer, Invermed Associates LLC, an investment banking firm); Suzanne M. Present (Principal, Gladwyne Partners, LLC, a private partnership fund manager); Rhonda L. Ramlo (Chief Executive Officer of a privately-held business strategy and operations consultancy company); and Eva T. Zlotnicka (Chief Executive Officer and Co-Founder of VIAlab, a financial technology company).

We have adopted an Insider Trading Policy, which governs the purchase, sale, and other disposition of the securities of the Company by our directors, officers, and employees. We believe the Insider Trading Policy is reasonably designed to promote compliance with insider trading laws, rules, and regulations, and the listing standards applicable to us. A copy of the Insider Trading Policy is filed as Exhibit 19 to this report.

Item 11. Executive Compensation

The information required by this item is furnished by incorporation by reference to the information under the headings "Director Compensation," "Compensation Discussion and Analysis," "Executive Compensation Tables," "Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report" in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is furnished by incorporation by reference to the information under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is furnished by incorporation by reference to the information under the headings "Corporate Governance—Director Independence," "Corporate Governance—Policy for Review of Related Person Transactions," and "Corporate Governance—Related Person Transactions" in the Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is furnished by incorporation by reference to the information under the heading "Ratification of the Appointment of Independent Registered Public Accounting Firm" in the Proxy Statement.

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

The financial statements listed in the accompanying Index to Consolidated Financial Statements on page F-1 are filed as part of this report.

Report of Independent Registered Public Accounting Firm (PCAOB ID: 185).

2. Financial Statement Schedules

Not applicable.

3. Exhibits

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Unifi, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed October 31, 2016 (File No. 001-10542)) ,
3.2	Amended and Restated By-laws of Unifi, Inc. as of October 26, 2016 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed October 31, 2016 (File No. 001-10542)) ,
3.3	Declaration of Amendment to the Amended and Restated By-laws of Unifi, Inc., effective April 30, 2019 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed May 1, 2019 (File No. 001-10542)) ,
4.1	Description of Unifi, Inc. Common Stock (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K for the fiscal year ended June 30, 2019 (File No. 001-10542)) ,
4.2	Registration Rights Agreement, dated as of January 1, 2007, by and between Unifi, Inc. and Dillon Yarn Corporation (incorporated by reference to Exhibit 7.1 to the Schedule 13D filed January 16, 2007 by Dillon Yarn Corporation (File No. 005-30881)) ,
4.3 [†]	Second Amended and Restated Credit Agreement, dated as of October 28, 2022, by and among Unifi Manufacturing, Inc. and certain of its domestic affiliates (including, without limitation, Unifi, Inc.), as borrowers, Wells Fargo Bank, National Association, as administrative agent, sole lead arranger and sole book runner, and the lenders party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed November 3, 2022 (File No. 001-10542)) ,
4.4	Second Amended and Restated Guaranty and Security Agreement, dated as of October 28, 2022, by and among the grantors from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed November 3, 2022 (File No. 001-10542)) ,
4.5	Trademark Security Agreement, dated as of May 24, 2012, by and among the grantors party thereto and Wells Fargo Bank, N.A., as agent (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed May 25, 2012 (File No. 001-10542)) ,
4.6	Patent Security Agreement, dated as of May 24, 2012, by and among the grantors party thereto and Wells Fargo Bank, N.A., as agent (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K filed May 25, 2012 (File No. 001-10542)) ,
4.7	First Amendment to Second Amended and Restated Credit Agreement, dated September 5, 2024, by and among Unifi Manufacturing, Inc. and certain of its domestic affiliates (including, without limitation, Unifi, Inc.), as borrowers, Wells Fargo Bank, National Association, as administrative agent, sole lead arranger and sole book runner, and the lenders party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed September 6, 2024 (File No. 001-10542)) ,
4.8	Credit Agreement, dated as of October 25, 2024, by and among Unifi Manufacturing, Inc. and certain of its domestic affiliates (including, without limitation, Unifi, Inc.), as borrowers, Wells Fargo Bank, National Association, as administrative agent, sole lead arranger and sole book runner, and the lenders party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed October 30, 2024 (File No. 001-10542)) ,
4.9 [†]	Second Amendment to Second Amended and Restated Credit Agreement, dated April 10, 2025, by and among Unifi Manufacturing, Inc. and certain of its domestic affiliates, Well Fargo Bank, National Association, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q for the quarter ended March 30, 2025 (File No. 001-10542)) ,
4.10	Third Amendment to Second Amended and Restated Credit Agreement, dated May 19, 2025, by and among Unifi, Inc. and certain of its domestic affiliates, Well Fargo Bank, National Association, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed May 21, 2025 (File No. 001-10542)) ,
10.1*	2008 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 filed December 12, 2008 (File No. 333-156090)) ,
10.2*	Form of Incentive Stock Option Agreement for Employees for use in connection with the 2008 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended December 28, 2008 (File No. 001-10542)) ,
10.3*	Form of Restricted Stock Unit Agreement for Employees for use in connection with the 2008 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 25, 2011 (File No. 001-10542)) ,

Exhibit Number	Description
10.4*	<u>Form of Restricted Stock Unit Agreement for Non-Employee Directors for use in connection with the 2008 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 26, 2010 (File No. 001-10542)),</u>
10.5*	<u>Unifi, Inc. 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed October 23, 2013 (File No. 001-10542)),</u>
10.6*	<u>Form of Restricted Stock Unit Agreement for Non-Employee Directors for use in connection with the Unifi, Inc. 2013 Incentive Compensation Plan (used for agreements entered into prior to October 25, 2017) (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed October 23, 2013 (File No. 001-10542)),</u>
10.7*	<u>Form of Restricted Stock Unit Agreement for Non-Employee Directors for use in connection with the Unifi, Inc. 2013 Incentive Compensation Plan (used for agreements entered into on or after October 25, 2017) (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K for the fiscal year ended June 24, 2018 (File No. 001-10542)),</u>
10.8*	<u>Form of Restricted Stock Unit Agreement for Employees for use in connection with the Unifi, Inc. 2013 Incentive Compensation Plan (used for agreements entered into prior to February 21, 2017) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended December 29, 2013 (File No. 001-10542)),</u>
10.9*	<u>Form of Restricted Stock Unit Agreement for Employees for use in connection with the Unifi, Inc. 2013 Incentive Compensation Plan (used for agreements entered into on or after February 21, 2017) (incorporated by reference to Exhibit 10.11 to the Annual Report on Form 10-K for the fiscal year ended June 24, 2018 (File No. 001-10542)),</u>
10.10*	<u>Form of Incentive Stock Option Agreement for Employees for use in connection with the Unifi, Inc. 2013 Incentive Compensation Plan (used for agreements entered into prior to March 26, 2017) (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended December 29, 2013 (File No. 001-10542)),</u>
10.11*	<u>Form of Incentive Stock Option Agreement for Employees for use in connection with the Unifi, Inc. 2013 Incentive Compensation Plan (used for agreements entered into on or after March 26, 2017) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended March 26, 2017 (File No. 001-10542)),</u>
10.12*	<u>Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed November 1, 2018 (File No. 001-10542)),</u>
10.13*	<u>Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed November 2, 2020 (File No. 001-10542)),</u>
10.14*	<u>First Amendment to the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed October 31, 2023 (File No. 001-10542)),</u>
10.15*	<u>Form of Vested Share Unit Agreement for Non-Employee Directors for use in connection with the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan and the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 001-10542)),</u>
10.16*	<u>Form of Stock Option Agreement for Non-Employee Directors for use in connection with the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan and the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q for the quarter ended December 30, 2018 (File No. 001-10542)),</u>
10.17*	<u>Form of Restricted Stock Unit Agreement for Employees for use in connection with the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan and the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 001-10542)),</u>
10.18*	<u>Form of Cash-Settled Restricted Stock Unit Agreement for Employees for use in connection with the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan and the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q for the quarter ended December 30, 2018 (File No. 001-10542)),</u>
10.19*	<u>Form of Incentive Stock Option Agreement for Employees for use in connection with the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan and the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 001-10542)),</u>
10.20*	<u>Form of Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 26, 2021 (File No. 001-10542)),</u>

Exhibit Number	Description
10.21*	Form of Restricted Stock Unit Agreement for Non-Employee Directors for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 (File No. 001-10542)).
10.22*	Form of Cash Settled Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 (File No. 001-10542)).
10.23*	Form of Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 (File No. 001-10542)).
10.24*	Second Amendment to the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed October 29, 2025 (File No. 001-10542)).
10.25*	Form of Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 28, 2025 (File No. 001-10542)).
10.26*	Form of Cash Settled Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 28, 2025 (File No. 001-10542)).
10.27*	Unifi, Inc. Deferred Compensation Plan (formerly known as the Unifi, Inc. Supplemental Key Employee Retirement Plan) (incorporated by reference to Exhibit 10.20 to the Annual Report on Form 10-K for the fiscal year ended July 3, 2022 (File No. 001-10542)).
10.28*	Unifi, Inc. Director Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 26, 2010 (File No. 001-10542)).
10.29*	Unifi, Inc. Director Compensation Policy, effective October 23, 2025 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 (File No. 001-10542)).
10.30*	Letter Agreement by and between Unifi, Inc. and Albert P. Carey, effective as of October 5, 2025 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 (File No. 001-10542)).
10.31*	Employment Agreement by and between Unifi, Inc. and Craig A. Creaturp, effective as of August 28, 2019 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed September 3, 2019 (File No. 001-10542)).
10.32*	Employment Agreement by and between Unifi, Inc. and Edmund M. Ingle, effective as of April 16, 2020 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed April 21, 2020 (File No. 001-10542)).
10.33*	First Amendment to Employment Agreement by and between Unifi, Inc. and Edmund M. Ingle, effective as of June 9, 2020 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K/A filed June 15, 2020 (File No. 001-10542)).
10.34*	Employment Agreement by and between Unifi, Inc. and Hongjun Ning, effective as of July 1, 2020 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed November 2, 2020 (File No. 001-10542)).
10.35*	Employment Agreement by and between Unifi, Inc. and Brian D. Moore, effective as of January 22, 2024 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 (File No. 001-10542)).
10.36*	Employment Agreement by and between Unifi, Inc. and Meredith S. Boyd, effective as of January 22, 2024 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2023 (File No. 001-10542)).
10.37*	Employment Agreement by and between Unifi, Inc. and Andrew J. Eaker, dated as of February 2, 2024 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K/A filed February 6, 2024 (File No. 001-10542)).
10.38	Sales and Services Agreement, dated as of January 1, 2007, by and between Unifi Manufacturing, Inc. and Dillon Yarn Corporation (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-3 filed February 9, 2007 (File No. 333-140580)).
10.39	First Amendment to Sales and Services Agreement, effective as of January 1, 2009, by and between Unifi Manufacturing, Inc. and Dillon Yarn Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed December 3, 2008 (File No. 001-10542)).

Exhibit Number	Description
10.40	Second Amendment to Sales and Services Agreement, effective as of January 1, 2010, by and between Unifi Manufacturing, Inc. and Dillon Yarn Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed December 11, 2009 (File No. 001-10542)).
10.41	Third Amendment to Sales and Services Agreement, effective as of January 1, 2011, by and between Unifi Manufacturing, Inc. and Dillon Yarn Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed December 22, 2010 (File No. 001-10542)).
10.42	Fourth Amendment to Sales and Services Agreement, effective as of January 1, 2012, by and between Unifi Manufacturing, Inc. and Dillon Yarn Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed December 20, 2011 (File No. 001-10542)).
10.43	Deposit Account Control Agreement, dated as of May 24, 2012, by and among Unifi Manufacturing, Inc., Wells Fargo Bank, N.A. and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed May 25, 2012 (File No. 001-10542)).
10.44*	Form of Restricted Stock Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (File No. 001-10542) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2024 (File No. 001-10542)).
10.45*	Form of Cash-Settled Restricted Stock Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (File No. 001-10542) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2024 (File No. 001-10542)).
10.46*	Form of Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (File No. 001-10542) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2024 (File No. 001-10542)).
10.47*	Form of Cash-Settled Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (File No. 001-10542) (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended September 29, 2024 (File No. 001-10542)).
10.48†	Real Estate Purchase and Sale Agreement, dated as of April 10, 2025, by and between Unifi Manufacturing, Inc. and Enovum Data Centers Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed April 16, 2025 (File No. 001-10542)).
10.49†	Amendment to Real Estate Purchase and Sale Agreement, dated as of May 19, 2025, by and between Unifi Manufacturing, Inc. and Enovum NC-1 Bidco, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed May 21, 2025 (File No. 001-10542)).
10.50††	Real Estate Purchase and Sale Agreement, dated as of August 16, 2026, by and between Unifi Manufacturing, Inc. and Enovum Data Centers Corp.
19	Unifi, Inc. Insider Trading Policy (incorporated by reference to Exhibit 19 to the Annual Report on Form 10-K for the fiscal year ended June 30, 2024 (File No. 001-10542)).
21*	Subsidiaries of Unifi, Inc.
23*	Consent of KPMG LLP.
24*	Power of Attorney (included on the signature pages to this report).
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Unifi, Inc. Incentive-Based Compensation Recovery Policy (incorporated by reference to Exhibit 97 to the Annual Report on Form 10-K for the fiscal year ended June 30, 2024 (File No. 001-10542)).

Exhibit Number	Description
101 ⁺	The following financial information from Unifi, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 28, 2026, filed August 26, 2026, formatted in Inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Loss, (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.
104 ⁺	The cover page from Unifi, Inc.'s Annual Report on Form 10-K for the fiscal year ended June 28, 2026, filed August 26, 2026, formatted in Inline XBRL (included in Exhibit 101).

+ Filed herewith.
++ Furnished herewith.
* Indicates a management contract or compensatory plan or arrangement.
† Certain portions of this exhibit have been redacted in accordance with Item 601(b)(10) of Regulation S K.

Item 16. Form 10-K Summary
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIFI, INC.

Date: August 26, 2026

By: /s/ EDMUND M. INGLE
Edmund M. Ingle
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Edmund M. Ingle and Andrew J. Eaker, or either of them, his or her attorney-in-fact, with full power of substitution and resubstitution for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorney-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

<u>Signature</u>	<u>Title</u>
<u>/s/ EDMUND M. INGLE</u> Edmund M. Ingle	Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ ANDREW J. EAKER</u> Andrew J. Eaker	Executive Vice President & Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ EMMA S. BATTLE</u> Emma S. Battle	Director
<u>/s/ FRANCIS S. BLAKE</u> Francis S. Blake	Director
<u>/s/ ALBERT P. CAREY</u> Albert P. Carey	Executive Chairman
<u>/s/ KENNETH G. LANGONE</u> Kenneth G. Langone	Director
<u>/s/ SUZANNE M. PRESENT</u> Suzanne M. Present	Lead Independent Director
<u>/s/ RHONDA L. RAMLO</u> Rhonda L. Ramlo	Director
<u>/s/ EVA T. ZLOTNICKA</u> Eva T. Zlotnicka	Director

Date: August 26, 2026

UNIFI, INC.
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Unifi, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Unifi, Inc. and subsidiaries (the Company) as of June 28, 2026 and June 29, 2025, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended June 28, 2026, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 28, 2026 and June 29, 2025, and the results of its operations and its cash flows for each of the years in the three-year period ended June 28, 2026, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 28, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated August 26, 2026 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the net realizable value of raw material and finished goods inventories

As discussed in Note 7 to the consolidated financial statements, the Company's consolidated raw material and finished goods inventories balance as of June 28, 2026 was \$88,595 thousand. The Company records adjustments to the cost basis of raw material and finished goods inventories when the expected net realizable value of the inventories is below its cost basis. The Company's model estimates the net realizable value of its raw material and finished goods inventories based upon factors including historical recovery rates, inventory age, and current economic conditions.

We identified the evaluation of the net realizable value of raw material and finished goods inventories held in the United States as a critical audit matter. Complex auditor judgment was required to evaluate the recovery rates used in the determination of the net realizable value of raw material and finished goods inventories, including the relevance of historical experience.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the evaluation of the net realizable value of raw material and finished goods inventories. This included controls related to the determination of expected recovery rates used in the assessment and whether historical rates are indicative of expected losses on current raw material and finished goods inventories. We assessed whether historical recovery rates are indicative of expected losses by (1) comparing the prior period loss estimate to the actual loss experience, and (2) evaluating industry data for trends and conditions that may impact the estimate of net realizable value. We also performed sensitivity analyses over management's historical recovery rates to assess the impact of changes in recovery rates on management's determination of net realizable value of raw material and finished goods inventories.

/s/ KPMG LLP

We have served as the Company's auditor since 2011.

Raleigh, North Carolina
August 26, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Unifi, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Unifi, Inc. and subsidiaries' (the Company) internal control over financial reporting as of June 28, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 28, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 28, 2026 and June 29, 2025, the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended June 28, 2026, and the related notes (collectively, the consolidated financial statements), and our report dated August 26, 2026 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Raleigh, North Carolina
August 26, 2026

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	June 28, 2026	June 29, 2025
ASSETS		
Cash and cash equivalents	\$ 25,072	\$ 22,664
Receivables, net	76,666	75,383
Inventories	101,067	122,929
Income taxes receivable	905	5,429
Other current assets	7,743	9,222
Total current assets	<u>211,453</u>	<u>235,627</u>
Property, plant and equipment, net	158,325	172,923
Operating lease assets	6,532	7,879
Deferred income taxes	5,316	5,535
Other non-current assets	4,807	4,904
Total assets	<u>\$ 386,433</u>	<u>\$ 426,868</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 31,151	\$ 37,468
Income taxes payable	656	49
Current operating lease liabilities	2,128	2,368
Current portion of long-term debt	12,371	12,159
Other current liabilities	<u>17,249</u>	<u>18,899</u>
Total current liabilities	<u>63,555</u>	<u>70,943</u>
Long-term debt	79,998	95,727
Non-current operating lease liabilities	4,458	5,614
Deferred income taxes	997	1,224
Other long-term liabilities	<u>5,203</u>	<u>3,889</u>
Total liabilities	<u>154,211</u>	<u>177,397</u>
Commitments and contingencies		
Common stock, \$0.10 par value (500,000,000 shares authorized; 18,587,254 and 18,360,663 shares issued and outstanding as of June 28, 2026 and June 29, 2025, respectively)	1,859	1,836
Capital in excess of par value	77,174	74,095
Retained earnings	214,487	239,049
Accumulated other comprehensive loss	<u>(61,298)</u>	<u>(65,509)</u>
Total shareholders' equity	<u>232,222</u>	<u>249,471</u>
Total liabilities and shareholders' equity	<u>\$ 386,433</u>	<u>\$ 426,868</u>

See accompanying notes to consolidated financial statements.

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

	For the Fiscal Year Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Net sales	\$ 531,303	\$ 571,344	\$ 582,209
Cost of sales	500,847	562,926	565,593
Gross profit	30,456	8,418	16,616
Selling, general and administrative expenses	44,681	49,005	46,632
(Benefit) provision for bad debts	(156)	(166)	1,571
Restructuring costs, net	1,853	8,924	5,101
(Gain) loss on sales and disposals of assets	(4)	(40,079)	62
Other operating (income) expense, net	(1,270)	254	671
Operating loss	(14,648)	(9,520)	(37,421)
Interest income	(1,691)	(888)	(2,136)
Interest expense	6,805	9,520	9,862
Equity in loss of unconsolidated affiliates	266	477	390
Loss before income taxes	(20,028)	(18,629)	(45,537)
Provision for income taxes	4,534	1,719	1,858
Net loss	\$ (24,562)	\$ (20,348)	\$ (47,395)
Net loss per common share:			
Basic	\$ (1.33)	\$ (1.11)	\$ (2.61)
Diluted	\$ (1.33)	\$ (1.11)	\$ (2.61)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	For the Fiscal Year Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Net loss	\$ (24,562)	\$ (20,348)	\$ (47,395)
Other comprehensive income (loss):			
Foreign currency translation adjustments	4,211	3,280	(14,898)
Other comprehensive income (loss), net	4,211	3,280	(14,898)
Comprehensive loss	\$ (20,351)	\$ (17,068)	\$ (62,293)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at July 2, 2023	18,081	\$ 1,808	\$ 68,901	\$ 306,792	\$ (53,891)	\$ 323,610
Options exercised	12	1	80	—	—	81
Stock-based compensation	8	1	2,062	—	—	2,063
Conversion of equity units	162	16	(16)	—	—	—
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(11)	(1)	(75)	—	—	(76)
Other comprehensive loss, net of tax	—	—	—	—	(14,898)	(14,898)
Net loss	—	—	—	(47,395)	—	(47,395)
Balance at June 30, 2024	18,252	\$ 1,825	\$ 70,952	\$ 259,397	\$ (68,789)	\$ 263,385
Options exercised	12	1	67	—	—	68
Stock-based compensation	—	—	3,252	—	—	3,252
Conversion of equity units	125	13	(13)	—	—	—
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(28)	(3)	(163)	—	—	(166)
Other comprehensive income, net of tax	—	—	—	—	3,280	3,280
Net loss	—	—	—	(20,348)	—	(20,348)
Balance at June 29, 2025	18,361	\$ 1,836	\$ 74,095	\$ 239,049	\$ (65,509)	\$ 249,471
Stock-based compensation	—	—	3,352	—	—	3,352
Conversion of equity units	297	30	(30)	—	—	—
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(71)	(7)	(243)	—	—	(250)
Other comprehensive income, net of tax	—	—	—	—	4,211	4,211
Net loss	—	—	—	(24,562)	—	(24,562)
Balance at June 28, 2026	18,587	\$ 1,859	\$ 77,174	\$ 214,487	\$ (61,298)	\$ 232,222

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Fiscal Year Ended		
	June 28, 2026	June 29, 2025	June 30, 2024
Cash and cash equivalents at beginning of year	\$ 22,664	\$ 26,805	\$ 46,960
Operating activities:			
Net loss	(24,562)	(20,348)	(47,395)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Equity in loss of unconsolidated affiliates	266	477	390
Distributions received from unconsolidated affiliates	—	—	1,000
Depreciation and amortization expense	24,050	25,284	27,669
Non-cash compensation expense	3,352	3,252	2,074
Gain on foreign currency transaction, net	(1,892)	—	—
(Gain) loss on sales and disposals of assets	(119)	(39,317)	62
Deferred income taxes	235	(676)	(3,543)
Other, net	(28)	160	(50)
Changes in assets and liabilities:			
Receivables, net	489	4,564	1,989
Inventories	24,441	9,588	13,879
Other current assets	1,692	(1,236)	3,061
Income taxes	5,487	(6,015)	21
Accounts payable and other current liabilities	(7,732)	(4,280)	4,204
Other non-current assets	61	7,112	(397)
Other non-current liabilities	794	124	(872)
Net cash provided (used) by operating activities	26,534	(21,311)	2,092
Investing activities:			
Capital expenditures	(5,002)	(10,488)	(11,189)
Proceeds from sale of assets	552	51,853	519
Net cash (used) provided by investing activities	(4,450)	41,065	(10,670)
Financing activities:			
Proceeds from ABL Revolver	134,800	212,551	149,600
Payments on ABL Revolver	(141,900)	(199,251)	(148,000)
Payments on ABL Term Loan	(9,200)	(34,200)	(9,200)
Payments on finance lease obligations	(3,311)	(3,093)	(3,001)
Common stock withheld in satisfaction of tax withholding obligations under net share settle transactions	(250)	(166)	(76)
Other	—	(262)	70
Net cash used by financing activities	(19,861)	(24,421)	(10,607)
Effect of exchange rate changes on cash and cash equivalents	185	526	(970)
Net increase (decrease) in cash and cash equivalents	2,406	(4,141)	(20,155)
Cash and cash equivalents at end of year	\$ 25,072	\$ 22,664	\$ 26,805

See accompanying notes to consolidated financial statements.

