

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 29, 2020**

**UNIFI, INC.**

(Exact name of registrant as specified in its charter)

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

**7201 West Friendly Avenue**  
**Greensboro, North Carolina**  
(Address of principal executive offices)

**1-10542**  
(Commission  
File Number)

**11-2165495**  
(IRS Employer  
Identification No.)

**27410**  
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

**Item 1.01. Entry into a Material Definitive Agreement.**

*Entry into Fourth Amendment to Amended and Restated Credit Agreement*

On April 29, 2020, Unifi, Inc. (the "Company") entered into a Fourth Amendment (the "Fourth Amendment") to Amended and Restated Credit Agreement, dated as of March 26, 2015, by and among the Company and certain of its domestic subsidiaries, as borrowers, Wells Fargo Bank, National Association, as administrative agent, sole lead arranger and sole book runner, and the other lenders party thereto (as previously amended, the "Credit Agreement"). The Fourth Amendment, among other things: (i) revised the definition of "Permitted Dispositions" to include the sale by Unifi Manufacturing, Inc., a wholly owned subsidiary of the Company ("UMI"), of its 34% equity ownership interest in Parkdale America, LLC ("PAL") so long as the aggregate net cash proceeds received equal or exceed \$60.0 million and such sale occurs on or before May 15, 2020; (ii) revised the terms of the Credit Agreement to allow (a) the net cash proceeds from the sale of UMI's equity ownership interest in PAL to be applied to the payment in full of the outstanding principal amount of the Company's revolving credit facility and (b) the remaining net cash proceeds to be held by the Company, so long as certain conditions are met; and (iii) revised the terms of the Credit Agreement to allow the lenders to make changes to the benchmark interest rate without further amendment should the London Interbank Offered Rate be temporarily or permanently discontinued and a transition to a new benchmark interest rate such as the Secured Overnight Financing Rate be required for future borrowings under the Company's senior secured credit facility.

Certain parties to the Fourth Amendment and certain of their respective affiliates have performed in the past, and may from time to time perform in the future, banking, investment banking and/or other advisory services for the Company and its affiliates for which they have received, and/or will receive, customary fees and expenses.

*Entry into the Purchase Agreement*

On April 29, 2020, UMI and Parkdale, Incorporated, a North Carolina corporation ("Buyer"), entered into a Membership Interest Purchase Agreement (the "Purchase Agreement"), pursuant to which UMI agreed to sell to Buyer, and Buyer agreed to purchase from UMI, all of UMI's 34% equity ownership interest in PAL in exchange for cash in the amount of \$60.0 million.

The Purchase Agreement contains customary representations and warranties which survive for 12 months following the closing of the transactions contemplated by the Purchase Agreement (the "Closing"). Pursuant to the terms of the Purchase Agreement, UMI shall not have any indemnification obligation for any inaccuracy in or breach of any representations and warranties made in the Purchase Agreement by UMI to Buyer until all losses of Buyer, individually or in the aggregate, exceed the sum of \$50,000 (the "Basket"), at which point UMI shall be obligated to indemnify Buyer from and against such losses (excluding those comprising the Basket) for an amount up to but not to exceed \$9.0 million.

At the Closing, in accordance with the terms of the Purchase Agreement, UMI and Buyer will enter into a Termination Agreement to terminate, effective as of the Closing (i) the Contribution Agreement, dated as of June 30, 1997, by and among Buyer (as successor in interest to Parkdale Mills, Incorporated), PAL, UMI and the Company and (ii) that certain Operating Agreement of PAL, dated as of June 29, 1997, as amended on September 5, 2005, by and among Buyer (as successor in interest to Parkdale Mills, Incorporated), PAL, UMI and the Company.

The foregoing descriptions of the Fourth Amendment, the Purchase Agreement and the Termination Agreement are qualified in their entirety by reference to the full text of such agreements, copies of which are attached hereto as Exhibits 4.1, 2.1 and 99.1, respectively, and incorporated herein by reference.