Unifi, Inc.
Notes to Consolidated Financial Statements

1. Background

Overview

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

UNIFI maintains one of the textile industry's most comprehensive product offerings that include a range of specialized, value-added and commodity solutions, with principal geographic markets in North America, Central America, South America, Asia, and Europe. UNIFI has direct manufacturing operations in four countries and participates in a joint venture operating in the United States (the "U.S.").

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

Fiscal Year

The fiscal year for Unifi, Inc., its domestic subsidiaries, and its subsidiary in El Salvador ends on the Sunday in June or July nearest to June 30 of each year. Unifi, Inc.'s fiscal 2026, 2025, and 2024 ended on June 28, 2026, June 29, 2025, and June 30, 2024, respectively. Unifi, Inc.'s remaining material operating subsidiaries' fiscal years end on June 30. For fiscal 2026 and 2025, there were no significant transactions or events that occurred between Unifi, Inc.'s fiscal year end and such wholly owned subsidiaries' fiscal year ends. Unifi, Inc.'s fiscal 2026, 2025, and 2024 each consisted of 52 weeks.

Reclassifications

Certain reclassifications of prior fiscal years' data within the effective tax rate, deferred income taxes, and unrecognized tax benefits reconciliations in Note 14, "Income Taxes," and within Other operating (income) expenses, net in the Consolidated Statements of Operations have been made to conform to the current presentation.

2. Summary of Significant Accounting Policies

UNIFI follows U.S. generally accepted accounting principles ("GAAP"). The significant accounting policies described below, together with the other notes to the accompanying consolidated financial statements that follow, are an integral part of the consolidated financial statements. UNIFI evaluated GAAP requirements for the consideration of forecasted financial information, including, but not limited to, the carrying value of long-lived assets in context with the information reasonably available to UNIFI and the unknown future impacts of the economic environment as of June 28, 2026 and through the date of this filing.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Unifi, Inc. and its subsidiaries in which it maintains a controlling financial interest. All account balances and transactions between Unifi, Inc. and the subsidiaries which it controls have been eliminated. For transactions with entities accounted for under the equity method, any intercompany profits on amounts still remaining within inventory are eliminated. Amounts originating from any deferral of intercompany profits are recorded within the account balance to which the transaction specifically relates (e.g., inventory). Only upon settlement of the intercompany transaction with a third party is the deferral of the intercompany profit recognized by UNIFI.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities, certain financial statement disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the period. UNIFI's consolidated financial statements include amounts that are based on management's best estimates and judgments. Actual results may vary from these estimates.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid, short-term investments having an original maturity of three months or less. Book overdrafts, for which the bank has not advanced cash, if any, are reclassified to accounts payable and reflected as an offset thereto within the accompanying consolidated statements of cash flows.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Receivables

Receivables are stated net of expected lifetime credit losses. Allowances are provided for known and potential losses arising from quality claims and for amounts owed by customers. Reserves for quality claims have not been material and are based on historical claim experience and known pending claims and are recorded as a reduction of net sales. The allowance for uncollectible accounts is recorded against operating income and reflects UNIFI's best estimate of probable losses inherent in its accounts receivable portfolio determined on the basis of historical write off experience, aging of trade receivables, specific allowances for known troubled accounts, and other currently available information. Customer accounts are written off against the allowance for uncollectible accounts when they are no longer deemed to be collectible.

Inventories

UNIFI's inventories are valued at the lower of cost or net realizable value, with the cost for the majority of its inventories determined using the first-in, first-out method. Certain foreign inventories and limited categories of supplies are valued using the average cost method. UNIFI's estimates for net realizable value related to obsolete, slow-moving, or excess inventories are based upon many factors, including historical recovery rates, inventory age, the expected net realizable value of specific products, and current economic conditions.

Debt Issuance Costs

Debt issuance costs for revolving credit arrangements are recorded to other non-current assets. All other debt issuance costs are recorded against long-term debt and amortized as additional interest expense using the effective interest method. In the event of any prepayment of its debt obligations, UNIFI accelerates the recognition of a pro-rata amount of issuance costs.

Property, Plant, and Equipment

Property, plant, and equipment ("PP&E") are stated at historical cost less accumulated depreciation. Plant and equipment under finance leases are stated at the present value of minimum lease payments less accumulated amortization. Additions or improvements that substantially extend the useful life of a particular asset are capitalized. Depreciation is calculated primarily utilizing the straight-line method over the following useful lives:

Asset categories	Useful lives in years
Land improvements	5 to 20
Buildings and improvements	7 to 40
Machinery and equipment	2 to 25
Computer, software and office equipment	3 to 7
Internal software development costs	3
Transportation equipment	3 to 15

Leasehold improvements are depreciated over the lesser of their estimated useful lives or the remaining term of the lease.

Assets under finance leases are amortized in a manner consistent with UNIFI's normal depreciation policy if ownership is transferred by the end of the lease or if there is a bargain purchase option. If such ownership criteria are not met, amortization occurs over the shorter of the lease term or the asset's useful life.

UNIFI capitalizes eligible costs of developing internal software when the software is used as an integral part of its manufacturing or business processes. Internal software costs are amortized over a period of three years and, in accordance with the nature of the project, charged to cost of sales or selling, general, and administrative ("SG&A") expenses.

Fully depreciated assets are retained in cost and accumulated depreciation accounts until they are disposed. In the case of disposals, asset costs and related accumulated depreciation amounts are removed from the accounts, and the net amounts, less proceeds from disposal, are included in the determination of net loss and presented within (Gain) loss on sales and disposals of assets. For fiscal 2025, certain machinery and equipment that was disposed of as part of the consolidation of yarn manufacturing operations resulted in \$762 of net losses that were included within Restructuring costs in the Consolidated Statements of Operations. These net losses were included within the (Gain) loss on sales and disposals of assets in the Consolidated Statements of Cash Flows together with the net gains realized on the sale of the Yadkinville, North Carolina warehouse and Madison, North Carolina manufacturing facility that occurred during fiscal 2025.

Repair and maintenance costs related to PP&E, which do not significantly increase the useful life of an existing asset or do not significantly alter, modify, or change the capabilities or production capacity of an existing asset, are expensed as incurred.

Interest is capitalized for capital projects requiring a construction period.

PP&E and other long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. UNIFI periodically evaluates the reasonableness of the useful lives of these assets. Long-lived assets to be disposed of by sale within one year are classified as held for sale and are reported at the lower of their carrying amount or fair value less cost to sell. Depreciation ceases for all assets classified as held for sale. Long-lived assets to be disposed of other than by sale are classified as held for use until they are disposed of and these assets, along with assets subject to abandonment, are reported at the lower of their carrying amount or estimated fair value.

Intangible Assets

Finite-lived intangible assets, such as customer lists, non-compete agreements, and trademarks are amortized over their estimated useful lives. UNIFI periodically evaluates the reasonableness of the useful lives of these assets. Once these assets are fully amortized, they are removed from the accounts. These assets (asset groups) are reviewed for impairment or obsolescence whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impaired, intangible assets are written down to fair value based on discounted cash flows or other valuation techniques. UNIFI has no intangible assets with indefinite lives.

Investments in Unconsolidated Affiliates

UNIFI evaluates its investments in unconsolidated affiliates for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date (the exit price). Fair value is based on assumptions that market participants would use when pricing the asset or liability. The hierarchy gives the highest priority to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. UNIFI uses the following to measure fair value for its assets and liabilities.

- Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either indirectly or directly.
- Level 3 – Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

The classification of assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety. There were no transfers into or out of the levels of the fair value hierarchy for any years presented.

UNIFI believes that there have been no significant changes to its credit risk profile or the interest rates available to UNIFI for debt issuances with similar terms and average maturities, and UNIFI estimates that the fair values of its debt obligations approximate the carrying amounts using Level 2 inputs. Other financial instruments include cash and cash equivalents, receivables, accounts payable, and accrued expenses. The financial statement carrying amounts of these items approximate the fair values due to their short-term nature.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recorded to recognize the expected future tax benefits or costs of events that have been, or will be, reported in different tax years for financial statement purposes than for tax purposes. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse. UNIFI reviews deferred tax assets to determine if it is more-likely-than-not they will be realized. If UNIFI determines it is not more-likely-than-not that a deferred tax asset will be realized, it records a valuation allowance to reverse the previously recognized benefit. Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested.

UNIFI recognizes tax benefits related to uncertain tax positions if it believes it is more-likely-than-not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. UNIFI accrues for other tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated. Penalties and interest related to income tax expense, if incurred, are included in provision for income taxes.

Stock-Based Compensation

Compensation expense for stock awards is based on the grant date fair value and expensed over the applicable vesting period. UNIFI has a policy of issuing new shares to satisfy award exercises and conversions. For awards with a service condition and a graded vesting schedule, UNIFI has elected an accounting policy of recognizing compensation cost on a straight-line basis over the requisite service period for each separate vesting portion of the award as if the award was, in-substance, multiple awards.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries whose functional currency is other than the U.S. Dollar ("USD") are translated at exchange rates existing at the respective balance sheet dates. Translation gains and losses are not included in determining net (loss) income but are presented in a separate component of accumulated other comprehensive loss. UNIFI translates the results of its foreign operations at the average exchange rates during the respective periods. Transaction gains and losses are included within other operating (income) expense, net.

Revenue Recognition

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied, which primarily occurs at a point in time, upon either shipment or delivery to the customer. Revenue is measured as the amount of consideration UNIFI expects to receive in exchange for completing its performance obligations (i.e., transferring goods or providing services), which includes estimates for variable consideration. Variable consideration includes volume-based incentives and product claims, which are offered within certain contracts between UNIFI and its customers and is not material. Sales taxes and value-added taxes assessed by governmental entities are excluded from the measurement of consideration expected to be received. Shipping and handling costs incurred after a customer has taken control of our goods are treated as a fulfillment cost and are not considered a separate performance obligation.

Cost of Sales

The major components of cost of sales are: (i) materials and supplies, (ii) labor and fringe benefits, (iii) utility and overhead costs associated with manufactured products, (iv) shipping, handling and warehousing costs, (v) depreciation expense, and (vi) all other costs related to production or service activities.

Shipping, Handling, and Warehousing Costs

Shipping, handling, and warehousing costs include costs to store goods prior to shipment, prepare goods for shipment, and physically move goods to customers.

Research and Development Costs

Research and development costs include employee costs, production costs related to customer samples, operating supplies, consulting fees, and other miscellaneous costs. The cost of research and development is charged to cost of sales as incurred. Research and development costs were as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Research and development costs	\$ 7,707	\$ 8,750	\$ 9,599

Selling, General, and Administrative Expenses

The major components of SG&A expenses are: (i) costs of UNIFI's sales organization, marketing and advertising efforts, and external commissions; (ii) costs of maintaining UNIFI's general and administrative support functions including executive management, information technology, human resources, legal, and finance; (iii) amortization of intangible assets; and (iv) all other costs required to be classified as SG&A expenses.

Advertising Costs

Advertising costs are expensed as incurred and included in SG&A expenses. UNIFI's advertising costs include spending for items such as consumer marketing and branding initiatives, promotional items, trade shows, sponsorships, and other programs. Advertising costs were as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Advertising costs	\$ 2,331	\$ 2,783	\$ 3,091

Self-Insurance

UNIFI self-insures certain risks such as employee healthcare claims and maintains stop-loss coverage. Reserves for incurred but not reported healthcare claims are estimated using historical data, the timeliness of claims processing, medical trends, inflation, and any changes, if applicable, in the nature or type of the plan.

Contingencies

At any point in time, UNIFI may be a party to various pending legal proceedings, claims, or environmental actions. Accruals for estimated losses are recorded at the time information becomes available indicating that losses are probable and estimable. Any amounts accrued are not discounted. Legal costs such as outside counsel fees and expenses are charged to expense as incurred.

3. Recent Accounting Pronouncements

Issued and Pending Adoption

In November 2024, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU No. 2024-03 does not change or remove existing expense disclosure requirement but requires disaggregated disclosures about certain expense categories and captions, including but not limited to, purchases of inventory, employee compensation, depreciation, amortization, and selling expenses. This ASU will become effective for UNIFI's fiscal 2028 and in the first quarter of fiscal 2029 for interim reporting, with retrospective application permitted. UNIFI is currently evaluating the impact on the Company's disclosures on its consolidated financial statements.

There have been no other newly issued accounting pronouncements that are expected to have a significant impact on UNIFI's consolidated financial statements.

Recently Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 modifies the rules on income tax disclosures to require entities to disclose (i) specific categories in the rate reconciliation, (ii) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (iii) income tax expense or benefit from continuing operations (separated by federal, state, and foreign). The ASU also requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. UNIFI adopted the ASU this fiscal year and the adoption did not have a material impact to UNIFI's consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU No. 2023-07 expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. UNIFI adopted the ASU this fiscal year and the adoption did not have a material impact to UNIFI's consolidated financial statements.

4. Leases

UNIFI has adopted the following post-implementation practical expedients related to its accounting for leases:

- short-term lease accounting policy election allowing lessees to not recognize right-of-use assets and liabilities for leases with a term of 12 months or less and to recognize lease payments on a straight-line basis over the lease term and variable payments in the period the obligation is incurred; and
- the option not to separate lease and non-lease components for the transportation equipment asset class.

UNIFI leases sales and administrative office space, warehousing and distribution centers, manufacturing space, transportation equipment, manufacturing equipment, and other information technology and office equipment from third parties. The lease terms range from 1 to 15 years with various options for renewal. There are no residual value guarantees, restrictions, covenants, or sub-leases related to these leases. Variable lease payments are determined as the amounts included in the lease payment that are based on the change in index or usage. Disclosures related to the amount, timing, and uncertainty of cash flows arising from leases are included below.

The following table sets forth the balance sheet location and values of the Company's lease assets and lease liabilities:

Classification	Balance Sheet Location	June 28, 2026	June 29, 2025
Lease Assets			
Operating lease assets	Operating lease assets	\$ 6,532	\$ 7,879
Finance lease assets	Property, plant & equipment, net	12,733	10,759
Total lease assets		<u>\$ 19,265</u>	<u>\$ 18,638</u>
Lease Liabilities			
Current operating lease liabilities	Current operating lease liabilities	\$ 2,128	\$ 2,368
Current finance lease liabilities	Current portion of long-term debt	3,171	2,959
Total current lease liabilities		<u>\$ 5,299</u>	<u>\$ 5,327</u>
Non-current operating lease liabilities	Non-current operating lease liabilities	\$ 4,458	\$ 5,614
Non-current finance lease liabilities	Long-term debt	5,568	5,049
Total non-current lease liabilities		<u>\$ 10,026</u>	<u>\$ 10,663</u>
Total lease liabilities		<u>\$ 15,325</u>	<u>\$ 15,990</u>

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

The following table sets forth the components of UNIFI's total lease cost for fiscal 2026 and 2025:

Lease Cost	Fiscal 2026	Fiscal 2025
Operating lease cost	\$ 2,324	\$ 2,730
Variable lease cost	609	643
Finance lease cost:		
Amortization of lease assets	2,323	1,785
Interest on lease liabilities	459	418
Short-term lease cost	476	1,397
Total lease cost	\$ 6,191	\$ 6,973

The following table presents supplemental information related to leases:

Other Information	Fiscal 2026	Fiscal 2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used by operating leases	\$ 2,324	\$ 2,730
Financing cash flows used by finance leases	\$ 3,311	\$ 3,093
Non-cash activities:		
Leased assets obtained in exchange for new operating lease liabilities	\$ 977	\$ 2,365
Leased assets obtained in exchange for new finance lease liabilities	\$ 4,117	\$ 1,716

UNIFI calculates its operating lease liabilities and finance lease liabilities based upon UNIFI's incremental borrowing rate (the "IBR"). When determining the IBR, we consider our centralized treasury function and our current credit profile. UNIFI makes adjustments to this rate for securitization, the length of the lease term (tenure), and leases denominated in foreign currencies. Generally, the IBR for each jurisdiction approximates the specific risk-free rate for the respective jurisdiction incremented for UNIFI's corporate credit risk and adjusted for tenure.

The following table sets forth UNIFI's weighted average remaining lease term in years and discount rate percentage used in the calculation of its outstanding lease liabilities:

Weighted Average Remaining Lease Term and Discount Rate	June 28, 2026	June 29, 2025
Weighted average remaining lease term (years):		
Operating leases	4.1	4.5
Finance leases	3.8	3.3
Weighted average discount rate (percentage):		
Operating leases	5.6%	5.1%
Finance leases	4.8%	5.2%

Lease Maturity Analysis

Future minimum finance lease payments and future minimum payments under non-cancelable operating leases with initial lease terms in excess of one year as of June 28, 2026 by fiscal year were:

Maturity of Lease Liabilities	Finance Leases	Operating Leases
Fiscal 2027	\$ 3,600	\$ 2,418
Fiscal 2028	2,456	1,522
Fiscal 2029	1,095	1,483
Fiscal 2030	1,034	858
Fiscal 2031	874	540
Fiscal years thereafter	615	403
Total minimum lease payments	\$ 9,674	\$ 7,224
Less estimated executory costs	(113)	—
Less imputed interest	(822)	(638)
Present value of net minimum lease payments	8,739	6,586
Less current portion of lease obligations	(3,171)	(2,128)
Long-term portion of lease obligations	\$ 5,568	\$ 4,458

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

5. Revenue Recognition

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

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Third-party manufacturer	\$ 527,808	\$ 567,158	\$ 577,636
Service	3,495	4,186	4,573
Net sales	<u>\$ 531,303</u>	<u>\$ 571,344</u>	<u>\$ 582,209</u>

	Fiscal 2026	Fiscal 2025	Fiscal 2024
REPREE® Fiber	\$ 157,428	\$ 174,855	\$ 188,517
All other products and services	373,875	396,489	393,692
Net sales	<u>\$ 531,303</u>	<u>\$ 571,344</u>	<u>\$ 582,209</u>

Third-Party Manufacturer Revenue

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

Service Revenue

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

REPREE Fiber

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

Variable Consideration

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

Product Claims

UNIFI generally offers customers claims support or remuneration for defective products. UNIFI estimates the amount of its product sales that may be claimed as defective by its customers and records this estimate as a reduction of revenue in the period the related product revenue is recognized.

6. Receivables, Net

Receivables, net consists of the following:

	June 28, 2026	June 29, 2025
Customer receivables	\$ 77,558	\$ 76,594
Allowance for uncollectible accounts	(1,543)	(2,451)
Reserves for quality claims	(716)	(912)
Net customer receivables	75,299	73,231
Banker's acceptance notes	810	1,334
Other receivables	557	818
Total receivables, net	<u>\$ 76,666</u>	<u>\$ 75,383</u>

Banker's acceptance notes ("BANs"), denominated in the Chinese Renminbi, relate to the settlement of certain customer receivables generated from trade activity in the Asia Segment. The BANs are redeemable upon maturity from the drawing financial institutions, or earlier at a discount.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

The changes in UNIFI's allowance for uncollectible accounts and reserves for quality claims were as follows:

	Allowance for Uncollectible Accounts	Reserves for Quality Claims
Balance at July 2, 2023	\$ (1,362)	\$ (682)
Charged to costs and expenses	(1,571)	(1,491)
Translation activity	96	2
Deductions	124	1,426
Balance at June 30, 2024	\$ (2,713)	\$ (745)
Credited (charged) to costs and expenses	166	(1,570)
Translation activity	(2)	(2)
Deductions	98	1,405
Balance at June 29, 2025	\$ (2,451)	\$ (912)
Credited (charged) to costs and expenses	156	(1,157)
Translation activity	(62)	(1)
Deductions	814	1,354
Balance at June 28, 2026	\$ (1,543)	\$ (716)

Amounts credited (charged) to costs and expenses for the allowance for uncollectible accounts are reflected in the benefit for bad debts and deductions represent amounts written off which were deemed to not be collectible, net of any recoveries. Amounts charged to costs and expenses for the reserves for quality claims are primarily reflected as a reduction of net sales and deductions represent adjustments to either increase or decrease claims based on negotiated amounts or actual versus estimated claim differences.

7. Inventories

Inventories consists of the following:

	June 28, 2026	June 29, 2025
Raw materials	\$ 39,678	\$ 48,752
Supplies	12,581	11,779
Work in process	3,670	5,246
Finished goods	48,917	61,116
Gross inventories	104,846	126,893
Net realizable value adjustment	(3,779)	(3,964)
Total inventories	\$ 101,067	\$ 122,929

The cost for the majority of UNIFI's inventories is determined using the first-in, first-out method. Certain foreign inventories and limited categories of supplies of \$53,400 and \$52,642 as of June 28, 2026 and June 29, 2025, respectively, were valued using the average cost method.

8. Other Current Assets

Other current assets consists of the following:

	June 28, 2026	June 29, 2025
Prepaid expenses and other	\$ 3,120	\$ 3,475
Value-added taxes receivable	2,174	2,365
Vendor deposits	1,890	2,775
Contract assets	559	607
Total other current assets	\$ 7,743	\$ 9,222

Prepaid expenses and other consists of advance payments for routine operating expenses. Value-added taxes receivable relates to recoverable taxes associated with the sales and purchase activities of UNIFI's foreign operations. Vendor deposits primarily relates to down payments made toward the purchase of inventory. Contract assets represents the estimated revenue attributable to UNIFI in connection with completed performance obligations under contracts with customers for which revenue is recognized over time. The contract assets are classified to receivables when the right to payment becomes unconditional.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

9. Property, Plant, and Equipment, Net

PP&E, net consists of the following:

	June 28, 2026	June 29, 2025
Land	\$ 1,067	\$ 1,039
Land improvements	10,425	10,425
Buildings and improvements	127,232	126,720
Assets under finance leases	20,555	19,756
Machinery and equipment	589,128	593,771
Computers, software and office equipment	25,602	25,400
Transportation equipment	10,617	10,789
Construction in progress	1,034	2,153
Gross PP&E	785,660	790,053
Less: accumulated depreciation	(619,513)	(608,133)
Less: accumulated amortization – finance leases	(7,822)	(8,997)
Total PP&E, net	<u>\$ 158,325</u>	<u>\$ 172,923</u>

Assets under finance leases consists of the following:

	June 28, 2026	June 29, 2025
Machinery and equipment	\$ 9,935	\$ 9,754
Transportation equipment	10,620	10,002
Gross assets under finance leases	<u>\$ 20,555</u>	<u>\$ 19,756</u>

Depreciation and amortization expense and repair and maintenance expenses were as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Depreciation and amortization expense	\$ 23,712	\$ 24,956	\$ 26,985
Repair and maintenance expenses	15,293	20,138	19,985

In the fourth quarter of fiscal 2025, UNIFI sold land and land improvements, buildings and improvements and certain machinery and equipment associated with its manufacturing facility located in Madison, North Carolina. UNIFI received net proceeds of \$43,322 and recorded a gain of \$35,807. See Note 20, "Restructuring Costs," for further detail.

10. Other Non-Current Assets

Other non-current assets consists of the following:

	June 28, 2026	June 29, 2025
Grantor trust	\$ 2,830	\$ 2,310
Investments in unconsolidated affiliates	925	1,151
Intangible assets, net	465	573
Other	587	870
Total other non-current assets	<u>\$ 4,807</u>	<u>\$ 4,904</u>

Grantor Trust

During fiscal 2022, UNIFI established a grantor (or "rabbi") trust to facilitate the payment of obligations under the Unifi, Inc. Deferred Compensation Plan (the "DCP"), which was also established in fiscal 2022. In addition to providing certain key employees with the ability to defer earned cash incentive compensation into the DCP, participants can generally choose the form and timing of deferred amounts. The DCP assumed the participants, obligations, and major terms of the Unifi, Inc. Supplemental Key Employee Retirement Plan (together with amendments, the "SERP"), an unfunded plan established in 2006 for purposes of generating supplemental retirement income for key employees of UNIFI. The amounts credited to participant accounts are reflected in SG&A expenses. The assets of the trust are subject to the claims of UNIFI's creditors in the event of insolvency. Investments held for the DCP consist of mutual funds and are recorded based on market values. A change in the value of the trust assets would substantially be offset by a change in the liability to the participants, resulting in an immaterial net impact to the consolidated financial statements.

The fair value of the investment assets held by the trust were approximately \$2,830 and \$2,310 as of June 28, 2026 and June 29, 2025, respectively, and are classified as trading securities within Other non-current assets. Trading gains and losses associated with these investments are recorded to Other operating expense (income), net. The associated DCP liability is recorded within Other current liabilities and Other long-term liabilities based on expected payment timing, and any increase or decrease in the liability is reflected as compensation in SG&A expenses. During fiscal 2026, 2025, and 2024, we recorded gains on investments held by the trust of \$397, \$219, and \$308, respectively.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Investments in Unconsolidated Affiliates

U.N.F. Industries, Ltd.

In September 2000, UNIFI and Nilit Ltd. ("Nilit") formed a 50/50 joint venture, U.N.F. Industries Ltd. ("UNF"), for the purpose of operating nylon extrusion assets to manufacture nylon POY. Raw material and production services for UNF were provided by Nilit under separate supply and services agreements. UNF's fiscal year end was December 31 and it was a registered Israeli private company located in Migdal Ha-Emek, Israel.

In December 2023, UNIFI dissolved its interest in UNF under an agreement whereby UNIFI agreed to pay the former joint venture partner \$2,750 and recorded it as an associated contract termination cost within Restructuring costs on the Condensed Consolidated Statements of Operations and Comprehensive Loss. UNIFI made a payment to the former joint venture partner of \$1,200 in the second quarter of fiscal 2024 and the remaining \$1,550 was paid in the third quarter of fiscal 2024. Accordingly, the balance sheet information presented below as of June 28, 2026 and June 29, 2025 does not include any amounts related to UNF.

UNF America, LLC

In October 2009, UNIFI and Nilit America Inc. ("Nilit America") formed a 50/50 joint venture, UNF America LLC ("UNFA"), for the purpose of operating a nylon extrusion facility which manufactures nylon POY. Raw material and production services for UNFA are provided by Nilit America under separate supply and services agreements. UNFA's fiscal year end is December 31 and it is a limited liability company located in Ridgeway, Virginia. UNFA is treated as a partnership for its income tax reporting.

In conjunction with the formation of UNFA, UNIFI entered into a supply agreement with UNF and UNFA (collectively, "UNFs") whereby UNIFI agreed to purchase all of its first quality nylon POY requirements for texturing (subject to certain exceptions) from either UNF or UNFA. The agreement has no stated minimum purchase quantities, and pricing is negotiated every six months based on market rates. As of June 28, 2026, UNIFI's open purchase orders related to this supply agreement, all with UNFA, were \$1,964.

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

	Fiscal 2026	Fiscal 2025	Fiscal 2024
UNFA	\$ 15,672	\$ 14,974	\$ 13,477

As of June 28, 2026 and June 29, 2025, UNIFI had accounts payable due to UNFA of \$2,010 and \$1,368, respectively.

UNIFI has determined that UNF was, and UNFA is, a variable interest entity and has also determined that UNIFI has been the primary beneficiary of these entities, based on the terms of the supply agreement. As a result, these entities should be consolidated with UNIFI's financial results. As (i) UNIFI purchases substantially all of the output and all intercompany sales would be eliminated in consolidation, (ii) the entity balance sheets constitute 5% or less of UNIFI's current assets and total assets, and (iii) such balances are not expected to comprise a larger portion in the future, UNIFI has not included the accounts of UNF and UNFA in its consolidated financial statements and instead is accounting for these entities as equity investments. As of June 28, 2026 and June 29, 2025, UNIFI's investment in UNFA was \$925 and \$1,151, respectively. The financial results of UNF and UNFA are included in UNIFI's consolidated financial statements with a one-month lag, using the equity method of accounting and with intercompany profits eliminated in accordance with UNIFI's accounting policy. Other than the supply agreement discussed above, UNIFI does not provide any other commitments or guarantees related to UNFA.

	June 28, 2026	June 29, 2025
Current assets	\$ 4,267	\$ 4,422
Non-current assets	518	431
Current liabilities	2,934	2,551
Non-current liabilities		
Shareholders' equity and capital accounts	1,851	2,302
UNIFI's portion of undistributed earnings	866	1,091

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Net sales	\$ 15,672	\$ 15,271	\$ 15,680
Gross profit	1,794	1,286	629
Loss from operations	(475)	(911)	(1,266)
Net loss	(451)	(905)	(1,313)
Depreciation and amortization	35	29	35
Distributions received	—	—	1,000

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Intangible Assets, Net

Intangible assets, net consists of the following:

	June 28, 2026	June 29, 2025
Customer lists	\$ 1,088	\$ 1,088
Trademarks	—	—
Total intangible assets, gross	<u>1,088</u>	<u>1,088</u>
Accumulated amortization – customer lists	(623)	(515)
Accumulated amortization – trademarks	—	—
Total accumulated amortization	<u>(623)</u>	<u>(515)</u>
Total intangible assets, net	<u>\$ 465</u>	<u>\$ 573</u>

Amortization expense for intangible assets consists of the following:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Customer lists	\$ 108	\$ 109	\$ 417
Non-compete agreement	—	—	108
Trademarks	—	—	3
Total amortization expense	<u>\$ 108</u>	<u>\$ 109</u>	<u>\$ 528</u>

The following table presents the expected intangible asset amortization for the next five fiscal years:

	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Thereafter
Expected amortization	<u>\$ 108</u>	<u>\$ 109</u>	<u>\$ 111</u>	<u>\$ 108</u>	<u>\$ 29</u>	<u>\$ —</u>

Recovery of Taxes

In fiscal 2023, UNIFI recorded a recovery of income taxes in connection with filing amended tax returns in Brazil relating to certain income taxes paid in prior fiscal years, following favorable legal rulings in fiscal 2023. In fiscal 2025, Brazil's expected recovery of income taxes was reclassified from Other non-current assets to income taxes receivable due to the expectation of realizing the tax benefit within 12 months. Brazil received a cash refund of \$2,339 in fiscal 2025 related to this receivable and expects to realize approximately half of the remaining income tax recovery through cash refunds and the other half through credits offsetting future federal tax liabilities in Brazil.

Deposits on Contracts for Machinery

In the fourth quarter of fiscal 2025, UNIFI terminated a contract related to future purchases of texturing machinery in exchange for the forfeiture of \$1,448 in deposits which is included in Restructuring costs within the Consolidated Statements of Operations. These deposits were previously recorded in Other non-current assets within the Consolidated Balance Sheets.

11. Other Current Liabilities

Other current liabilities consists of the following:

	June 28, 2026	June 29, 2025
Payroll and fringe benefits	\$ 6,408	\$ 6,815
Incentive compensation	5,822	5,652
Utilities	1,872	2,236
Deferred revenue	1,167	1,236
Property taxes and other	1,980	2,960
Total other current liabilities	<u>\$ 17,249</u>	<u>\$ 18,899</u>

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

12. Long-Term Debt

Debt Obligations

The following table presents details for UNIFI's debt obligations:

	Scheduled Maturity Date	Weighted Average Interest Rate as of June 28, 2026	Principal Amounts as of	
			June 28, 2026	June 29, 2025
ABL Revolver	October 2027	7.8%	\$ 3,900	\$ 11,000
2024 Facility	October 2027	4.5%	22,000	22,000
ABL Term Loan	October 2027	5.8%	57,800	67,000
Finance lease obligations	(1)	4.8%	8,739	8,008
Total debt			92,439	108,008
Current ABL Term Loan			(9,200)	(9,200)
Current portion of finance lease obligations			(3,171)	(2,959)
Unamortized debt issuance costs			(70)	(122)
Total long-term debt			\$ 79,998	\$ 95,727

(1) Scheduled maturity dates for finance lease obligations range from November 2026 to October 2032.

2022 ABL Facility and Amendments

On October 28, 2022, Unifi, Inc. and certain of its subsidiaries entered into a Second Amended and Restated Credit Agreement (the "2022 Credit Agreement") with a syndicate of lenders. The 2022 Credit Agreement provides for a \$230,000 senior secured credit facility (the "2022 ABL Facility"), including a \$115,000 revolving credit facility (the "2022 ABL Revolver") and a term loan (the "2022 ABL Term Loan") that can be reset up to a maximum amount of \$115,000, once per fiscal year, if certain conditions are met. The 2022 ABL Facility has a maturity date of October 28, 2027. The 2022 ABL Term Loan requires quarterly principal payments of \$2,300 that began on February 1, 2023. Borrowings under the 2022 ABL Facility bear interest at the Secured Overnight Financing Rate ("SOFR") plus 0.10% plus an applicable margin of 2.0%, or the Base Rate (as defined in the 2022 Credit Agreement) plus an applicable margin of 1.0%, with interest paid most commonly on a monthly basis.

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

On April 10, 2025, UNIFI entered into a Second Amendment to the 2022 Credit Agreement (the "Second Amendment"). The Second Amendment primarily (i) permits the Company to enter into the purchase agreement related to, and consummate the sale of, the Madison, North Carolina property, (ii) permits the Company to allocate a portion of the net proceeds from the sale to repay outstanding revolving loans under the 2022 Credit Agreement, after the application of the greater of \$25,000 or 50% of such net proceeds toward outstanding term loans, and (iii) requires the consent of all lenders, rather than the Required Lenders (as defined in the 2022 Credit Agreement), in order to reset the maximum amount of the term loans available under the 2022 Credit Agreement.

The 2022 ABL Facility is secured by a first-priority perfected security interest in substantially all owned property and assets (together with all proceeds and products) of Unifi, Inc., Unifi Manufacturing, Inc., and a certain subsidiary guarantor (collectively, the "Loan Parties"). It is also secured by a first-priority security interest in all (or 65% in the case of UNIFI's first-tier controlled foreign subsidiary, as required by the lenders) of the stock of (or other ownership interests in) each of the Loan Parties (other than Unifi, Inc.) and certain subsidiaries of the Loan Parties, together with all proceeds and products thereof.

If excess availability under the 2022 ABL Revolver falls below the Trigger Level (as defined in the 2022 Credit Agreement), a financial covenant requiring the Loan Parties to maintain a fixed charge coverage ratio on a quarterly basis of at least 1.05 to 1.00 becomes effective. The Trigger Level as of June 28, 2026 was \$16,500. In addition, the 2022 ABL Facility contains restrictions on particular payments and investments, including certain restrictions on the payment of dividends and share repurchases. Subject to specific provisions, the 2022 ABL Term Loan may be prepaid at par, in whole or in part, at any time before the maturity date, at UNIFI's discretion.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

The applicable margin is based on (i) the excess availability under the 2022 ABL Revolver and (ii) the consolidated leverage ratio, calculated as of the end of each fiscal quarter. UNIFI's ability to borrow under the 2022 ABL Revolver is limited to a borrowing base equal to specified percentages of eligible accounts receivable and inventories and is subject to certain conditions and limitations. There is also a monthly unused line fee under the 2022 ABL Revolver of 0.25%.

2024 Facility

On October 25, 2024, UNIFI entered into a new credit agreement with Wells Fargo Bank, National Association for a \$25,000 revolving credit facility (the "2024 Facility"). The maturity date of the 2024 Facility is the earlier of (i) October 28, 2027 and (ii) the termination or refinancing of the 2022 Credit Agreement. The 2024 Facility is deemed unsecured financing for UNIFI, but is collateralized by certain assets pledged by related party Kenneth G. Langone, one of the members of UNIFI's Board of Directors. Borrowings under the 2024 Facility bear interest at a rate of SOFR plus 0.90%. The 2024 Facility contains no additional financial covenants beyond those already in effect for the 2022 Credit Agreement and is subject to a monthly unused line fee of 0.25% on available borrowing capacity. UNIFI borrowed \$22,000 against the 2024 Facility during the third fiscal quarter and used the proceeds to reduce the outstanding ABL Revolver balance. There was no impact to debt principal from these transactions.

Finance Lease Obligations

During fiscal 2026, UNIFI entered into finance lease obligations totaling \$4,117 for transportation equipment. The maturity dates of these obligations range from October 2030 to October 2032 with interest rates ranging from 4.2% to 4.5%.

During fiscal 2025, UNIFI entered into finance lease obligations totaling \$1,716 for transportation equipment. The maturity dates of these obligations range from March 2028 to August 2032 with interest rates ranging from 4.2% to 5.4%.

Scheduled Debt Maturities

The following table presents the scheduled maturities of UNIFI's outstanding debt obligations for the following five fiscal years and thereafter.

	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Thereafter
ABL Revolver	\$ —	\$ 3,900	\$ —	\$ —	\$ —	\$ —
2024 Facility	—	22,000	—	—	—	—
ABL Term Loan	9,200	48,600	—	—	—	—
Finance lease obligations	3,171	2,210	973	949	834	602
Total	\$ 12,371	\$ 76,710	\$ 973	\$ 949	\$ 834	\$ 602

13. Other Long-Term Liabilities

Other long-term liabilities consists of the following:

	June 28, 2026	June 29, 2025
Nonqualified deferred compensation plan obligation	\$ 2,943	\$ 2,402
Uncertain tax positions	1,996	1,227
Other	264	260
Total other long-term liabilities	\$ 5,203	\$ 3,889

As further described in Note 10, "Other Non-Current Assets," UNIFI maintains a nonqualified deferred compensation plan for certain key employees and reflects a long-term obligation for amounts due beyond 12 months.

Other primarily includes certain retiree and post-employment medical and disability liabilities.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

14. Income Taxes

Components of Loss Before Income Taxes

The components of loss before income taxes consist of the following:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
U.S.	\$ (29,948)	\$ (27,131)	\$ (63,602)
Foreign	9,920	8,502	18,065
Loss before income taxes	<u>\$ (20,028)</u>	<u>\$ (18,629)</u>	<u>\$ (45,537)</u>

Components of Provision for Income Taxes

Provision for income taxes consists of the following:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Current:			
Federal	\$ —	\$ —	\$ (2,860)
State	18	3	203
Foreign	4,277	2,391	8,053
Total current tax expense	<u>4,295</u>	<u>2,394</u>	<u>5,396</u>
Deferred:			
Federal	322	(112)	(123)
State	71	(50)	(162)
Foreign	(154)	(513)	(3,253)
Total deferred tax expense	<u>239</u>	<u>(675)</u>	<u>(3,538)</u>
Provision for income taxes	<u>\$ 4,534</u>	<u>\$ 1,719</u>	<u>\$ 1,858</u>

On December 22, 2017, the U.S. government enacted comprehensive tax legislation H.R. 1, formerly known as the Tax Cuts and Jobs Act. The Global Intangible Low-Taxed Income ("GILTI") provisions included in H.R. 1 require that certain income earned by foreign subsidiaries must be currently included in the gross income of the U.S. shareholder. UNIFI has elected to recognize GILTI as a current-period expense. Under this policy, UNIFI has not provided deferred taxes related to temporary differences that, upon their reversal, will affect the amount of income subject to GILTI in the period.

On July 4, 2025, the U.S. government enacted The One Big Beautiful Bill Act of 2025 ("Act"), making significant changes to the U.S. corporate income tax system including, among other provisions, the immediate expensing of research and development expenditures, and 100 percent bonus depreciation on qualified property. The impacts of the Act are reflected in our results for the fiscal year ended June 28, 2026, and there was no material impact to our income tax expense. As of the fiscal year ended June 28, 2026, certain provisions of the Act have impacted the expected timing of deferred tax asset utilization, and the distribution of valuation allowance balances on those assets.

Utilization of Net Operating Loss Carryforwards

Domestic deferred tax expense includes the utilization of federal net operating loss ("NOL") carryforwards of \$0, \$0, and \$0 for fiscal 2026, 2025, and 2024, respectively. Foreign deferred tax expense includes the utilization of NOL carryforwards of \$636, \$941, and \$896 for fiscal 2026, 2025, and 2024, respectively. State deferred tax expense includes the utilization of NOL carryforwards of \$0, \$1, and \$0 for fiscal 2026, 2025, and 2024, respectively.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Effective Tax Rate

Reconciliation of the U.S. federal statutory tax rate to effective tax rate, in accordance with the updated requirements of ASU 2023-09 is as follows:

	Fiscal 2026	
	Amount	Percent
U.S. Federal statutory tax rate	\$ (4,206)	21.0%
State and local income tax, net of federal income tax effect ⁽¹⁾	98	(0.5)
Foreign tax effects		
China		
Withholding taxes	1,084	(5.4)
Tax on unremitted foreign earnings	(278)	1.4
Other	82	(0.4)
Brazil		
Nontaxable benefit	(1,074)	5.4
Effect of rates different than statutory	384	(1.9)
Interest on income taxes	(229)	1.1
Other	(91)	0.5
Netherlands		
Change in valuation allowance	(633)	3.2
Imputed interest income	548	(2.7)
Effect of rates different than statutory	323	(1.6)
Other	27	(0.1)
Colombia		
Change in valuation allowance	322	(1.6)
Other	(92)	0.5
El Salvador		
Effect of rates different than statutory	218	(1.1)
Other foreign jurisdictions		
Effect of rates different than statutory	75	(0.4)
Other	180	(0.9)
Effect of changes in tax laws	—	—
Effect of cross-border tax laws		
Global intangible low-taxed income	927	(4.6)
Other	156	(0.8)
Tax Credits		
Research and development credits	(1,752)	8.7
Other	(51)	0.3
Changes in valuation allowances	8,391	(41.9)
Nontaxable or nondeductible items		
Nondeductible compensation	308	(1.5)
Share-based payments	227	(1.1)
Other	(120)	0.6
Changes in unrecognized tax benefits	1,208	(6.0)
Other adjustments		
Capital loss carryforward	(1,557)	7.8
Other	59	(0.3)
Total tax provision and effective tax rate ⁽²⁾	\$ 4,534	(22.6)%

(1) During fiscal 2026, state taxes in Virginia comprise more than 50% of the tax effect in this category.

(2) The sum of the percent column may not equal the total due to rounding.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Reconciliation from the federal statutory tax rate to the effective tax rate, prior to the adoption of ASU 2023-09 is as follows:

	Fiscal 2025	Fiscal 2024
Federal statutory tax rate	21.0%	21.0%
Change in valuation allowance	(27.3)	(24.6)
Foreign income taxed at different rates	(11.0)	(3.3)
Repatriation of foreign earnings and withholding taxes	(10.4)	(7.6)
Change in uncertain tax positions	(3.4)	(1.5)
Nondeductible expenses and other	(2.6)	(0.4)
Nondeductible compensation	(1.8)	(1.0)
Revaluation of deferred balances due to tax law changes	(1.6)	(0.1)
U.S. tax on GILTI	(1.5)	(2.4)
Nontaxable income	7.6	1.2
Foreign tax credits	6.5	3.0
Research and other business tax credits	5.1	2.7
Recovery of income taxes in Brazil	4.8	—
Tax on unremitted foreign earnings	3.2	3.4
Interest on income taxes	1.8	1.8
State income taxes, net of federal tax benefit	0.4	3.5
IRS RAR adjustment	—	0.2
Effective tax rate	(9.2)%	(4.1)%

Cash Paid for Income Taxes, Net

Income tax payments, net of refunds received by jurisdiction, following the adoption of ASU 2023-09 is as follows:

	Fiscal 2026
U.S. Federal	\$ —
U.S. State and local	6
Foreign:	
Brazil	(409)
China	1,303
Colombia	95
Other foreign jurisdictions	4
Total income tax payments, net	\$ 999

Deferred Income Taxes

The significant components of UNIFI's deferred tax assets and liabilities consist of the following:

	June 28, 2026	June 29, 2025
Deferred tax assets:		
Capital loss carryforwards	\$ 50	\$ 3,628
NOL carryforwards	39,164	29,159
Tax credits	13,126	11,584
Research and development costs	9,176	12,191
Accrued compensation	2,150	2,174
Disallowed interest deduction carryforwards	7,243	5,895
Other items	4,356	4,531
Total gross deferred tax assets	75,265	69,162
Valuation allowance	(60,364)	(55,208)
Total deferred tax assets	14,901	13,954
Deferred tax liabilities:		
PP&E	(8,578)	(7,792)
Unremitted earnings	(1,379)	(1,691)
Other	(625)	(160)
Total deferred tax liabilities	(10,582)	(9,643)
Net deferred tax assets	\$ 4,319	\$ 4,311

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Deferred Income Taxes – Valuation Allowance

In assessing its ability to realize deferred tax assets, UNIFI considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. UNIFI considers the scheduled reversal of taxable temporary differences, taxable income in carryback years, cumulative losses in recent years, projected future taxable income, and tax planning strategies in making this assessment. Since UNIFI operates in multiple jurisdictions, the assessment is made on a jurisdiction-by-jurisdiction basis, taking into account the effects of local tax law. Based on consideration of these items, management believes that UNIFI will be able to utilize a portion of foreign tax credits claimed by one of its non-U.S. subsidiaries in the foreseeable future, and has released \$174 of the valuation allowance previously applied to this deferred tax asset. Management has also determined that there is not enough positive evidence to support the realization of its deferred income tax asset balances of its U.S. consolidated group and certain foreign subsidiaries, and that a full valuation allowance against these deferred tax assets is warranted as of June 28, 2026.

Components of UNIFI's deferred tax valuation allowance are as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Capital loss carryforwards	\$ (50)	\$ (3,628)	\$ (16,442)
NOL carryforwards and reversing temporary differences	(46,905)	(36,049)	(27,231)
Disallowed interest deduction carryforwards	(558)	(3,838)	(1,860)
Tax credits	(12,286)	(10,549)	(9,717)
Other deferred tax assets	(565)	(1,144)	—
Total deferred tax valuation allowance	<u>\$ (60,364)</u>	<u>\$ (55,208)</u>	<u>\$ (55,250)</u>

During fiscal 2026, UNIFI's valuation allowance increased by \$5,156. The increase was primarily driven by an increase in the valuation allowance on federal NOL and R&D credit carryforwards. This increase was partially offset by decreases in the valuation allowances for i) capital loss carryforwards that expired during the year, and ii) disallowed interest carryforwards.

During fiscal 2025, UNIFI's valuation allowance decreased by \$42. The decrease was primarily driven by a decrease in the valuation allowance on capital loss carryforwards that were utilized or expired, which was partially offset by an increase in the valuation allowance on federal NOL and disallowed interest carryforwards.

During fiscal 2024, UNIFI's valuation allowance increased by \$11,340. The increase was primarily driven by an increase in the valuation allowance on federal and state NOL carryforwards, partially offset by a decrease in the valuation allowance following the conclusion of the IRS audit.

Unrecognized Tax Benefits

A reconciliation of beginning and ending gross amounts of unrecognized tax benefits is as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Balance at beginning of year	\$ 3,748	\$ 3,230	\$ 4,353
Gross increases related to tax positions in prior periods	736	266	1,145
Gross decreases related to tax positions in prior periods	(195)	(2)	(1,015)
Gross increases related to current period tax positions	382	300	300
Gross decreases related to settlements with tax authorities	—	—	(1,553)
Gross decreases related to lapse of applicable statute of limitations	(1)	(46)	—
Balance at end of year	<u>\$ 4,670</u>	<u>\$ 3,748</u>	<u>\$ 3,230</u>

Unrecognized tax benefits would generate a favorable impact of \$1,996 on UNIFI's effective tax rate if recognized. UNIFI does not expect material changes in uncertain tax positions within the next 12 months. Expense (benefit) for interest and penalties recognized by UNIFI within the provision for income taxes was \$136, \$120, and \$(657) for fiscal 2026, 2025, and 2024, respectively. UNIFI had \$558, \$422, and \$302 accrued for interest and/or penalties related to uncertain tax positions as of June 28, 2026, June 29, 2025, and June 30, 2024, respectively.

Expiration of NOL Carryforwards and Tax Credit Carryforwards

As of June 28, 2026, UNIFI had U.S. federal capital loss carryforwards of \$50, U.S. federal NOL carryforwards of \$29,216, U.S. state NOL carryforwards of \$4,844, and foreign NOL carryforwards of \$4,133. The state NOL carryforwards begin expiring in varying amounts in fiscal 2028. As of June 28, 2026, UNIFI had the following carryforward attributes held outside of the U.S. consolidated tax filing group: U.S. federal NOL carryforwards of \$553 and U.S. state NOL carryforwards of \$573. The NOL carryforwards held outside of the U.S. consolidated tax filing group begin expiring in fiscal 2028. As of June 28, 2026, UNIFI had U.S. federal foreign tax credit carryforwards of \$226 and foreign tax credit carryforwards in foreign jurisdictions of \$2,254. The U.S. federal foreign tax credit carryforwards begin expiring in varying amounts in fiscal 2028. As of June 28, 2026, UNIFI had U.S. federal and state research and other business tax credit carryforwards of \$10,456, with state tax credits beginning to expire in fiscal 2027 and federal tax credits beginning to expire in fiscal 2039. As of June 28, 2026, UNIFI had U.S. federal disallowed interest deduction carryforwards of \$7,243.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Tax Years Subject to Examination

Unifi, Inc. and its domestic subsidiaries file a consolidated federal income tax return, as well as income tax returns in multiple state and foreign jurisdictions. The tax years subject to examination vary by jurisdiction. UNIFI regularly assesses the outcomes of both completed and ongoing examinations to ensure that UNIFI's provision for income taxes is sufficient.

In fiscal 2024, the Internal Revenue Service (the "IRS") concluded the audit of UNIFI's domestic operations for fiscal 2014 through 2019 with a refund of \$1,275, which has been received along with \$457 of interest on the overpayments. No penalty or interest was assessed by the IRS. Following the conclusion of the IRS audit, UNIFI recorded a tax benefit of \$(103) for audit related adjustments to its tax balances and reserves for uncertain tax positions, and a benefit of \$853 from related penalties and interest, that have been effectively settled.

The IRS generally has three years after an original return is filed to assess income taxes. Fiscal years 2023 through 2025 are subject to examination. Certain carryforward tax attributes generated in years prior remain subject to examination and could change in subsequent tax years.

UNIFI is also subject to examination by various state and international tax authorities. The tax years subject to examination vary by jurisdiction. The statute of limitations for material foreign jurisdictions is five years, therefore tax years 2021 through 2025 are open for examination. Statutes related to material US state jurisdictions are open from filing dates of state tax returns ended on June 30, 2022. The IRS audit settlement opened the statute of limitations of certain US state jurisdictions for tax years adjusted by the IRS of fiscal 2014 through 2019. Additionally, certain carryforward tax attributes generated in years prior remain subject to examination and could change in subsequent tax years.

Indefinite Reinvestment Assertion

UNIFI considers \$44,110 of its unremitted foreign earnings to be permanently reinvested to fund working capital requirements and operations abroad, and has therefore not recognized a deferred tax liability for the estimated future taxes that would be incurred upon repatriation. If these earnings were distributed in the form of dividends or otherwise, or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, UNIFI could be subject to additional tax liabilities of approximately \$13,728.

15. Shareholders' Equity

On October 31, 2018, the Board approved a share repurchase program (the "2018 SRP") under which UNIFI is authorized to acquire up to \$50,000 of its common stock. Under the 2018 SRP, purchases may be made from time to time in the open market at prevailing market prices or through private transactions or block trades. The timing and amount of repurchases will depend on market conditions, share price, applicable legal requirements, and other factors. The share repurchase authorization is discretionary and has no expiration date. Repurchases, if any, are expected to be financed through cash generated from operations and borrowings, and are subject to applicable limitations and restrictions as set forth in the 2022 ABL Facility. UNIFI may discontinue repurchases at any time that management determines additional purchases are not beneficial or advisable.

The following table summarizes UNIFI's repurchases and retirements of its common stock under the 2018 SRP for the fiscal periods noted:

	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Average Price Paid per Share	Approximate Dollar Value that May Yet Be Repurchased Under Publicly Announced Plans or Programs
Fiscal 2019	—	\$ —	\$ 50,000
Fiscal 2020	84	\$ 23.72	\$ 48,008
Fiscal 2021	—	\$ —	\$ 48,008
Fiscal 2022	617	\$ 14.84	\$ 38,859
Fiscal 2023	—	\$ —	\$ 38,859
Fiscal 2024	—	\$ —	\$ 38,859
Fiscal 2025	—	\$ —	\$ 38,859
Fiscal 2026	—	\$ —	\$ 38,859
Total	701	\$ 15.90	\$ 38,859

Repurchased shares are retired and have the status of authorized and unissued shares. The cost of the repurchased shares is recorded as a reduction to common stock to the extent of the par value of the shares acquired and the remainder is allocated between capital in excess of par value and retained earnings, on a pro rata basis.

No dividends were paid in the three most recent fiscal years.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

16. Stock-Based Compensation

On October 23, 2013, UNIFI's shareholders approved the Unifi, Inc. 2013 Incentive Compensation Plan (the "2013 Plan"). The 2013 Plan replaced the 2008 Unifi, Inc. Long-Term Incentive Plan (the "2008 LTIP"). No additional awards can be granted under the 2008 LTIP; however, prior awards outstanding under the 2008 LTIP remain subject to that plan's provisions. The 2013 Plan authorized the issuance of 1,000 shares of common stock, subject to certain increases in the event outstanding awards under the 2008 LTIP expired, were forfeited, or otherwise terminated unexercised.

The 2013 Plan expired in accordance with its terms on October 24, 2018, and the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan (the "Amended 2013 Plan") became effective on that same day, upon approval by shareholders at UNIFI's annual meeting of shareholders held on October 31, 2018. The Amended 2013 Plan set the number of shares available for future issuance pursuant to awards granted under the Amended 2013 Plan to 1,250 and removed provisions no longer applicable due to the recent changes to Section 162(m) of the Internal Revenue Code of 1986, as amended. The material terms and provisions of the Amended 2013 Plan are otherwise similar to those of the 2013 Plan.

On October 29, 2020, UNIFI's shareholders approved the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (the "2020 Plan"). The 2020 Plan set the number of shares available for future issuance pursuant to awards granted under the 2020 Plan to 850. On October 31, 2023, UNIFI's shareholders approved the First Amendment to the 2020 Plan (the "First Amendment"), which increased the remaining share reserve by 1,100. On October 28, 2025, UNIFI's shareholders approved the Second Amendment to the 2020 Plan (the "Second Amendment"), which increased the remaining share reserve by 1,240. No additional awards can be granted under prior plans; however, awards outstanding under a respective prior plan remain subject to that plan's provisions.

The following table provides information as of June 28, 2026 with respect to the number of securities remaining available for future issuance under the 2020 Plan, as amended:

Authorized under the 2020 Plan	850
Plus: Share reserve increase from the First Amendment	1,100
Plus: Share reserve increase from the Second Amendment	1,240
Plus: Awards expired, forfeited or otherwise terminated unexercised	579
Less: Awards granted to employees	(2,390)
Less: Awards granted to non-employee directors	(384)
Available for issuance under the 2020 Plan	995

Stock Options

No stock options, other than those issued under the existing employee stock purchase plan described below, were issued in fiscal 2026, 2025, and 2024. A summary of stock option activity for fiscal 2026 is as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at June 29, 2025	473	\$ 15.87		
Granted	—	\$ —		
Exercised	—	\$ —		
Cancelled or forfeited	—	\$ —		
Expired	(20)	\$ 22.29		
Outstanding at June 28, 2026	453	\$ 15.59	3.6	\$ —
Vested and expected to vest as of June 28, 2026	453	\$ 15.59	3.6	\$ —
Exercisable at June 28, 2026	453	\$ 15.59	3.6	\$ —

There was no unrecognized compensation cost at June 28, 2026, and stock option activity for fiscal 2026, 2025, and 2024 was insignificant.

Stock Units and Share Units

UNIFI grants stock unit awards to certain key employees and non-employee directors. Stock unit awards may be subject to service- and/or performance-based vesting conditions, and may be settled in cash ("cash units") or Common Stock ("equity units") depending on the terms of the grant. Equity units convey no rights of ownership until they have vested and been distributed to the grantee in the form of Common Stock. Cash units are settled in cash based on the fair value of Common Stock on the vesting date.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Vested share units ("VSUs"), which become fully vested on the grant date, and director restricted stock units ("DRSUs"), which vest quarterly over a one-year service period, are granted to non-employee directors. VSUs and DRSUs are converted into an equivalent number of shares of Company Common Stock and distributed to the grantee following their termination of service as a member of the Board.

Restricted stock units ("RSUs") granted to employees are subject to a service vesting condition, and vest over a three-year period, as long as employment continues through the respective vesting date. Performance share units ("PSUs") granted to employees are subject to service and performance-based vesting conditions. Consistent with the vesting provisions of each grant, between 50% and 300% of the PSUs may become vested, contingent upon achieving the prescribed performance metric(s). RSUs and PSUs may be granted as equity units or cash units.

During fiscal 2026 UNIFI granted 108 DRSUs to UNIFI's non-employee directors. The weighted average grant-date fair value of DRSUs granted during fiscal 2026 was \$4.53 per share.

During fiscal 2025 and 2024, UNIFI granted 71 and 84 VSUs, respectively, to UNIFI's non-employee directors. The weighted average grant-date fair value of each VSU granted during fiscal 2025 and 2024 was \$6.85, and \$6.71 per share, respectively.

During fiscal 2026, 2025, and 2024, UNIFI granted 333, 508, and 349 RSUs, and 255, 189, and 212 PSUs, respectively, as equity units to certain key employees. The weighted average grant-date fair value of RSUs granted during fiscal 2026, 2025, and 2024 was \$3.29, \$6.85, and \$6.43 per share, respectively. The weighted average grant-date fair value of PSUs granted during fiscal 2026, 2025, and 2024 was \$3.29, \$6.94, and \$6.47 per share, respectively.

During fiscal 2026, UNIFI also granted 24 RSUs and 24 PSUs as cash units. Grants of cash units in fiscal 2025 and 2024 are not significant. The weighted average grant date fair value for cash units granted during fiscal 2026 was \$3.29.

Equity units are accounted for as equity awards. Equity units are measured based on the fair value of Common Stock on the award's grant date. A summary of activity of equity units for fiscal 2026 is as follows:

	Non-vested	Weighted Average Grant Date Fair Value	Vested	Total	Weighted Average Grant Date Fair Value
Outstanding at June 29, 2025	1,128	\$ 6.83	403	1,531	\$ 9.10
Granted	696	\$ 3.48	—	696	\$ 3.48
Vested	(368)	\$ —	368	—	\$ —
Converted	—	\$ —	(297)	(297)	\$ 7.17
Cancelled or forfeited	(205)	\$ 6.55	—	(205)	\$ 6.55
Outstanding at June 28, 2026	<u>1,251</u>	<u>\$ 5.04</u>	<u>474</u>	<u>1,725</u>	<u>\$ 7.47</u>

Cash units are accounted for as liability awards. Cash units are initially measured based on the fair value of Common Stock on the award's grant date, and then remeasured quarterly until the liability is settled. A summary of activity for non-vested cash units for fiscal 2026 is as follows:

	Non-vested	Weighted Average Fair Value
Outstanding at June 29, 2025	73	\$ 5.19
Granted	49	\$ 3.29
Vested	(19)	\$ 3.65
Cancelled or forfeited	(16)	\$ 4.75
Outstanding at June 28, 2026	<u>87</u>	<u>\$ 4.75</u>

UNIFI reassesses the probability of each potential vesting outcome for all performance units at the end of each reporting period in accordance with ASC 718-20-55-37. In fiscal 2026, management updated its vesting expectation to 200% of target for the first tranche of PSUs granted in November 2025.

At June 28, 2026, the number of equity units vested and expected to vest was 1,810, with an aggregate intrinsic value of \$8,597. The number of cash units expected to vest was 94, with an aggregate intrinsic value of \$447. There were no vested performance units at June 28, 2026. The aggregate intrinsic value of the 474 vested RSUs, VSUs and DRSUs at June 28, 2026 was \$2,250.

The unrecognized compensation cost related to the unvested equity units at June 28, 2026 was \$2,672, which is expected to be recognized over a weighted average period of 1.3 years. The unrecognized compensation cost related to the unvested cash units at June 28, 2026 was \$294, which is expected to be recognized over the weighted average period of 1.4 years.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

For fiscal 2026, 2025, and 2024, the total intrinsic value of equity units converted was \$1,049, \$731, and \$978, respectively. The tax benefit realized from the conversion of equity units was \$200, \$171, and \$232 for fiscal 2026, 2025, and 2024, respectively. For fiscal 2026, total cash payments remitted for vesting and conversion of cash units was 70, and the tax benefit realized was \$16. Payments and tax benefits realized for cash units in previous years was not significant.

Employee Stock Purchase Plan

On October 27, 2021, Unifi, Inc.'s shareholders approved the Unifi, Inc. Employee Stock Purchase Plan (the "ESPP"), under which an aggregate of 100 shares of Company common stock have been authorized and reserved for issuance pursuant to the ESPP. The ESPP permits employees to purchase common stock through payroll deductions at 85 percent of the fair market value of Company common stock on a quarterly basis. For fiscal 2026, 2025, and 2024, 0, 12, and 12 shares of common stock were purchased under the ESPP, respectively. As of June 28, 2026, 70 shares were available for purchase under the ESPP.

Stock-based compensation expense associated with options granted under the ESPP is measured at the grant date based on the fair value of the award, which is equal to the purchase discount, and is recognized over the service period (generally the vesting period) on a straight-line basis.

Cost Summary

The total cost related to stock-based compensation for options and equity units was as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Stock options	\$ —	\$ 90	\$ 157
PSUs, RSUs, VSUs and DRSUs	3,352	3,162	1,856
Cash RSUs and Cash PSUs	139	—	—
ESPP	—	8	11
Total compensation cost	<u>\$ 3,491</u>	<u>\$ 3,260</u>	<u>\$ 2,024</u>

The total income tax benefit recognized for stock-based compensation was \$528, \$585, and \$366 for fiscal 2026, 2025, and 2024, respectively.

Tax benefit recognized in fiscal 2026 was \$32. Expense and tax benefit for cash units in prior years was not significant.

In each of fiscal 2026, 2025, and 2024, UNIFI issued 0, 0, and 7 shares of common stock for \$0, \$0, and \$50 of expense, respectively, in connection with Board compensation.

17. Defined Contribution Plans

401(k) Plan

UNIFI matches employee contributions made to the Unifi, Inc. Retirement Savings Plan (the "401(k) Plan"), a 401(k) defined contribution plan, which covers eligible U.S. salary and hourly employees. Under the terms of the 401(k) Plan, UNIFI matches 100% of the first 3% of eligible employee contributions and 50% of the next 2% of eligible contributions.

The following table presents the employer matching contribution expense related to the 401(k) Plan:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Matching contribution expense	<u>\$ 2,463</u>	<u>\$ 2,888</u>	<u>\$ 2,787</u>

Non-qualified Deferred Compensation Plan

The DCP, established in fiscal 2022, is an unfunded non-qualified deferred compensation plan in which certain key employees are eligible to participate. Under the DCP, participants may elect to defer all or a portion of their annual cash incentive compensation to their account. The deferred amounts are paid in accordance with each participant's elections. In addition to elective deferrals, the DCP assumed the obligations of the SERP, which includes amounts credited to eligible employees' accounts based on a percentage of their annual base compensation. Amounts due within the next operating cycle are reflected in Other current liabilities and the remaining DCP obligation is reflected in Other long-term liabilities. The total DCP obligation as of June 28, 2026 and June 29, 2025, was \$2,984 and \$2,432, respectively.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

18. Accumulated Other Comprehensive Loss

The components of and the changes in accumulated other comprehensive loss, net of tax, as applicable, consist of the following:

	Accumulated Other Comprehensive Loss
Balance at July 2, 2023	\$ (53,891)
Foreign currency translation loss	(14,898)
Balance at June 30, 2024	\$ (68,789)
Foreign currency translation gain	3,280
Balance at June 29, 2025	\$ (65,509)
Foreign currency translation gain	4,211
Balance at June 28, 2026	\$ (61,298)

19. Computation of Earnings Per Share

The computation of basic and diluted earnings per share ("EPS") is as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
<i>Basic EPS</i>			
Net loss	\$ (24,562)	\$ (20,348)	\$ (47,395)
Weighted average common shares outstanding	18,488	18,314	18,154
Basic EPS	\$ (1.33)	\$ (1.11)	\$ (2.61)
<i>Diluted EPS</i>			
Net loss	\$ (24,562)	\$ (20,348)	\$ (47,395)
Weighted average common shares outstanding	18,488	18,314	18,154
Net potential common share equivalents	—	—	—
Adjusted weighted average common shares outstanding	18,488	18,314	18,154
Diluted EPS	\$ (1.33)	\$ (1.11)	\$ (2.61)
Excluded from the calculation of common share equivalents:			
Anti-dilutive common share equivalents	462	858	491
Excluded from the calculation of diluted shares:			
Unvested stock options that vest upon achievement of certain market conditions	—	—	333

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

20. Restructuring Costs

On February 3, 2025, UNIFI announced the pending closure of a manufacturing facility in Madison, North Carolina, and a plan to transition the associated manufacturing operations to other production facilities in North and Central America. In the fourth quarter of fiscal 2025, UNIFI sold the Madison, North Carolina facility, as well as certain machinery and equipment located thereon, for a cash purchase price of \$45,000 ("Madison Sale"). The net proceeds of the Madison Sale were used to repay a portion of the principal balance of the term loan and revolving credit facility outstanding under the 2022 Credit Agreement.

As part of the Madison Sale, there is an amendment to the purchase agreement for the potential payment of deferred compensation to UNIFI in the amount of (i) \$8,000, if certain energy supply conditions are met within two years of closing, (ii) \$5,000, if the same conditions are not met within two years of closing but are met within three years of closing, and (iii) up to \$5,000, if certain additional energy conditions beyond those referred to in (i) and (ii) are met within four years of closing. No amounts related to the future occurrence of these events have been recorded in the Consolidated Financial Statements as of June 29, 2025.

During fiscal 2025, UNIFI incurred transition costs related to the consolidation of Americas yarn manufacturing operations discussed above for facility closure and equipment relocation costs including asset impairments and disposals, deposits for texturing machinery forfeitures and employee retention or separation costs that were recorded within Restructuring costs in the Consolidated Statements of Operations. UNIFI incurred additional restructuring costs during the first two quarters of fiscal 2026 related to the closure of the Madison, North Carolina facility.

In fiscal 2024, UNIFI initiated the Profitability Improvement Plan intended to lower operating expenses for both production and administrative activities.

The restructuring expenses incurred in all periods primarily impacted the Americas Segment.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

A summary of the restructuring activities consists of the following:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Facility closure and equipment relocation costs	\$ 713	\$ 5,896	\$ —
Employee separation or retention costs	1,140	1,580	2,351
Forfeiture of deposits for texturing machinery	—	1,448	—
Dissolution of joint venture	—	—	2,750
Restructuring costs, net	<u>1,853</u>	<u>8,924</u>	<u>5,101</u>
Cash payments	1,412	5,527	4,456
Non-cash charges	730	3,753	—
Ending Liability	<u>—</u>	<u>289</u>	<u>645</u>

21. Other Operating (Income) Expense, Net

Other operating (income) expense, net primarily consists of the following:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Foreign currency transaction (gains) losses	\$ (1,215)	\$ 323	\$ 376
Other, net	(55)	(69)	295
Other operating (income) expense, net	<u>\$ (1,270)</u>	<u>\$ 254</u>	<u>\$ 671</u>

Other operating (income) expense, net for fiscal 2026, 2025, and 2024 include foreign currency transaction (gains) losses of \$(1,215), \$323, and \$376, respectively, with no other meaningful activity. In December 2025, Brazil declared dividends against the majority of its retained earnings in connection with certain tax law changes related to future dividends. Foreign currency transaction gains (losses) are recorded to reflect changes in the exchange rate of the Brazilian Real to the U.S. Dollar while the dividend payable is outstanding.

22. Commitments and Contingencies

Collective Bargaining Agreements

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

Environmental

On September 30, 2004, Unifi Kinston, LLC ("UK"), a subsidiary of Unifi, Inc., completed its acquisition of polyester filament manufacturing assets located in Kinston, North Carolina ("Kinston") from Invista S.a.r.l. ("INVISTA"). The land for the Kinston site was leased pursuant to a 99-year ground lease (the "Ground Lease") with E.I. DuPont de Nemours ("DuPont"). Since 1993, DuPont has been investigating and cleaning up the Kinston site under the supervision of the U.S. Environmental Protection Agency and the North Carolina Department of Environmental Quality (the "DEQ") pursuant to the Resource Conservation and Recovery Act Corrective Action program. The program requires DuPont to identify all potential areas of environmental concern ("AOCs"), assess the extent of containment at the identified AOCs and remediate the AOCs to comply with applicable regulatory standards. Effective March 20, 2008, UK entered into a lease termination agreement associated with conveyance of certain assets at the Kinston site to DuPont. This agreement terminated the Ground Lease and relieved UK of any future responsibility for environmental remediation, other than participation with DuPont, if so called upon, with regard to UK's period of operation of the Kinston site, which was from 2004 to 2008. At this time, UNIFI has no basis to determine if or when it will have any responsibility or obligation with respect to the AOCs or the extent of any potential liability for the same. UK continues to own property (the "Kentec site") acquired in the 2004 transaction with INVISTA that has contamination from DuPont's prior operations and is monitored by DEQ. The Kentec site has been remediated by DuPont, and DuPont has received authority from DEQ to discontinue further remediation, other than natural attenuation. Prior to transfer of responsibility to UK, DuPont and UK had a duty to monitor and report the environmental status of the Kentec site to DEQ. Effective April 10, 2019, UK assumed sole remediator responsibility of the Kentec site pursuant to its contractual obligations with INVISTA and received \$180 of net monitoring and reporting costs due from DuPont. In connection with monitoring, UK expects to sample and report to DEQ annually. At this time, UNIFI does not expect any active site remediation will be required but expects that any costs associated with active site remediation, if ever required, would likely be immaterial.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

Unconditional Obligations

UNIFI is a party to unconditional obligations for certain utility and other purchase or service commitments. These commitments are non-cancelable, have remaining terms in excess of one year, and qualify as normal purchases.

On a fiscal year basis, the minimum payments expected to be made as part of such commitments are as follows:

	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Thereafter
Unconditional purchase obligations	\$ 7,532	\$ 6,198	\$ 3,159	\$ —	\$ —	\$ —
Unconditional service obligations	3,555	2,284	1,675	1,007	767	767
Total unconditional obligations	<u>\$ 11,087</u>	<u>\$ 8,482</u>	<u>\$ 4,834</u>	<u>\$ 1,007</u>	<u>\$ 767</u>	<u>\$ 767</u>

For fiscal 2026, 2025, and 2024 total costs incurred under these commitments consist of the following:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Costs for unconditional purchase obligations	\$ 24,244	\$ 28,649	\$ 26,389
Costs for unconditional service obligations	1,113	1,044	1,134
Total	<u>\$ 25,357</u>	<u>\$ 29,693</u>	<u>\$ 27,523</u>

23. Related Party Transactions

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

There were no related party receivables as of June 28, 2026 and June 29, 2025, and there were no revenues derived from related parties in the current and prior two fiscal years.

Mr. Kenneth G. Langone, a member of the Board, is a director, shareholder and non-executive Chairman of the Board of Directors of Salem Holding Company. UNIFI leases tractors and trailers from Salem Leasing Corporation, a wholly owned subsidiary of Salem Holding Company. In addition to the monthly lease payments, UNIFI also incurs expenses for routine repair and maintenance, fuel, and other expenses. These leases do not contain renewal options, purchase options, or escalation clauses with respect to the minimum lease charges.

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

	June 28, 2026	June 29, 2025
Accounts payable	\$ 358	\$ 293
Operating lease obligations	—	113
Finance lease obligations	5,279	2,665
Total related party payables	<u>\$ 5,637</u>	<u>\$ 3,071</u>

Related party transactions for the current and prior two fiscal years consist of the matters in the table below:

Affiliated Entity	Transaction Type	Fiscal 2026	Fiscal 2025	Fiscal 2024
Salem Leasing Corporation	Payments for transportation equipment costs and finance lease debt service	\$ 4,440	\$ 4,354	\$ 4,647

As discussed in Note 12, "Long-Term Debt", UNIFI entered into the 2024 Facility in October 2024 which was collateralized by personal assets of a board member. During the six-month period ended June 29, 2025, UNIFI borrowed \$22,000 on the 2024 Facility and used the proceeds to reduce the outstanding ABL Revolver balance.

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

24. Business Segment Information

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

UNIFI's three reportable segments are organized as follows:

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

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

The accounting policies for the segments are consistent with UNIFI's accounting policies. Intersegment sales are omitted from segment disclosures, as they are (i) insignificant to UNIFI's segments and eliminated from consolidated reporting and (ii) excluded from segment evaluations performed by the CODM. However, intersegment technologies expense charged from the Americas Segment to the Asia Segment is not eliminated from segment results. The technologies expense (i) reflects the sharing of certain manufacturing know-how, processes, and product technical information and design and (ii) is included in the segment evaluations performed by the CODM.

Selected financial information is presented below:

Fiscal 2026				
	Americas	Brazil	Asia	Total
Net sales	\$ 325,210	\$ 115,148	\$ 90,945	\$ 531,303
Cost of sales	320,397	101,008	79,442	500,847
Gross profit	4,813	14,140	11,503	30,456
Segment depreciation expense	19,559	3,271	57	22,887
Segment Profit	\$ 24,372	\$ 17,411	\$ 11,560	\$ 53,343

Fiscal 2025				
	Americas	Brazil	Asia	Total
Net sales	\$ 347,931	\$ 118,726	\$ 104,687	\$ 571,344
Cost of sales	368,148	102,699	92,079	562,926
Gross (loss) profit	(20,217)	16,027	12,608	8,418
Segment depreciation expense	21,003	2,771	57	23,831
Segment Profit	\$ 786	\$ 18,798	\$ 12,665	\$ 32,249

Fiscal 2024				
	Americas	Brazil	Asia	Total
Net sales	\$ 344,256	\$ 117,783	\$ 120,170	\$ 582,209
Cost of sales	361,886	103,028	100,679	565,593
Gross (loss) profit	(17,630)	14,755	19,491	16,616
Segment depreciation expense	22,154	3,257	10	25,421
Segment Profit	\$ 4,524	\$ 18,012	\$ 19,501	\$ 42,037

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

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

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Americas	\$ 4,813	\$ (20,217)	\$ (17,630)
Brazil	14,140	16,027	14,755
Asia	11,503	12,608	19,491
Segment gross profit	30,456	8,418	16,616
SG&A	44,681	49,005	46,632
(Benefit) provision for bad debts	(156)	(166)	1,571
Restructuring costs, net	1,853	8,924	5,101
Loss (gain) on sale of assets	(4)	(40,079)	62
Other operating (income) expense, net	(1,270)	254	671
Operating loss	(14,648)	(9,520)	(37,421)
Interest income	(1,691)	(888)	(2,136)
Interest expense	6,805	9,520	9,862
Equity in loss of unconsolidated affiliates	266	477	390
Loss before income taxes	\$ (20,028)	\$ (18,629)	\$ (45,537)

The reconciliations of segment depreciation and amortization expense to consolidated depreciation and amortization expense are as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Americas	\$ 19,559	\$ 21,003	\$ 22,154
Brazil	3,271	2,771	3,257
Asia	57	57	10
Segment depreciation expense	22,887	23,831	25,421
Other depreciation and amortization expense	1,163	1,453	2,248
Depreciation and amortization expense	\$ 24,050	\$ 25,284	\$ 27,669

The reconciliations of segment capital expenditures to consolidated capital expenditures are as follows:

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Americas	\$ 2,806	\$ 8,592	\$ 8,843
Brazil	2,033	1,642	1,815
Asia	62	67	247
Segment capital expenditures	4,901	10,301	10,905
Other capital expenditures	101	187	284
Capital expenditures	\$ 5,002	\$ 10,488	\$ 11,189

The reconciliations of segment total assets to consolidated total assets are as follows:

	June 28, 2026	June 29, 2025
Americas	\$ 232,671	\$ 271,230
Brazil	99,435	99,477
Asia	34,470	35,413
Segment total assets	366,576	406,120
Other current assets	2,524	2,911
Other PP&E	12,821	11,887
Other operating lease assets	282	937
Other non-current assets	3,305	3,862
Investments in unconsolidated affiliates	925	1,151
Total assets	\$ 386,433	\$ 426,868

Geographic Data

	Fiscal 2026	Fiscal 2025	Fiscal 2024
Net Sales			
U.S.	\$ 287,474	\$ 309,752	\$ 314,027
Brazil	115,148	118,726	117,783
China	90,114	99,475	112,650
Remaining Foreign Countries	38,567	43,391	37,749
Total	\$ 531,303	\$ 571,344	\$ 582,209
Export sales from UNIFI's U.S. operations to external customers	\$ 45,796	\$ 67,892	\$ 65,666

Unifi, Inc.
Notes to Consolidated Financial Statements – (Continued)

The net sales amounts are based on the operating locations from where the items were produced or distributed.

Long-Lived Assets	June 28, 2026	June 29, 2025
U.S.	\$ 132,160	\$ 146,017
Brazil	24,203	24,305
China	905	1,458
Remaining Foreign Countries	12,396	13,926
Total	\$ 169,664	\$ 185,706

Long-lived assets are comprised of PP&E, net; operating lease assets; intangible assets, net; investments in unconsolidated affiliates; and other non-current assets.

25. Quarterly Results (Unaudited)

Quarterly financial data and selected highlights are as follows:

	For the Fiscal Quarter Ended			
	September 28, 2025	December 28, 2025	March 29, 2026	June 28, 2026
Net sales ⁽¹⁾	\$ 135,674	\$ 121,368	\$ 130,037	\$ 144,224
Gross profit ⁽²⁾	3,387	3,611	9,117	14,341
Net loss ⁽³⁾	(11,357)	(9,706)	(2,306)	(1,193)
Net loss per common share:				
Basic ⁽⁴⁾	\$ (0.62)	\$ (0.53)	\$ (0.12)	\$ (0.06)
Diluted ⁽⁴⁾	\$ (0.62)	\$ (0.53)	\$ (0.12)	\$ (0.06)

	For the Fiscal Quarter Ended			
	September 29, 2024	December 29, 2024	March 30, 2025	June 29, 2025
Net sales ⁽⁵⁾	\$ 147,372	\$ 138,880	\$ 146,557	\$ 138,535
Gross profit (loss) ⁽⁶⁾	9,458	534	(445)	(1,129)
Net (loss) income ⁽⁷⁾	(7,632)	(11,392)	(16,794)	15,470
Net (loss) income per common share:				
Basic ⁽⁴⁾	\$ (0.42)	\$ (0.62)	\$ (0.92)	\$ 0.84
Diluted ⁽⁴⁾	\$ (0.42)	\$ (0.62)	\$ (0.92)	\$ 0.82

(1) Net sales for fiscal 2026 includes (i) lower volumes in the Brazil and Asia Segments and (ii) a lower-priced sales mix and lower sales volume in the Americas Segment.

(2) Gross profit for fiscal 2026 was impacted by (i) variable cost-saving initiatives and (ii) improved utilization in certain manufacturing areas, partially offset by softer sales and profitability in the Brazil and Asia Segments.

(3) Net loss for our domestic operations for all fiscal quarters of fiscal 2026 includes the adverse pressures on gross profit primarily due to continued volatility from uncertainty over ongoing geopolitical event, global trade policies and competition from lower-priced products.

(4) (Loss) income per share is computed independently for each of the periods presented. The sum of the (loss) income per share amounts for the fiscal quarters may not equal the total for the fiscal year.

(5) Net sales for fiscal 2025 includes lower volumes in the Americas and Asia Segments.

(6) Gross profit (loss) for fiscal 2025 was impacted by softer sales and profitability in the Asia Segment and transition costs in the Americas Segment.

(7) Net (loss) income for our domestic operations for all fiscal quarters of fiscal 2025 includes the adverse pressures on gross profit (loss) which included transition costs. In the fourth quarter of fiscal 2025, UNIFI recorded a gain of \$35,807 related the sale of a manufacturing facility.

26. Supplemental Cash Flow Information

Cash payments for interest and taxes consist of the following:

	Fiscal 2026		Fiscal 2025		Fiscal 2024	
Interest, net of capitalized interest of \$13, \$150, and \$196, respectively	\$	6,968	\$	9,613	\$	9,524
Income taxes, net of refunds		999		3,492		5,758

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

Non-Cash Investing and Financing Activities

As of June 28, 2026, June 29, 2025, and June 30, 2024, \$330, 676, and \$879, respectively, were included in accounts payable for unpaid capital expenditures.

During fiscal years ended June 28, 2026, June 29, 2025, and June 30, 2024, UNIFI recorded non-cash activity relating to finance leases of \$4,117, \$1,716, and \$1,633, respectively.

27. Subsequent Event

On August 17, 2026, UNIFI announced that it entered into an agreement for the sale of two non-strategic real estate assets across its operating base in Yadkin County, North Carolina for approximately \$60,000 before fees and expenses. The non-strategic real estate assets include approximately 120 acres of land and 500,000 square feet of warehouse space across two separate operating locations in Yadkin County, North Carolina. An earnest money deposit of \$2,250 was deposited in escrow pursuant to the terms of the agreement, of which \$1,000 may become non-refundable. The transaction is expected to close in UNIFI's second fiscal quarter of fiscal 2027, unless extended by the parties, subject to satisfaction of certain closing conditions as described in the associated Form 8-K filing.

The net proceeds of the transaction will be used to repay a portion of the principal balance of the ABL Term Loan outstanding under UNIFI's 2022 Credit Agreement. The total net book value associated with the property was less than \$5,000 as of June 28, 2026.

This transaction primarily impacts the Americas Segment.

IN ACCORDANCE WITH ITEM 601(b) OF REGULATION S-K, CERTAIN IDENTIFIED INFORMATION (THE "CONFIDENTIAL INFORMATION") HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS OF THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. THE CONFIDENTIAL INFORMATION IS DENOTED HEREIN BY [*****].

REAL ESTATE PURCHASE AND SALE AGREEMENT

THIS REAL ESTATE PURCHASE AND SALE AGREEMENT (the "*Agreement*") is made and entered into as of the 16th day of August, 2026 (the "*Effective Date*") by and between UNIFI MANUFACTURING, INC., a North Carolina corporation (the "*Seller*"), and ENOVUM DATA CENTERS CORP., a Canadian corporation and its permitted assigns (the "*Buyer*") (Buyer and Seller are referred to herein individually as a "*Party*" and, together, the "*Parties*").

STATEMENT OF PURPOSE

A. Seller is the owner of that certain real property situated in Yadkin County, North Carolina and being more particularly described as follows:

- (i) An approximately 61.372 acre parcel of land (the "*Property X Land*") together with the industrial building known as [*****], Yadkinville, North Carolina, containing approximately 400,000 square feet and the related improvements located on the Property X Land (collectively, the "*Property X Building*"). The Property X Land and the Property X Building are shown on the drawing attached hereto as Exhibit A. The Property X Land and the Property X Building may be referred to collectively, herein, as the "*Property X*".
- (ii) An approximately 116.58-acre parcel of land (the "*Property Y Complex Land*") together with the industrial building known as [*****], Yadkinville, North Carolina, containing approximately 1,400,000 square feet and related improvements located on the Property Y Complex Land (collectively, the "*Property Y Complex Building*"). The Property Y Complex Land and the Property Y Complex Building are shown on the drawing attached hereto as Exhibit A. The Property Y Complex Land and the Property Y Complex Building may be referred to collectively, herein, as the "*Property Y*".

B. Buyer desires to purchase: (i) the Property X; (ii) a portion of the Property Y Complex Building containing approximately 111,589 square feet which is shown on the drawing attached hereto as Exhibit A (the "*Enovum Building Space*"); and (iii) a portion of the Property Y Complex Land containing approximately 62.725 acres, which is depicted on the drawing attached hereto as Exhibit A (the "*Enovum Property Y Land*") a portion of which is the underlying land on which the Enovum Building Space is located. The Enovum Building Space and the Enovum Property Y Land, together with all related improvements, may be referred to collectively, herein, as the "*Enovum Property Y*". The Property X and the Enovum Property Y may be referred to collectively, herein, as the "*Real Property*".

C. Subject to the terms and conditions contained herein, Seller desires to sell the Property (as defined below) to Buyer and Buyer desires to purchase the Property from Seller.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual conditions, covenants and restrictions hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer hereby agree as follows:

1. Real Property. Seller will sell, assign, transfer and convey to Buyer, AS-IS, WHERE-IS, and Buyer hereby will purchase and acquire from Seller, the following:

- 1.1 The Real Property, together with all improvements and appurtenances thereto and all fixtures and systems attached thereto (unless such fixtures or systems are listed as "Excluded" on Schedule 1.2 attached hereto);
 - 1.2 All that certain machinery and equipment located on the Real Property which is listed as "Included" on Schedule 1.2 attached hereto (collectively, the "**Personal Property**"). For the avoidance of doubt, the Personal Property (i) shall not include any machinery or equipment listed as "Excluded" on Schedule 1.2 attached hereto, (ii) shall include any machinery or equipment not listed as "Included" or "Excluded" on Schedule 1.2 attached hereto but left on the Real Property on the Occupancy Termination Date (as defined below), and (iii) shall not include any machinery or equipment not listed as "Included" or "Excluded" on Schedule 1.2 attached hereto and not on the Real Property on the Occupancy Termination Date (as defined below);
 - 1.3 All of Seller's interest in that certain agreement(s) with [*****] to sell electrical power generated by the solar farm located at [*****] (collectively, the "**Solar Farm Agreement**"), and all prepaid payments (to the extent applicable to a period beyond the Closing Date) if any; and
 - 1.4 All or any existing guarantees, warranties, entitlements, permits, approvals, development rights and indemnities relating to the construction, operation and/or use of the Real Property and Personal Property in effect at the time of Closing, to the extent assignable (collectively, the "**Warranties**" and together with the Real Property and Personal Property and the Solar Farm Agreement, the "**Property**"); provided, however, that the Warranties shall not include (i) any guarantees, warranties, entitlements, permits, approvals, development rights, and indemnities which need to be transferred to an owner's association to implement the condominium structure with respect to the Enovum Property Y Land and Enovum Building Space as discussed in Section 12.2 below, (ii) any guarantees, warranties, entitlements, permits, approvals, development rights, and indemnities which during the course of the fulfillment of Seller's other obligations under Section 12.2 below are reasonably identified as needing to be excluded from the Warranties, and (iii) any guarantees, warranties, entitlements, permits, approvals, development rights, and indemnities which during the course of negotiation of the Occupancy Agreement, Lease, Assignment and Assumption of Solar Farm Agreement, Fire Water Tower REA (as defined below), Property X Access Easement Agreement (as defined below), Property Y Reciprocal Easement Agreement (as defined below), and/or Condo Declaration (as defined below) are identified as needing to be excluded from the Warranties (for example, a warranty for the roof over the Property Y Complex Building might need to be transferred to the owner's association, a storm water runoff permit for the drainage of the Property Y Complex Land might need to remain with Seller, etc.). The foregoing notwithstanding, the Parties intend that the proposed recombination, subdivision or creation of condominium structures in creating the parcels of real property and the interests in the improvements to be transferred under this Agreement are intended to result in the
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Property retaining in substance the Existing Entitlements (as discussed below) and all such exclusions shall be consistent with such intent.

2. Purchase Price. The purchase price for the Property of Sixty Million and No/100 Dollars (USD \$60,000,000.00) (the “**Purchase Price**”), shall be paid as follows:

- 2.1. Buyer shall, within two (2) business days after the Effective Date, deposit in escrow with Chicago Title Company, LLC (the “**Title Company**”), a deposit in the amount of Two Million Two Hundred Fifty Thousand and No/100 Dollars (USD \$2,250,000.00) (together with all interest earned thereon, the “**Earnest Money Deposit**”), which shall be fully refundable to Buyer during the Inspection Period (as defined in Section 4 below) and otherwise as set forth in this Agreement, including, without limitation, Sections 13 and 14, except as noted in Section 4 with respect to a portion of the Earnest Money Deposit in the event of an extension of the Inspection Period. At Closing (as defined in Section 5.1 of this Agreement), the Earnest Money Deposit plus any accrued interest shall be paid to Seller and credited against the Purchase Price.
- 2.2 The balance of the Purchase Price shall be paid to Seller by wire transfer in readily available funds on the Closing Date (as defined in Section 5.1).
- 2.3 The Parties and Title Company agree to execute an escrow agreement in the form attached hereto as **Exhibit B**.

3. Survey and Title to the Real Property.

- 3.1 In connection with Seller’s obligations under Section 12.2 below, Seller, at Seller’s expense, shall obtain a survey (the “**Survey**”) of the Real Property and Seller shall have the Survey certified to Buyer. Seller agrees that it will provide the Survey to Buyer at least ten (10) days prior to the end of the Inspection Period. In the event the Survey is not delivered at least ten (10) days prior to the end of the Inspection Period, the Inspection Period shall be deemed extended for an additional ten (10) days from the date on which the Survey is actually delivered to Buyer. Seller agrees that the configuration of the Real Property shown on the Survey shall be materially consistent with the preliminary drawings and depictions of the Real Property attached hereto as exhibits.
 - 3.2 Buyer, at Buyer’s expense, shall obtain an ALTA title commitment (the “**Title Commitment**”) issued by the Title Company for an owner’s title insurance policy in the amount of the Purchase Price setting forth the status of title to the Real Property and any exceptions thereto. Buyer shall have until the expiration of the Inspection Period (as defined herein and as the same may be extended as provided herein) to review the Survey and the Title Commitment and determine if Buyer wishes to proceed to Closing. If there are any material defects of title or Survey relating to the Real Property that would prohibit Buyer’s ability to use and operate the Property as a data center (the “**Intended Use**”), Buyer may terminate this Agreement by providing written notice to Seller prior to the expiration of the Inspection Period, in which event, the Earnest Money Deposit shall be immediately returned to Buyer (other than, if applicable, the Non-Refundable Portion (defined below), which shall be immediately paid to Seller), this Agreement shall terminate and neither Party shall have any
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additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement. If Buyer does not terminate the Agreement prior to the expiration of the Inspection Period all exceptions contained in the Title Commitment and all matters shown on the Survey other than Mandatory Cure Items (as defined below) shall be deemed "**Permitted Exceptions**," and Seller shall have no obligation to cure any title exception except any Mandatory Cure Items. Notwithstanding anything to the contrary hereinabove provided, Seller covenants and agrees that at or prior to Closing, Seller shall (i) cause to be canceled and discharged as liens against the Property all mechanics' and contractors' liens and judgments which may be filed against Seller, and any other liens against the Property of a definite or liquidated amount (other than non-delinquent ad valorem taxes, to be prorated as provided herein) which may be removed by the payment of money which arose out of actions of the Seller or any party claiming by, through or under Seller; and (ii) cause to be released any security documents encumbering the Property which secures money borrowed by Seller or any party claiming by, through or under Seller (collectively, "**Mandatory Cure Items**"). Buyer shall pay for all costs related to the title examination, Title Commitment and title insurance premium and any ALTA endorsements required by Buyer or its lender and the costs associated with the title update of the Real Property charged by the Title Company at Closing. Seller shall be responsible for all costs incurred in connection with any Mandatory Cure Items.

3.3 At the Closing, Seller shall convey to Buyer good and marketable fee simple title to the Real Property, subject only to the Permitted Exceptions, and all rights, privileges and easements appurtenant thereto by duly executed and acknowledged Special Warranty Deed (the "**Deed**") in recordable form for the County and State in which the Real Property is located.

4. Inspection Period. Buyer, its employees, agents or designees, at Buyer's sole expense, shall have a period from the Effective Date until September 15, 2026 (the "**Inspection Period**") to examine and test the Property, and shall further have the right of ingress and egress over and through the Property for the purpose of inspecting, surveying, appraising, performing environmental inspections, and any other activities reasonably necessary to assess the Property, including the review of the title to the Real Property, as set forth in Section 3 (the "**Inspections**"). Buyer shall have one (1) thirty (30) day option to extend the Inspection Period, by providing notice of such extension option exercise prior to the end of the initial Inspection Period. In the event Buyer elects to so extend the Inspection Period, One Million Dollars (USD \$1,000,000.00) of the Earnest Money Deposit shall become non-refundable (the "**Non-Refundable Portion**") except in the event of any Seller default hereunder, Buyer's termination of the Agreement pursuant to Section 11 (Casualty and Condemnation), or Buyer's termination of the Agreement pursuant to Section 13 (Failure of Condition Precedent). The entire Earnest Money Deposit will be credited against the Purchase Price at Closing. If the Buyer's Inspections disclose material defects with the Property that would prohibit Buyer's Intended Use, in Buyer's sole discretion, Buyer shall have the right to terminate this Agreement by providing written notice of termination to Seller on or before the expiration of the Inspection Period, in which event, the Earnest Money Deposit (other than, the Non-Refundable Portion, if applicable, which shall be immediately paid to Seller) shall be immediately returned to Buyer, this Agreement shall terminate and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of this Agreement as expressly provided in this Agreement; provided, however,

if Buyer does not terminate this Agreement prior to the expiration of the Inspection Period, Buyer shall have access to the Property for purposes of continuing the Inspections through the Closing Date, subject to the terms and conditions set forth in this Section 4. In no event shall Buyer or its agents be permitted to perform any soil disturbing activities or invasive testing on the Real Property without the prior written consent of Seller, which consent may be withheld in Seller's sole discretion. Buyer shall repair any damage to the Property caused by Buyer's access and Inspections to the Property and agrees to restore the Property to its condition immediately prior to any such access and Inspections promptly after conducting the same. Buyer shall indemnify and hold harmless Seller from and against any and all actual expenses, claims, or losses, including without limitation, Seller's attorneys' fees or court costs occasioned by such claims arising from or in connection with any activities of Buyer, its officers, agents, employees, or contractors with respect to the Property prior to Closing (collectively, "**Losses**"), excluding any such Losses arising from the negligence or intentional misconduct of Seller or Seller's agents or Buyer's mere discovery of pre-existing conditions. The Buyer's obligations under the preceding two (2) sentences shall survive the Closing or termination of this Agreement.

Through the Closing Date, Buyer and Buyer's agents entering the Property shall maintain in effect, at Buyer's sole cost and expense, comprehensive general liability insurance with insurance carriers licensed in North Carolina and with an AM Best rating of A-, VII or better with bodily injury and property damage coverage of at least Five Million and No/100 Dollars (USD \$5,000,000.00) per occurrence and Five Million and No/100 Dollars (USD \$5,000,000.00) annual aggregate, naming Seller as an additional insured, and including a waiver of any right of subrogation against Seller. Buyer's policy should also be primary, non-contributory. These limits may be achieved through a combination of primary and excess umbrella liability policies. Buyer shall provide Seller with a certificate of insurance evidencing Buyer's compliance with the insurance requirements set forth herein. All on-site Inspections of the Property by Buyer, its officers, agents, employees, contractors, or designees shall occur during regular business hours at times reasonably determined by Seller which shall not unreasonably interfere with Seller's business operation with respect to the Property. If this Agreement is terminated for any reason, Buyer agrees to provide Seller with a copy of all third party reports, surveys and other reports Buyer obtained during its Inspections at no cost to Seller, but without any representation or warranty whatsoever from Buyer.

Seller has delivered to Buyer, and Buyer confirms satisfactory receipt of, certain diligence items relating to the Property (collectively, the "**Property Documents**"). Seller makes no representations or warranties, express or implied, regarding the accuracy, completeness, or reliability of the Property Documents. All Property Documents delivered by Seller to Buyer are provided for information purposes only, and Buyer shall, at its own risk, be entitled to rely upon the completeness or accuracy of the Property Documents but should in all instances rely exclusively on its own Inspections with respect to all matters it deems relevant to its decision to purchase the Property from Seller. Seller shall have no liability to Buyer or any third party for any errors, omissions, or inaccuracies in any Property Documents, regardless of whether such errors, omissions, or inaccuracies were known or should have been known by Seller.

5. The Closing.

- 5.1 The Closing of the transaction contemplated by this Agreement (the "**Closing**") shall take place on the date that is forty-five (45) days after the expiration of the Inspection Period, or on such other earlier date as Buyer may elect in its discretion upon at least
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ten (10) days prior written notice to Seller. The date on which the Closing actually takes place shall be referred to herein as the “**Closing Date**”.

5.2 At or before the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

- 5.2.1 The Deed conveying to the Buyer the Real Property, and all rights, privileges, and easements appurtenant thereto as required by Section 3.3 above, subject to the Permitted Exceptions, in form attached hereto as **Exhibit C** and incorporated herein by reference;
 - 5.2.2 A Quitclaim Deed conveying to the Buyer the Real Property as described on the Survey;
 - 5.2.3 A Bill of Sale conveying all Personal Property;
 - 5.2.4 Seller’s signature on an Assignment and Assumption of the Solar Farm Agreement;
 - 5.2.5 A general assignment of all of Seller’s right, title and interest, in and to all Warranties (to the extent assignable) for the Real Property and Personal Property;
 - 5.2.6 Seller’s corporate resolutions authorizing the transactions contemplated by this Agreement and qualification certificate issued by the North Carolina Secretary of State;
 - 5.2.7 A Non-Foreign Affidavit in the form reasonably acceptable to the Buyer and Title Company;
 - 5.2.8 Title Affidavit (including, liens, possession and gap indemnity) in a form reasonably acceptable to the Title Company, Seller, and Buyer for Title Company to issue a title policy consistent with the Title Commitment, subject to the Permitted Exceptions;
 - 5.2.9 Exclusive possession of the Property in accordance with the terms of this Agreement (subject to the Occupancy Agreement and the Lease (as each of those terms is defined below));
 - 5.2.10 Seller’s signature on the Occupancy Agreement;
 - 5.2.11 Seller’s signature on the Lease and the memorandum of lease contemplated therein;
 - 5.2.12 Seller’s signature on the Fire Water Tower REA;
 - 5.2.13 Seller’s signature on the Property X Access Easement Agreement;
 - 5.2.14 Seller’s signature on the Property Y Reciprocal Easement Agreement;
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- 5.2.15 Seller's signature on the Condo Declaration;
 - 5.2.16 Seller's signature on the certificate of representations and warranties contemplated by Section 6.13 below; and
 - 5.2.17 An executed closing statement (the "**Closing Statement**"), prepared by counsel for Buyer or Title Company, and in form and content satisfactory to Buyer and Seller as well as any other documents, instruments or agreements called for hereunder or reasonably required to consummate the transactions under this Agreement required to be signed by the Seller.
- 5.3 At or before the Closing, Buyer shall deliver or cause to be delivered to the Seller the following:
- 5.3.1 Buyer's signature on the Assignment and Assumption of Solar Farm Agreement;
 - 5.3.2 Buyer's signature on the Occupancy Agreement;
 - 5.3.3 Buyer's signature on the Lease and the memorandum of lease contemplated therein;
 - 5.3.4 Buyer's signature on the Fire Water Tower REA;
 - 5.3.5 Buyer's signature on the Property X Access Easement Agreement;
 - 5.3.6 Buyer's signature on the Property Y Reciprocal Easement Agreement;
 - 5.3.7 Buyer's signature on the Condo Declaration;
 - 5.3.8 The balance of the Purchase Price by wire transfer in readily available funds of the United States and such other funds as may be required to close the escrow; and
 - 5.3.9 The Closing Statement executed by Buyer as well as any other documents, instruments or agreements called for hereunder or reasonably required to consummate the transactions under this Agreement required to be signed by the Buyer, which have not previously been delivered.
- 5.4 Seller and Buyer shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the transactions under this Agreement.
- 5.5 Seller and Buyer agree to prorate the real property taxes as of the Closing Date with Seller responsible for January 1, 2026 through the day prior to the Closing Date and Buyer responsible for the remainder of the year; provided, the Occupancy Agreement, Lease, Assignment and Assumption of Solar Farm Agreement, Fire Water Tower REA, Property X Access Easement Agreement, Property Y Reciprocal Easement Agreement,
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and/or Condo Declaration may provide for other obligations of the Buyer and Seller with respect to the payment of taxes. The Parties agree that utilities charges after the Closing Date shall be allocated and shared as outlined in the Occupancy Agreement, Lease, Assignment and Assumption of Solar Farm Agreement, Fire Water Tower REA, Property X Access Easement Agreement, Property Y Reciprocal Easement Agreement, and/or Condo Declaration.

- 5.6 Seller is responsible for and shall pay (i) the cost of any transfer taxes for Seller's conveyance of its fee simple interest in the Real Property, (ii) any brokerage fee due to the Brokers (as defined herein), (iii) cost and expenses to cure any Mandatory Cure Items, (iv) one half (1/2) of the Title Company's escrow/closing fees, if any, (v) the cost of the Survey, and (vi) the fees and expenses of Seller's attorney.
- 5.7 Buyer is responsible for and shall pay (i) the cost of the owner's and, if applicable, lender's premium for the policy of title insurance to be issued pursuant to the Title Commitment and any title insurance ALTA endorsements desired by Buyer or its lender, (ii) one half (1/2) of the Title Company's escrow/closing fees, if any, (iii) the cost of recording the Deed, the Quitclaim Deed, the memorandum of lease contemplated by the Lease, the Fire Water Tower REA, the Property X Access Easement Agreement, the Property Y Reciprocal Easement Agreement, and the Condo Declaration, (iv) third party reports or any other costs or expenses of Buyer's Inspections or investigations of the Property, (v) all closing costs, recording fees, mortgage taxes and any other costs associated with or related to Buyer's financing, and (vi) the fees and expenses of Buyer's attorney.
- 5.8 Any other costs and fees to be paid at Closing, not specifically described above, shall be paid by such Party as is customary in real estate closings in Yadkin County, North Carolina.

6. **Representations and Warranties of Seller.** Seller hereby represents and warrants to Buyer, which warranties and representations shall survive the Closing as set forth herein, as follows:

- 6.1 This Agreement and all the documents executed by Seller which are to be delivered to Buyer at the Closing are, and at the time of Closing will be, duly authorized, executed, and delivered by Seller, are and at the time of Closing will be, legal, valid, and binding obligations of Seller, are and at the time of Closing will be, sufficient to convey title (if they purport to do so), and, to the Seller's knowledge, do not, and at the time of Closing will not, violate any provisions of any agreement to which Seller is a party or to which it or any of its assets are subject.
 - 6.2 Seller is not a ***"foreign person"*** within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended, nor is the sale of the Property subject to any withholding requirement imposed by the Internal Revenue Service, including, but not limited to, Section 1445 thereof.
 - 6.3 Seller is in compliance with the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the ***"Order"***) and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (***"OFAC"***) and in any enabling legislation or other Executive Orders or
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regulations in respect thereof (the Order and such other rules, regulations, legislation or orders are collectively called the “**Orders**”). Seller (A) is not listed on the Specially Designated Nationals and Blocked Person List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the “**Lists**”), (B) is not a Person (as defined in the Order) who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (C) is not owned or controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts for or on behalf of, any person on the Lists or any other Person who has been determined by competent authority to be subject to the prohibitions contained in the Orders. The foregoing representation shall not apply with respect to the beneficiaries of any pension plan participating in Seller.

- 6.4 Seller is not a party to, or to its knowledge, affected by any litigation, administrative action, investigation or other governmental or quasi-governmental proceeding which would or could have an adverse effect upon the Property or upon the ability of Seller to fulfill its obligations under this Agreement. To Seller’s knowledge, there are no lawsuits, administrative actions, governmental investigations or similar proceedings, including, without limitation, real estate tax assessment appeals, pending or threatened against or affecting the Property or any portion thereof or any interest therein except that Yadkin County is considering a temporary moratorium on data centers.
 - 6.5 Seller is not a party to any voluntary or involuntary proceedings under any applicable laws relating to the insolvency, bankruptcy, moratorium or other laws affecting creditors’ rights to the extent that such laws may be applicable to Seller.
 - 6.6 Seller has not received written notice of any assessments or special assessments by a public body, whether municipal, county, or state imposed, contemplated or confirmed and ratified against any of the Real Property for public or private improvements which are now or hereafter payable. To Seller’s knowledge, the Real Property is not part of any improvements district, or similar program which could result in additional assessments against the Real Property.
 - 6.7 The Real Property is currently zoned LI - Light Industrial. Seller has no knowledge of, and has not received notice of any action, threatened or proposed, to change the zoning classification of the Real Property.
 - 6.8 Except for the Buyer under this Agreement, no person has any written or oral agreement, present or future, contingent or absolute, option, understanding or commitment, or any right (including a right of first refusal or other purchase right) or privilege capable of becoming such for the purchase or other acquisition of any of the Property.
 - 6.9 There are no leases, licenses, agreements or options to lease or other tenancy agreements with respect to the Property which are currently in effect other than the Solar Farm Agreement, that certain Joint Access and Easement Agreement between Unifi and [*****](the “**Joint Access and Easement Agreement**”), and that certain Fire Protection System Easement Agreement between Unifi and [*****] (the “**Fire**
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Protection System Easement Agreement” and together with the Joint Access and Easement Agreement, the **“Existing Easements”**), and at Closing, other than the Occupancy Agreement, the Lease, the Solar Farm Agreement, the Existing Easements, the Fire Water Tower REA, the Property X Access Easement Agreement, the Property Y Reciprocal Easement Agreement, and the Condo Declaration, there will be no leases, licenses, agreements, or options to lease or other tenancy agreements with respect to the Property which are in effect.

- 6.10 All service contracts applicable to the Real Property (collectively, the **“Service Contracts”**) are listed on **Schedule 6**. Except for the Service Contracts, there are no other unrecorded contracts, agreements or documents affecting the Real Property or any portion thereof. At the Closing, except as may be provided under the Occupancy Agreement, the Lease, the Fire Water Tower REA, the Property X Access Easement Agreement, the Property Y Reciprocal Easement Agreement, or the Condo Declaration, all Service Contracts shall have been terminated with respect to the Real Property.
- 6.11 To Seller’s knowledge, the Property is not subject to any roll-back or deferred taxes, impact fees, traffic or trip fees, development fees, utility capacity, utility extension, sewer connection, tap or other similar type fees or assessments imposed by any governmental authority with respect to the development of the Property or any other recoupment arising under any applicable laws or covenants relating to the taxation or development of the Property or any part thereof.
- 6.12 Except as set forth in Seller’s environmental reports made available to Buyer and the Property Documents, to Seller’s knowledge: (i) no Hazardous Substances (as defined below) presently exist or have been discharged, disbursed, released, stored, treated, generated, disposed of, or allowed to escape on, in, or under the Real Property in violation of Environmental Laws (as defined below); (ii) no PCBs are located on or in the Real Property, whether in electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or otherwise; (iii) no underground storage tanks are located on the Real Property or were located on the Real Property and were subsequently removed or filled; (iv) no investigation, administrative order, consent order or agreement, litigation, or settlement with respect to Hazardous Substances is proposed, threatened, anticipated or in existence with respect to the Real Property; and (v) Seller has not received any written notice, citation, summons, directive, order or other communication, written or oral, from, and Seller has no knowledge of the filing or giving of any such notice, citation, summons, directive, order or other communication by, any governmental or quasi-governmental authority or agency or any other person or party concerning the presence, generation, treatment, storage, transportation, transfer, disposal, release, or other handling of any Hazardous Substance within, on, from, related to, or affecting the Real Property. For purposes of this Agreement, “Hazardous Substances” means all hazardous waste, hazardous substances, hazardous constituents, hazardous materials, toxic substances, or related substances or materials, whether solids, liquids or gases including, but not limited to, polychlorinated biphenyl (commonly known as PCBs), asbestos, radon, urea formaldehyde, petroleum products (including gasoline and diesel oil), toxic substances, hazardous chemicals, spent solvents, sludge, ash, containers with hazardous waste residue, spent solutions from manufacturing processes, pesticides, explosives, organic chemicals, inorganic
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pigments and other similar substances, as each of the foregoing terms are defined under, or regulated or governed by, any and all “**Environmental Laws**,” which for purposes of this Agreement, means (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. S 9601 et seq., (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. S 1801 et seq., (iii) the Resource, Conservation and Recovery Act of 1976, as amended, 42 U.S.C. S 6901 et seq., (iv) the Clean Water Act, as amended, 33 U.S.C. S 1251 et seq., (v) the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. S 2601 et seq., (vi) the Clean Air Act, as amended, 42 U.S.C. S 7401 et seq., and (vii) any so-called “superfund” or “superlien” law.

- 6.13 All representations set forth in this Section 6 shall be deemed made as of the Effective Date of this Agreement. Seller agrees that it will execute a certificate of its representations and warranties hereunder certifying the same to be true and accurate as of the Closing Date, except as may need to be updated to reflect any changes in fact between the Effective Date and the Closing Date. All such representations and warranties of Seller shall survive the Closing and shall not be deemed to have merged into and be governed by any Closing documents for the period of twelve (12) months following the Closing Date (the “**Survival Period**”). If Buyer has actual knowledge, prior to Closing, that any representation or warranty under this Agreement is not true but proceeds to Closing, Buyer shall have waived any right to make any claim with respect to such representation and warranty, including during Survival Period. If Buyer discovers, after Closing, but within the Survival Period, that any representation or warranty made in this Agreement is not true in any material respect, Buyer shall be entitled to exercise its remedies available at law subject to the limitations set forth in Section 6.14 below, provided as a condition precedent to Buyer’s right to do so, Buyer must deliver written notice of such breach to Seller, within the Survival Period. Until the expiration of the Survival Period, and, if applicable, payment or disposition in a final, non-appealable judgment by a court of competent jurisdiction of all claims made by the Buyer under this Agreement, the Seller shall remain in existence and in good standing in its jurisdiction of incorporation (the “**Existence Covenant**”). The Seller shall provide reasonable evidence of its satisfaction of the Existence Covenant within fifteen (15) days after written request therefor from the Buyer at any time prior to the expiration of the Survival Period (provided the Seller shall not be required to deliver such evidence more than one (1) time). This Section 6.13 shall survive Closing.
- 6.14 Seller shall indemnify and hold Buyer harmless from and against any and all actual claims, actions, judgments, liabilities, liens, damages, penalties, fines, costs and reasonable attorneys’ fees, foreseen or unforeseen, asserted against, imposed on or suffered or incurred by Buyer (or the Real Property) directly or indirectly arising out of or in connection with any breach of the warranties, representations and covenants set forth in this Agreement by Seller, except to the extent waived at Closing as set forth in Section 6.13 above. Buyer shall not have the right to bring a cause of action for a breach of a representation or warranty unless the actual damage to Buyer on account of such breach (individually or when combined with damages from other breaches) equals or exceeds One Hundred Thousand and No/100 Dollars (USD \$100,000.00) (the “**Basket**”). In the event Buyer’s claims hereunder reach or exceed the Basket prior to the end of the Survival Period, Buyer shall be entitled to recover all such claimed amounts and not just that portion of its claims that exceed the Basket amount. In no
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event shall Seller's aggregate liability for breaches of the representations and warranties given by Seller exceed three percent (3%) of the Purchase Price.

6.15 References to "Seller's knowledge" or "knowledge of Seller" or similar such phrases mean the actual knowledge, without investigation, of [*****].

7. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller, which representations and warranties shall survive Closing, as follows:

7.1 All documents executed by Buyer which are to be delivered to Seller at Closing are, or at the Closing will be, duly authorized, executed, and delivered by Buyer, and are, or at the Closing will be, legal, valid, and binding obligations of Buyer, and, to the Buyer's knowledge, do not, and will not at the time of Closing, violate any provisions of any agreement to which Buyer is a party or to which it or its properties are subject.

7.2 Buyer is in compliance with the requirements of the Order and other similar requirements contained in the rules and regulations of OFAC and in any enabling legislation or other Executive Orders or regulations in respect thereof. Buyer (A) is not listed on the Specially Designated Nationals and Blocked Person List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders, (B) is not a Person (as defined in the Order) who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (C) is not owned or controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts for or on behalf of, any person on the Lists or any other Person who has been determined by competent authority to be subject to the prohibitions contained in the Orders. The foregoing representation shall not apply with respect to the beneficiaries of any pension plan participating in Buyer.

8. Default.

a. Buyer's Default. If the Closing is not consummated because of Buyer's breach of this Agreement, default, failure or refusal to perform hereunder, then, after not less than five (5) days' prior written notice and opportunity to cure, Seller shall, as its sole and exclusive remedy for such default, retain the Earnest Money Deposit as liquidated damages. Buyer and Seller acknowledge that it is impossible to precisely estimate the damages which might be suffered by Seller upon Buyer's default and that the Earnest Money Deposit represents a reasonable estimation of such damages.

b. Seller's Default. In the event of a breach of this Agreement by Seller (including, without limitation, Seller's failure or refusal to convey the Property to Buyer as required by this Agreement), which breach is not cured within five (5) days' after prior written notice from Buyer, Buyer shall be entitled, at its option, to either (a) seek specific performance of this Agreement against Seller in a court of competent jurisdiction by filing such action within sixty (60) days of Seller's default, in which event Seller shall pay Buyer for all of Buyer's costs and expenses (including, without limitation, court costs, reasonable and actual attorneys' fees, and expenses) incurred in connection with the enforcement of this Agreement if Buyer is the prevailing party in

such enforcement proceeding, or (b) terminate this Agreement and receive a full refund of the Earnest Money Deposit and be reimbursed for all of Buyer's actual costs and expenses incurred in connection with this Agreement and Buyer's due diligence, not to exceed One Hundred Thousand and No/100 Dollars (USD \$100,000.00). The foregoing notwithstanding, in the event the remedy of specific performance is not available due to the intentional breach by Seller of the provisions of this Agreement, Buyer shall have all rights and remedies at law or in equity. The Parties agree that the foregoing limitations on remedies shall not apply in the case of any breach by Seller of any representation or warranty under this Agreement and remedies for such breaches shall be subject to the provisions of Section 6.14 above.

9. Miscellaneous.

- a. Notices. Any notice which may be required or permitted hereunder shall be in writing and shall be deemed delivered upon dispatch if sent via electronic mail (email) communication (with electronic confirmation of receipt), Federal Express or other nationally recognized overnight air courier, or upon receipt or refusal if sent via hand delivery or United States Mail, registered or certified, in any case addressed to such Party at the addresses set forth below.

If to Seller: Unifi Manufacturing, Inc.

7201 West Friendly Avenue
Greensboro, North Carolina, 27410
Attn: [*****]
Email: [*****]

With copy to: [*****]
[*****]
[*****]
[*****]
[*****]

If to Buyer: Enovum Data Centers Corp.

D-3195 RD Bedford
Montreal (Quebec) H3S 1G3 Canada
Attn: [*****]
Email: [*****]

With copy to: [*****]

[*****]
[*****]
[*****]
[*****]

- 9.2 Brokers and Finders. Buyer and Seller each represent and warrant to each other that, except for [*****], acting as the Buyer's broker ("**Buyer's Broker**"), and [*****], acting as the Seller's broker ("**Seller's Broker**"), neither Party has dealt with a broker in connection with, nor has any broker had any part in bringing about, this transaction. Buyer and Seller shall each indemnify, defend, and hold harmless the other from and

against any claim of any broker or other person for any brokerage commissions, finder's fees, or other compensation in connection with this transaction if such claim is based in whole or in part by, through, or on account of, any acts of the indemnifying party or its agents, employees, or representatives and from all losses, liabilities, costs, and expenses in connection with such claim, including without limitation, reasonable attorneys' fees, court costs, and interest. Seller shall pay a commission to Seller's Broker pursuant to the terms of a separate agreement. The provisions of this Section 9.2 shall survive the Closing or the termination of this Agreement prior to the Closing.

- 9.3 Successors and Amendments. Except for an assignment to an affiliate of Buyer, Buyer shall not have the right to assign this Agreement or any of its rights or obligations to any persons, corporations, or other entity without the prior written consent of the Seller, which consent may be withheld in Seller's sole discretion. For purposes of this Agreement, an "affiliate" means any other person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with Buyer, including, without limitation, any limited liability company for which Buyer is the manager. As used in this Section 9.3, the term "control" (including the terms "controlling", "controlled by", or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of Buyer, whether through ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, Buyer shall not be released of its obligations hereunder as a result of any assignment.
- 9.4 Governing Law & Merger. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflict of laws principles. The Parties further agree that any suit, action, or proceeding arising out of this Agreement shall be submitted to and brought exclusively before the appropriate federal or state courts in the State of North Carolina. The Parties acknowledge that this Agreement has been prepared, negotiated, executed, and entered into as a contract in the State of North Carolina. This Agreement supersedes all prior agreements and understandings between the Parties hereto relating to the subject matter hereof.
- 9.5 Enforcement. If either Party hereto fails to perform its obligations under this Agreement, or if a dispute arises concerning the meaning or interpretation of any provision of this Agreement and any action or steps are taken in furtherance thereof including, but not limited to, the commencement of legal proceedings, lawsuits, arbitration, or other proceedings arising out of, relating to, or based in any way on this Agreement, including, without limitation, tort actions and actions for injunctive and declaratory relief, the non-prevailing party in the dispute shall pay any and all actual costs and expenses incurred by the prevailing party in enforcing or establishing its rights hereunder, or in defending itself or its rights hereunder, or both including, without limitation, all court costs, all fees and costs incurred in any appellate process, and attorneys' fees actually incurred.
- 9.6 Document Execution. It is understood and agreed by Seller and Buyer that until this Agreement is fully executed by both Seller and Buyer there is not and shall not be an agreement of any kind between the Parties upon which any commitment, undertaking, liability, or obligation can be founded.
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- 9.7 Interpretation. This Agreement shall not be construed in favor or against either Party but shall be construed as if all Parties prepared this Agreement.
- 9.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same Agreement. Additionally, the Parties hereby covenant and agree that, for purposes of facilitating the execution of this Agreement, a facsimile, PDF, or DocuSign signature shall be deemed to be an original signature.
- 9.9 Time. Time is of the essence with respect to each provision of this Agreement subject to Section 9.10.
- 9.10 Final Dates. If the final date of any deadline falls upon a Saturday, Sunday, or holiday recognized by the U.S. Postal Service, then in such event the time of such deadline shall be extended to the next day that is not a Saturday, Sunday, or holiday recognized by the U. S. Postal Service. Whenever the word “days” is used herein, it shall be considered to mean “calendar days” and not “business days” unless an express statement to the contrary is made.
- 9.11 Confidentiality. The Parties covenant and agree that the matter of confidentiality shall be governed by that certain Mutual Non-Disclosure Agreement between the Parties, effective as of [*****], which is attached hereto as Exhibit D (the “*Non-Disclosure Agreement*”). The Parties acknowledge that the Seller is a public company listed on the New York Stock Exchange and that the Buyer’s parent company, Bit Digital, Inc., is a public company listed on the NASDAQ stock exchange, and that as such both companies are subject to the rules and regulations of the U.S. Securities and Exchange Commission (“*SEC*”). The Parties agree that any disclosure required of Seller or Bit Digital, Inc. pursuant to the United States securities laws, the SEC rules and regulations, the New York Stock Exchange or the NASDAQ would be permissible pursuant to Section 3.4 of such Non-Disclosure Agreement and subject to the terms and conditions of Section 4 of the Non-Disclosure Agreement.
- 9.12 Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

10. AS-IS, WHERE-IS Sale. Buyer expressly acknowledges that the Property is being sold and accepted in its **AS-IS, WHERE-IS, WITH ALL FAULTS** condition and except for the express representations and warranties set forth in this Agreement and the Deed to be delivered by Seller at Closing, Seller makes no representations or warranties with respect to the physical condition or any other aspect of the Property, including, without limitation, (i) the conformity of the Property to any past, current or future applicable zoning or building code requirements or compliance with any other laws, rules, ordinances, or regulations of any government or other body, (ii) the nature and effect of any easement, right-of-way, restrictions, reservations or other encumbrances on Buyer’s Intended Use of the Property, (iii) whether the Property is located
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wholly or partially in a flood plain or a flood hazard boundary or similar area, (iv) the existence or non-existence of asbestos, hazardous waste or other toxic or hazardous materials of any kind or any other environmental condition or whether the Property is in compliance with the Environmental Laws, or (v) any other matter whatsoever affecting the Property (collectively, the **"Property Conditions"**), and **BUYER HEREBY WAIVES ANY AND ALL RIGHTS BUYER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE** relating to the Property, its improvements or the Property Conditions. Without limiting the generality of the foregoing, Buyer agrees that with respect to removal between the Effective Date and the Closing Date of any machinery and equipment which is not included in the Personal Property to be transferred to Buyer pursuant to Schedule 1.2 of this Agreement, Seller shall have no responsibility for repairing any minor damage caused thereby (such as filling bolt or mounting holes in the concrete flooring which is incidental to the removal); however, Seller shall have responsibility for repairing any major damaged caused thereby (for example and not as a limitation, knocking down walls or holes in walls or floors from forklift or similar machinery). The Parties agree that Seller's obligations with respect to removal of any machinery and equipment which is not included in the Personal Property to be transferred to Buyer pursuant to **Schedule 1.2** of this Agreement after the Closing Date shall be governed by the Occupancy Agreement. The provisions and waivers of this Section 10 shall survive the Closing.

11. **Casualty Loss and Condemnation:** In the event of any casualty loss to all or a material portion of the improvements located on the Real Property in excess of One Million and No/100 Dollars (USD \$1,000,000.00) prior to Closing (**"Material Casualty Loss"**) or in the event of any condemnation or eminent domain proceedings for any public or quasi-public purposes at any time prior to Closing, resulting in a taking of all or any material portion of the Real Property that materially prevents access to and from the Real Property, or makes the Real Property unsuitable for the Intended Use (**"Material Condemnation"**), Buyer shall have the option at any time prior to Closing (i) to cancel this Agreement and receive a refund of its Earnest Money Deposit and this Agreement shall be of no further force and effect, except those obligations that survive termination; or (ii) to proceed to Closing, in which event the Purchase Price shall not be abated. If any such casualty or condemnation is not determined to be a Material Casualty Loss or a Material Condemnation, Buyer shall not be permitted to terminate this Agreement and the Parties shall proceed to Closing. Notwithstanding the foregoing, if such casualty or condemnation is not determined to be a Material Casualty Loss or a Material Condemnation, or it is determined to be a Material Casualty Loss or a Material Condemnation and Buyer decides to proceed to Closing pursuant (ii) above, Seller shall assign any and all insurance proceeds and/or condemnation or eminent domain award, as the case may be to Buyer. From and after the Effective Date, Seller agrees not to enter into any settlement of any Casualty Loss or Condemnation without the proper written consent of Buyer. Notwithstanding the preceding two sentences, Seller shall not be obligated to assign insurance proceeds and/or condemnation or eminent domain awards, nor refrain from entering into any settlement of any Casualty Loss or Condemnation without the proper written consent of Buyer, if in any such case such
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assignment or restraint shall be prohibited by, or inconsistent with, Seller's arrangement with its lender(s). Further, Buyer acknowledges that the occurrence of a casualty loss or any condemnation or eminent domain proceedings shall not be a default by Seller under this Agreement, and in no event shall Seller have any restoration obligations following a casualty loss or condemnation or eminent domain. In the event of any casualty event or condemnation, in which the proceeds are not made available by Seller's lender(s), Buyer shall have the option to either (i) terminate this Agreement and receive a refund of the Earnest Money Deposit; or (ii) proceed to Closing and the Purchase Price shall be reduced by the lesser of (x) the amount of the reduction in value of the Property or (y) the amount of the construction costs necessary to restore the Property to the condition that existed prior to such casualty or condemnation.

12. Covenants:

12.1 Seller. Between the Effective Date and the Closing Date, (a) Seller shall maintain the Property (including performance under any Service Contract Buyer is electing to assume post-Closing), and shall comply with all applicable laws and Environmental Laws (as defined herein); provided, however that except as necessary to comply with all applicable laws and Environmental Laws, Seller shall have no obligation to maintain or repair the Real Property or Personal Property; provided, Seller shall not cause any waste and Seller shall have responsibility for repairing any major damage (for example and not as a limitation, knocking down walls or holes in walls or floors from forklift or similar machinery) caused by the removal of any machinery and equipment which is not included in the Personal Property to be transferred to Buyer pursuant to Schedule 1.2 of this Agreement; (b) unless Buyer has given its prior written consent, Seller shall not make any material changes to or alterations of the Real Property or Personal Property except to perform (i) emergency repairs (regarding which Buyer shall be promptly advised in writing), and (ii) any other work having Buyer's prior written approval. Seller shall, promptly upon Seller's obtaining knowledge thereof, provide Buyer with a written notice (i) of any event which has or has the potential to have an adverse effect on the Property, or (ii) concerning the Real Property received by Seller from any governmental or quasi-governmental authority or from any insurance company, including any violation of applicable law or Environmental Laws, or any service of process relating to the Property or which affects Seller's ability to perform its obligations under this Agreement.

12.2 Combination and Subdivision. The Property X Land that will be a part of the Real Property consists of all or portions of multiple tax parcels. The Enovum Property Y Land is a part of the larger Property Y Complex Land tax parcel. Except as noted herein, the Seller shall, at its sole cost and expense, use commercially reasonable efforts to take all necessary actions and implement all necessary measures required to (i) subdivide and combine the Property X Land so that the Property X Land is one separate and distinct tax parcel (the "**Combination**"); and (ii) subdivide the Enovum Property Y Land from the Property Y Complex Land so that the Enovum Property Y Land is one or more separate and distinct tax parcel (with respect to the Enovum Property Y Land, the "**Subdivision**"). The Seller's responsibilities with respect to the necessary actions to effectuate the Combination and the Subdivision may include, but are not limited to, using commercially reasonable efforts to do the following:

- (i) obtaining all necessary permits, approvals, authorizations, and consents required from any governmental, municipal, administrative, or regulatory authority having jurisdiction in order to effectuate the Combination and the Subdivision;
- (ii) commissioning, completing, and filing all required and necessary studies, assessments, plans, reports, and surveys, including, without limitation, cadastral and boundary surveys, subdivision plans, and any necessary planning assessments required in connection with the Combination and the Subdivision; and
- (iii) completing all registrations, filings, and recordings necessary to legally effect the Combination and the Subdivision and to ensure that the Real Property is legally defined and identifiable as separate and distinct tax parcels. The Seller shall further ensure that all necessary conditions, requirements, and formalities imposed by any governing authority in connection with the Combination and the Subdivision are fully satisfied, such that the Real Property shall constitute independent and legally distinct lots, capable of separate ownership, conveyance, financing, and registration.

The Parties agree to work together in good faith to effectuate the Combination and the Subdivision. Seller agrees that it will provide copies of all proposed subdivision plats and plans to the Buyer for review and approval. Seller shall not file any such subdivision plans unless and until the Buyer has approved the same, such approval not to be unreasonably withheld, conditioned or delayed. Final, signed and approved subdivision plats, creating the Property X Land parcel and the Enovum Property Y Land parcel, shall be a condition to the obligations of the Buyer and Seller hereunder and the Closing may be extended, as needed, for a reasonable period of time, as agreed to by the Parties, for any pending requirements of the applicable governmental authorities regarding the approval of such plats. If after good faith efforts are made to obtain the necessary approval, the approval of any required subdivision plat is denied by the applicable governmental authorities, or if approval of any required subdivision plat is delayed beyond the last day that the Closing may occur under this Agreement (as such date may be extended as agreed to by the Parties), either Party may terminate this Agreement by providing written notice to the other Party, in which event, the Earnest Money Deposit shall be immediately returned to Buyer (other than, if applicable, the Non-Refundable Portion unless Buyer or Seller provides irrevocable notice by [*****] that it will exercise its termination right for failure to obtain the required governmental approvals, in which case this Agreement will immediately terminate and the Non-Refundable Portion shall be refunded to Buyer), this Agreement shall terminate, and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement.

With respect to the Enovum Property Y Land and Enovum Building Space, the Parties understand that it will be necessary to create a condominium structure, in which event the Subdivision shall be deemed to include the creation of a separate condominium unit and the Seller will prepare the necessary plans and specifications and a declaration of condominium (the “**Condo Declaration**”) (each to be reviewed and approved by the Buyer) in accordance with the North Carolina Condominium Act. If the Parties cannot reach agreement on the form of the Condo Declaration or the necessary plans and specifications by the end of the Inspection Period, either Party may terminate this Agreement by providing written notice to the other Party prior to five (5) business days after the expiration of the Inspection Period, in which event, the Earnest Money Deposit shall be immediately returned to Buyer (other than, if applicable, the Non-Refundable Portion unless Buyer or Seller provides irrevocable notice by [****] that it will exercise its termination right for failure to reach agreement on the form of the Condo Declaration or the necessary plans and specifications, in which case this Agreement will immediately terminate and the Non-Refundable Portion shall be refunded to Buyer) this Agreement shall terminate, and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement. The Parties agree that the Combination and the Subdivision is intended to result in parcels that maintain the same characteristics including zoning, development rights, permitting (if any), permitted uses, and all other aspects as currently exist for the Property Y Complex Land or the parcels which encompass the Property X Land (collectively, the “**Existing Entitlements**”), and the continuation or maintenance of such characteristics shall be a condition to the Buyer’s obligations to close under this Agreement. In the event the Combination or Subdivision would cause the Property X or the Enovum Property Y to not continue to have the Existing Entitlements, Buyer shall have the right to terminate this Agreement and receive a refund of the entire Earnest Money Deposit and upon such termination the Parties shall have no further rights or obligations hereunder, except for any rights or obligations that expressly survive the termination of this Agreement; provided, however, if the failure to retain the Existing Entitlement is due to the acts or omissions of Buyer, or the failure of Buyer to comply with its obligations under this Agreement, the Earnest Money Deposit shall be paid to Seller.

Notwithstanding anything to the contrary in this Agreement, Buyer shall be responsible for the payment of all engineering and other design work necessary to prepare the plans necessary for the construction of party walls, separation of utilities, separation of fire suppression systems, and other construction work related to the Subdivision and for the cost of construction related to the implementation of such plans. This payment obligation shall survive Closing or the earlier termination of this Agreement.

In furtherance of the foregoing, with respect to the Property X Land, on the Closing Date, the Parties shall execute and record an access easement agreement (the “**Property X Access Easement Agreement**”) whereby Seller shall provide an access easement over [****] which provides access to the Property X Building and Property X Land and (ii) the Parties shall execute and record an easement and covenant (the “**Fire Water Tower REA**”) governing the shared use and maintenance of a fire suppression water tower and system which supports the

Property X Building and Seller's retained property. If the Parties cannot reach agreement on the forms of the Property X Access Easement Agreement or the Fire Water Tower REA prior to the expiration of the Inspection Period, either Party may terminate this Agreement by providing written notice to the other Party prior to five (5) business days after the expiration of the Inspection Period, in which event, the Earnest Money Deposit shall be immediately returned to Buyer (other than, if applicable, the Non-Refundable Portion unless Buyer or Seller provides irrevocable notice by [****] that it will exercise its termination right for failure to reach agreement on the forms of the Property X Access Easement Agreement or the Fire Water Tower REA, in which case this Agreement will immediately terminate and the Non-Refundable Portion shall be refunded to Buyer), this Agreement shall terminate and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement.

With respect to the Property Y Complex Land, on the Closing Date, the Parties shall execute and record an access easement (the "**Property Y Reciprocal Easement Agreement**") whereby Seller shall grant an access easement over [****] which provides access to the Enovum Property Y Land and Buyer shall grant an easement over portions of the Enovum Property Y Land (as such easements are shown on **Exhibit A**) and such other reciprocal easements as may be necessary to accommodate the Subdivision and to provide Seller access for purposes of using the truck wash station in a manner that will not materially affect Buyer's use of the Enovum Property Y Land. If the Parties cannot reach agreement on the form of the Property Y Reciprocal Easement Agreement prior to the expiration of the Inspection Period, either Party may terminate this Agreement by providing written notice to the other Party prior to five (5) business days after the expiration of the Inspection Period, in which event, the Earnest Money Deposit shall be immediately returned to Buyer (other than, if applicable, the Non-Refundable Portion unless Buyer or Seller provides irrevocable notice by [****] that it will exercise its termination right for failure to reach agreement on the form of the Property Y Reciprocal Easement Agreement, in which case this Agreement will immediately terminate and the Non-Refundable Portion shall be refunded to Buyer), this Agreement shall terminate and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement.

All costs of creating the necessary subdivision plats and in obtaining the necessary approvals for the Combination and the Subdivision shall be the responsibility of the Seller.

13. Conditions to Closing: Notwithstanding any other conditions to Closing set forth in this Agreement, Buyer's obligation to purchase the Property or otherwise to perform any obligation provided in this Agreement is expressly conditioned upon the due performance by Seller of each material undertaking and covenant and agreement to be performed by Seller under this Agreement including, but not limited to, delivery of all items and documents required under Section 5.2 and the truth, accuracy and completeness in all material respects, of each representation and warranty made in this Agreement by Seller. Upon failure of any of such
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conditions, which failure is not remedied within five (5) days' after prior written notice from Buyer, Buyer may terminate this Agreement. In the event of termination of this Agreement pursuant to this Section, the Earnest Money Deposit shall be returned to Buyer and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement. Further, Buyer's and Seller's obligations in this Agreement are expressly conditioned upon receiving all necessary consents to effectuate the transfer of the Solar Farm Agreement and upon receiving all necessary consents and subordinations from Seller's lender(s) necessary to effectuate the transactions contemplated by this Agreement, in each case on terms reasonably satisfactory to each Party, which the Parties agree to use commercially reasonable efforts to promptly obtain. Upon failure of such condition, either Party may terminate this Agreement. In the event of termination of this Agreement pursuant to this Section, the entire Earnest Money Deposit shall be returned to Buyer and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement.

14. Power Supply and Allocation. The Parties agree that the obligations of Buyer to close under the terms of this Agreement shall be expressly conditioned upon the Buyer's receipt of confirmation from [*****], in the form of a letter agreement, electrical services agreement, or other form of written confirmation from [*****] reasonably acceptable to Buyer, that: (i) the Property X is currently served with at least thirty (30) megawatts of gross electrical power supply, and (ii) the Enovum Property Y is currently served with at least thirty (30) megawatts of gross electrical power supply, in each case, available for the Buyer's intended use of the Real Property (such electrical capacities being referred to as the "**Currently Available Capacity**").

Additionally, as a condition to Buyer's obligation to close, Buyer shall have received reasonable evidence from [*****], in the form of the Energy Study (as defined below) or other form of written confirmation from [*****], reasonably acceptable to Buyer, that up to an additional 69 megawatts of gross electrical power supply will be made available to each of the Property X and the Enovum Property Y within seven (7) years after the Closing Date. Buyer is in receipt of a study that it believes satisfies this condition (the "**Existing Study**"); provided the Existing Study remains subject to review and approval by the Buyer.

The Parties anticipate that Buyer will request or Seller has requested from [*****] a power transmission study substantially similar to the Existing Study (the "**Energy Study**"), which will indicate the amount, feasibility, scope, availability and potential timing for any additional electrical power capacity beyond the thirty (30) megawatts of gross electrical power supply to the Property X and beyond the thirty (30) megawatts of gross electrical power supply to the Enovum Property Y (the "**Additional Power Capacity**"). Buyer believes that the Existing Study will serve as the Energy Study.

The Parties agree that any Additional Power Capacity shall be solely allocated to the Real Property and shall not be allocated to any property retained by the Seller, and Buyer shall be the sole owner of the Currently Available Capacity as well as, upon acceptance, any Additional Power Capacity, with all existing electrical service agreements with [*****] related to the Real Property to be either terminated with new agreements in the name of the Buyer or transferred to the Buyer at the Closing, unless it is determined after further discussions with [*****] and/or during the course of negotiations of the Occupancy Agreement, the Lease, the Fire Water Tower REA, the Property X Access Easement Agreement, the Property Y Reciprocal Easement Agreement, and the Condo Declaration that the delivery of the Currently Available Capacity and any Additional Power Capacity to be delivered to Buyer, and the Retained Capacity (as defined below) to be retained by Seller, needs to be delivered by some other arrangement. If the final form of such arrangements are not definitively determined in a manner reasonably satisfactory to both Parties, either Party may terminate this Agreement by providing written notice to the other Party, in which event, the Earnest Money Deposit shall be immediately returned to Buyer (other than, if applicable, the Non-Refundable Portion unless Buyer or Seller provides irrevocable notice by [*****] that it will exercise its termination right for failure to definitively determine the final form of such arrangements in a manner reasonably satisfactory to both Parties, in which case this Agreement will immediately terminate and the Non-Refundable Portion shall be refunded to Buyer), this Agreement shall terminate, and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement. Buyer agrees that as a part of the Occupancy Agreement and the Lease, Buyer will provide electrical service (at the Seller's costs for all usage) adequate for the operation of the Seller's business in the Property X Building, the Enovum Building Space and the Leaseback Premises, as applicable. For the avoidance of doubt, Seller shall retain and continue to utilize approximately [*****] megawatts of electricity at the Property Y Complex Building for its ongoing business operations (the "**Retained Capacity**"). Such Retained Capacity is governed by Unifi's existing contractual arrangements with [*****] and is separate from, and shall not be reduced, impaired, or otherwise affected by, the Additional Power Capacity being evaluated pursuant to the Energy Study.

In the event Buyer is not able to obtain: (i) confirmation of the Currently Available Capacity, in the form of a letter agreement, electrical services agreement, or other form of written confirmation from [*****] reasonably acceptable to Buyer or (ii) evidence, reasonably acceptable to Buyer, in the form of the Energy Study or other form of written confirmation from [*****], that the Additional Power Capacity will be available within the seven (7) year period stated above, Buyer shall have the right: (A) to extend the Closing Date for a reasonable period of time, with Seller's consent, in order to obtain the letter agreements, electrical services agreements, or other forms of written confirmation from [*****] or to hold conversations with [*****] regarding the Currently Available Capacity or Additional Power Capacity to the Real Property, as applicable; or (B) terminate this Agreement. In the event of termination of this Agreement pursuant to this Section 14, the Earnest Money Deposit (other than, if applicable, the Non-Refundable Portion, which shall be immediately paid to Seller) shall be returned to Buyer and neither Party shall have any additional rights, liabilities or obligations under this

Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement. Buyer believes the Existing Study will be sufficient to satisfy subsection (ii) of this paragraph.

15. Post-Closing Occupancy. Buyer and Seller anticipate that after the Closing Date hereunder, Seller will continue to occupy the Property X and the Enovum Property Y for a period of time and will thereafter vacate all of the Enovum Property Y and a portion of the Property X and lease a portion of the Property X on a continuing basis all in accordance with the following provisions:

- a. Short-Term Occupancy. Seller shall have a short-term license to continue to occupy the Property X and the Enovum Property Y for a period not to exceed [*****] after the Closing Date (the “**Occupancy Agreement Termination Date**”). At the end of such [*****] period, Seller shall have vacated all of the Enovum Building Space and all of the Property X Building other than an approximately [*****] square feet portion thereof (the “**Leaseback Premises**”). At the Closing Date, the Parties will execute an occupancy agreement (the “**Occupancy Agreement**”) to govern Seller’s short-term occupancy of the Property X and the Enovum Property Y. If the Parties cannot reach agreement on the form of the Occupancy Agreement prior to the expiration of the Inspection Period, either Party may terminate this Agreement by providing written notice to the other Party prior to five (5) business days after the expiration of the Inspection Period, in which event, the Earnest Money Deposit shall be immediately returned to Buyer (other than, if applicable, the Non-Refundable Portion unless Buyer or Seller provides irrevocable notice by [*****] that it will exercise its termination right for failure to reach agreement on the form of the Occupancy Agreement, in which case this Agreement will immediately terminate and the Non-Refundable Portion shall be refunded to Buyer), this Agreement shall terminate and neither Party shall have any additional rights, liabilities or obligations under this Agreement, except for those rights, liabilities and obligations which survive termination of the Agreement as expressly provided in this Agreement.
 - b. Leaseback. After the Occupancy Agreement Termination Date, Seller will lease the Leaseback Premises from Buyer in accordance with a lease agreement for a five-year term (the “**Lease**”). Buyer and Seller agree to work together in good faith to negotiate the fundamental terms of the Lease during the Inspection Period, including, the configuration of the Leaseback Premises (which shall include a demising wall to be built by Buyer at Buyer’s sole expense and a temporary right for Buyer to access Seller’s side of the demising wall until completion of the wall), rental amount, responsibility for utilities and other operating costs, insurance requirements, surrender requirements and access, all of which shall generally be consistent with fair market conditions for similar warehousing and distribution facilities in the Yadkinville area (i.e. surrounding 10 mile radius). The Parties agree that other than the demising wall referenced above, Buyer shall not be obligated to make any other improvements to the Leaseback Premises to accommodate the Seller’s use thereof. If, after good faith
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negotiations, the Parties cannot agree on the terms of the Lease during the Inspection Period, either Party may terminate this Agreement by written notice to the other Party, in which event the Earnest Money shall be returned to Buyer and neither Party shall have any further obligation hereunder except any such obligation which explicitly survives termination of this Agreement.

16. Earnout. Buyer shall, promptly following the Closing Date, use commercially reasonable efforts to obtain electrical services agreements with [****] providing for Additional Power Capacity to the Real Property on a per site basis (i.e., Additional Power Capacity to each of the Property X and the Enovum Property Y) within four (4) years following the Closing Date.

In no event shall the Buyer be obligated to execute any electrical services agreement for the Additional Power Capacity if Buyer determines that the conditions (including, without limitation, costs to operate or build out such capacity) are not acceptable to Buyer in its commercially reasonable discretion. Seller shall be permitted to communicate directly with [****] regarding such Additional Power Capacity, and Buyer shall provide any reasonably required authorization to facilitate such communications. Buyer and Seller shall reasonably cooperate in pursuing the Additional Power Capacity for the Real Property, and Seller shall not take any action that would interfere with Buyer's efforts. Buyer and Seller acknowledge that there are three (3) scenarios whereby Additional Power Capacity may be obtained and that in each scenario the Parties have agreed that upon fulfillment of certain requirements, Buyer will pay additional compensation to the Seller as follows:

- (a) 69 Megawatt Milestone Payment. The Parties acknowledge that if, within two (2) years following the Closing Date: (i) Buyer executes an electrical services agreement for an additional 69 megawatts of service (i.e., over and above the Currently Available Capacity) to either of the Property X or the Enovum Property Y or (ii) the Property X or the Enovum Property Y actually receive an additional 69 megawatts of service (in either case, the "**69 Megawatt Milestone**"), Buyer shall pay Seller USD Eight Million Dollars (USD \$8,000,000.00) per applicable parcel, within thirty (30) days of either: (a) the execution of an electrical services agreement for either the Property X or the Enovum Property Y by Buyer and [****]; or (b) the actual availability for Buyer's use of such additional megawatts of service to either the Property X or the Enovum Property Y;

If a 69 Megawatt Milestone is achieved for either of the Property X or the Enovum Property Y between two (2) and three (3) years following the Closing Date, Buyer shall instead pay Seller Five Million Dollars (USD \$5,000,000.00) within thirty (30) days of either: (a) the execution of an electrical services agreement for either the Property X or the Enovum Property Y by Buyer and [****] or (b) the actual availability for Buyer's use of such additional megawatts of service to either the Property X or the Enovum Property Y.

If a 69 Megawatt Milestone is achieved for either of the Property X or the Enovum Property Y between three (3) and four (4) years following the Closing Date, Buyer shall instead pay Seller, Three Million Dollars (USD \$3,000,000.00) within thirty (30) days of either: (a) the

execution of an electrical services agreement for either the Property X or the Enovum Property Y by Buyer and [*****] or (b) the actual availability for Buyer's use of such additional megawatts of service to either the Property X or the Enovum Property Y. If any 69 Megawatt Milestone is reached after the end of such fourth year beyond the Closing Date and before the end of the sixth year beyond the Closing Date, Buyer will instead pay Seller One Million Dollars (USD \$1,000,000.00) within thirty (30) days of either: (a) the execution of an electrical services agreement for either the Property X or the Enovum Property Y by Buyer and [*****] or (b) the actual availability for Buyer's use of such additional megawatts of service to either the Property X or the Enovum Property Y.

The \$8,000,000, \$5,000,000.00, \$3,000,000.00 or \$1,000,000.00 payments, as applicable, may be referred to herein as the "**69 Megawatt Milestone Payment**". In the event any 69 Megawatt Milestone is achieved after the expiration of the sixth year after the Closing Date, Buyer shall not be obligated to make any 69 Megawatt Milestone Payment.

- (b) 30 to 68 Megawatt Payment(s). If a 69 Megawatt Milestone is not achieved, but during the period from the Closing Date until the date that is four (4) years after the Closing Date: (i) Buyer executes an electrical services agreement for any additional megawatts of service (i.e., over and above the Currently Available Capacity, but less than the 69 Megawatt Milestone), to either the Property X or the Enovum Property Y; or (ii) the Property X or the Enovum Property Y actually receive additional megawatts of service, in each case for electrical capacity in excess of the Currently Available Capacity but less than the 69 Megawatt Milestone, then the Buyer shall pay the Seller within thirty (30) days of the condition being satisfied an additional payment (the "**Partial Capacity Payment**") equal to the product of: (X) the total number of additional megawatts offered to or actually received by the Property X or the Enovum Property Y, as applicable (up to a total of 68 Megawatts per parcel), and (Y) ninety-four thousand one hundred seventeen and 60/100 Dollars (\$94,117.60). In the event Additional Power Capacity is provided in multiple successive agreements or availabilities, each such Additional Power Capacity achievement shall trigger payment of a Partial Capacity Payment (for example if in year one Additional Power Capacity of forty (40) megawatts is achieved and in year two Additional Power Capacity of twenty (20) megawatts is achieved, Buyer will make the requisite payment after each achievement); provided, such successive payments shall not be duplicative of any prior capacity for which Buyer has made a Partial Capacity Payment. In the event no Additional Power Capacity is provided or obtained within four (4) years following the Closing Date, Buyer shall not have any obligation to make any Partial Capacity Payment to Seller with respect to Additional Power Capacity. Additionally, in the event Buyer has made any Partial Capacity Payment, and later the 69 Megawatt Milestone is achieved, the 69 Megawatt Milestone Payment will be reduced by the amount of any prior Partial Capacity Payment.
- (c) Payment for 100 Megawatt and Greater Capacity. In addition to the 69 Megawatt Milestone Payment or the Partial Capacity Payment(s), in the event: (i) Buyer executes an electrical services agreement for Additional Power Capacity in excess of 69 megawatts of service
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(i.e., over and above the Currently Available Capacity) to either of the Property X or the Enovum Property Y or (ii) the Property X or the Enovum Property Y actually receive in excess of 69 megawatts of service (in either case, the “**69 Megawatt Milestone**”), Buyer agrees that it will pay to Seller, for each megawatt of Additional Power Capacity offered to or actually received by the Property X or the Enovum Property Y by [****] above 69 megawatts, and achieved within four (4) years following the Closing Date, Two Hundred Thousand Dollars (USD \$200,000.00) per megawatt, up to an aggregate cap of Five Million Dollars (USD \$5,000,000.00) per parcel, with such payments to be made as Additional Power Capacity is offered to or actually received by either the Property X or the Enovum Property Y; provided that Buyer shall have no obligation to pay for Additional Power Capacity above 69 megawatts achieved after four (4) years following the Closing Date or in excess of such Five Million Dollars (USD \$5,000,000.00) cap. This provision shall apply to each of the Property X and the Enovum Property Y independently.

17. **Right of First Offer.** Seller agrees that after the Closing under this Agreement, if Seller desires to sell or lease all or any portion of the Property Y, Buyer shall have a right of first offer with respect to the Property Y in accordance with the terms of this Section 17 (the “**First Offer Right**”). At the Closing, the Parties will execute a right of first offer agreement (the “**ROFO Agreement**”), which shall contain certain minimum terms as follows. If, after good faith negotiations, the Parties cannot agree on the terms of the ROFO Agreement during the Inspection Period, either Party may terminate this Agreement by written notice to the other Party, in which event the Earnest Money shall be returned to Buyer and neither Party shall have any further obligation hereunder except any such obligation which explicitly survives termination of this Agreement.
- a. **Seller Offer Notice.** Prior to marketing, soliciting offers for, entering into negotiations with any third party regarding the sale or lease of all or any portion of the Property Y, or accepting any unsolicited third party offer, Seller shall deliver written notice to Buyer (the “**Offer Notice**”) setting forth Seller’s good faith proposed terms for such sale or lease (or, if applicable, the terms set forth in any unsolicited third party offer), including: (i) a description of the Property Y proposed to be transferred; (ii) the proposed purchase price or rent, as applicable; (iii) the proposed terms of payment, including any Seller financing; (iv) the proposed amount, form and timing of earnest money deposits; (v) any proposed due diligence or study period; (vi) the proposed closing date; (vii) the allocation of closing or leasing costs; (viii) the state of title to be conveyed; (ix) any brokerage commissions payable and by whom; and (x) all other material terms upon which Seller is willing to sell the Property Y or applicable portion thereof.
 - b. **Exercise Notice.** For a period of thirty (30) days after receipt of the Offer Notice (the “**Exercise Period**”), Buyer shall have the exclusive right and option to notify Seller in writing (the “**Exercise Notice**”) of Buyer’s election to purchase or lease, as applicable, the Property Y or applicable portion thereof on the terms set forth in the Offer Notice.
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- c. Purchase Agreement; Lease; Failure to Exercise. If Buyer timely exercises the First Offer Right, Seller and Buyer shall be obligated to enter into a written contract (the “**Definitive Agreement**”), generally in the form of this Agreement (if a sale) with respect to representations, closing mechanics, and other applicable provisions (except to the extent the Offer Notice has terms that differ from this Agreement or as may otherwise be set forth in the Offer Notice), embodying the terms set forth in the Offer Notice, within thirty (30) days following the date on which the Exercise Notice is given (the “**Negotiation Period**”).

If Buyer does not timely exercise the First Offer Right, or if Buyer and Seller do not timely enter into the Definitive Agreement (other than as a result of the Seller’s bad faith refusal to execute the Definitive Agreement), or if Buyer or Seller shall terminate the Definitive Agreement pursuant to any of the terms thereof (other than due to a Seller default thereunder) Seller shall be free, for a period of one (1) year following the expiration of the Exercise Period or Negotiation Period or termination of the Definitive Agreement (as applicable), to sell or lease the Property Y to a third party; provided, however, that such sale or lease shall be on economic terms no more favorable to the third party than those offered to Buyer in the Offer Notice. If Seller proposes to sell or lease the Property Y on terms that are materially more favorable to the third party than those set forth in the Offer Notice, or if the sale or lease is not consummated within such one (1) year period, Seller shall first re-offer the Property Y or applicable portion thereof to Buyer in accordance with the provisions of this Section 17 before completing any such transfer.

- d. Failure to Comply by Seller. Any sale or lease made by Seller in contravention of this Section 17 shall be null and void and of no force and effect.
- e. Recording. The ROFO Agreement shall be in recordable form and Buyer shall have the right to record the ROFO Agreement and encumber the Property Y with the First Offer Right set forth in this Section 17. The ROFO Agreement shall be executed by the Parties at the Closing.

18. Announcements. Both before and after the Closing Date, neither the Seller nor the Buyer shall issue any press release or other public announcement or release information with respect to this Agreement to the press or the public unless the same has been mutually approved by the Buyer and the Seller, each acting reasonably, or such disclosure is in the good faith opinion of the Buyer or the Seller, as the case may be, required in order to comply with any applicable laws or regulations, including U.S. securities laws, or the rules, orders or regulations of any stock exchange to which Buyer or Seller is subject.

[Signatures on the following page.]

IN WITNESS WHEREOF the Buyer and Seller have executed this Agreement as of the Effective Date.

SELLER:

UNIFI MANUFACTURING, INC.,
a North Carolina corporation

By: /s/ Edmund M. Ingle
Name: Edmund M. Ingle
Title: Chief Executive Officer

BUYER:

ENOVUM DATA CENTERS CORP.,
a Canadian corporation

By: /s/ Samir Tabar
Name: Samir Tabar
Title: President

ACKNOWLEDGEMENT OF TITLE COMPANY

The undersigned hereby acknowledges receipt of the fully executed Real Estate Purchase and Sale Agreement dated August ____, 2026, and the Earnest Money Deposit in the amount of Two Million Two Hundred Fifty Thousand and No/100 Dollars (USD \$2,250,000.00) this ____ day of August, 2026.

CHICAGO TITLE COMPANY, LLC

By: [****]
Title: [****]
Name: [****]
Address: 200 S. Tryon Street, Suite 800
Phone: [****]
Email: [****]

**PURCHASE AGREEMENT - EXHIBIT A
PROPERTY DESCRIPTION/DEPICTION**

[*****]

**PURCHASE AGREEMENT - EXHIBIT B
FORM OF ESCROW AGREEMENT**

[*****]

**PURCHASE AGREEMENT - EXHIBIT C
SPECIAL WARRANTY DEED**

[****]

**PURCHASE AGREEMENT - EXHIBIT D
MUTUAL NON-DISCLOSURE AGREEMENT**

[*****]

SCHEDULE 1.2

[****]

SCHEDULE 6

[****]

UNIFI, INC.
SUBSIDIARIES

Name	State or Other Jurisdiction of Incorporation or Organization	Unifi Percentage of Voting Securities Owned
Unifi Asia Pacific (Hong Kong) Company, Limited ("UAP")	Hong Kong	100% - USG
Unifi Vietnam Company Limited	Vietnam	100% - UAP
Unifi Switzerland GmbH ("USG")	Switzerland	100% - UHA
Unifi Holding 1, BV ("UH1")	Netherlands	100% - USG
Unifi Holding 2, BV ("UH2")	Netherlands	100% - UH1
Unifi Textiles Holding, SRL ("UTH")	Barbados	100% - UAP
Unifi do Brasil, Ltda.	Brazil	>99.99% - UH1 <0.01% - UMI
Unifi Manufacturing, Inc. ("UMI")	North Carolina	100% - Unifi, Inc.
Unifi Kinston, LLC	North Carolina	100% - UMI
Unifi Sales & Distribution, Inc.	North Carolina	100% - Unifi, Inc.
Unifi Latin America, S.A.S.	Colombia	100% - USG
Unifi Textiles (Suzhou) Co. Ltd.	P.R. China	100% - UTH
Unifi Central America, Ltda. de CV	El Salvador	>99.99% - UH1 <0.01% - UH2
Unifi Textiles Colombo (Private) Limited	Sri Lanka	100% - USG
Unifi Holding Asia, B.V. ("UHA")	Netherlands	100% - Unifi, Inc.
Unifi Vietnam Company Limited	Vietnam	100% - UAP
Unifi Turkey Textile Commerce Joint Stock Company	Turkey	100% - UAP
Unifi Textiles India Private Limited	India	>99.99% - Unifi, Inc. <0.01% - UMI

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements (No. 333-278081, 333-156090, 333-191870, 333-229533, 333-251549, and 333-263974) on Form S-8 and (No. 333-140580) on Form S-3 of our reports dated August 26, 2026, with respect to the consolidated financial statements of Unifi, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP
Raleigh, North Carolina
August 26, 2026

CERTIFICATION

I, Edmund M. Ingle, certify that:

1. I have reviewed this Annual Report on Form 10-K of Unifi, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2026

/s/ EDMUND M. INGLE
 Edmund M. Ingle
 Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION

I, Andrew J. Eaker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Unifi, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2026

/s/ ANDREW J. EAKER

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

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

In connection with the Annual Report on Form 10-K of Unifi, Inc. (the "Company") for the fiscal year ended June 28, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Edmund M. Ingle, Chief Executive Officer of the Company, and Andrew J. Eaker, Executive Vice President & Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 26, 2026

/s/ EDMUND M. INGLE

Edmund M. Ingle
Chief Executive Officer
(Principal Executive Officer)

Date: August 26, 2026

/s/ ANDREW J. EAKER

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