**Item 2.01. Completion of Acquisition or Disposition of Assets.**

The information set forth under Item 1.01 with respect to the Purchase Agreement and the Termination Agreement is incorporated into this Item 2.01 by reference.

On April 29, 2020, in accordance with the Purchase Agreement, UMI completed the sale of its 34% equity ownership interest in PAL to Buyer in exchange for cash in the amount of \$60.0 million, and UMI and Buyer entered into the Termination Agreement.

**Item 2.02. Results of Operations and Financial Condition.**

On April 30, 2020, the Company issued a press release announcing its operating results for the third quarter of fiscal 2020 ended March 29, 2020, a copy of which is attached hereto as Exhibit 99.2.

**Item 7.01. Regulation FD Disclosure.**

On May 1, 2020, the Company will host a conference call to discuss its operating results for the third quarter of fiscal 2020 ended March 29, 2020. A copy of the materials prepared for use by management during this conference call is attached hereto as Exhibit 99.3.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<b>Exhibit No.</b>	<b>Description</b>
2.1	<a href="#">Membership Interest Purchase Agreement, dated as of April 29, 2020, by and between Unifi Manufacturing, Inc. and Parkdale, Incorporated.</a>
4.1	<a href="#">Fourth Amendment to Amended and Restated Credit Agreement, dated as of April 29, 2020, by and among Unifi Manufacturing, Inc., Unifi, Inc., and Wells Fargo Bank, National Association.</a>
99.1	<a href="#">Termination Agreement, dated as of April 29, 2020, by and between Unifi Manufacturing, Inc. and Parkdale, Incorporated.</a>

99.2 [Press Release of Unifi, Inc., dated April 30, 2020.](#)

99.3 [Earnings Call Presentation Materials.](#)

The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including Exhibits 99.2 and 99.3, is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 30, 2020

**UNIFI, INC.**

By: /s/ CRAIG A. CREATURO  
Craig A. Creaturo  
Executive Vice President & Chief Financial Officer

**MEMBERSHIP INTEREST PURCHASE AGREEMENT**

**PARKDALE AMERICA, LLC**

by and between

UNIFI MANUFACTURING, INC., as Seller

and

PARKDALE, INCORPORATED, as Buyer

April 29, 2020

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## MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this “**Agreement**”), dated as of April 29, 2020, is entered into between **Unifi Manufacturing, Inc.**, a North Carolina corporation (“**Seller**”) and **Parkdale, Incorporated**, a North Carolina corporation (“**Buyer**”).

### RECITALS

WHEREAS, Seller owns 34% of the outstanding membership interests (the “**Membership Interests**”) of **Parkdale America, LLC**, a North Carolina limited liability company (the “**Company**”) (the **Company** acknowledges and consents to the Agreement by its signature hereto); and

WHEREAS, Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the Membership Interests, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I PURCHASE AND SALE

**Section 1.01 Purchase and Sale.** Subject to the terms and conditions set forth herein, at the Closing (as defined herein), Seller shall sell to Buyer, and Buyer shall purchase from Seller, all of Seller’s right, title, and interest in and to the Membership Interests, free and clear of any mortgage, pledge, lien, charge, security interest, claim, or other encumbrance (“**Encumbrance**”), for the consideration specified in Section 1.02.

**Section 1.02 Purchase Price.** The aggregate purchase price for the Membership Interests shall be Sixty Million and 00/100 Dollars \$60,000,000.00 (the “**Purchase Price**”). The Buyer shall pay the Purchase Price to Seller at the Closing (as defined herein) in full and without set off, in cash, by wire transfer of immediately available funds to an account specified in writing.

**Section 1.03 Closing.** The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall take place simultaneously with the execution of this Agreement on the date of this Agreement (the “**Closing Date**”). The consummation of the transactions contemplated by this Agreement shall be deemed to occur at 12:01 a.m. on the Closing Date.

**Section 1.04 Tax Records; Allocation of Company Income and Loss.** Buyer and Seller shall request that the Company allocate all items of Company income, gain, loss, deduction, or credit attributable to the Membership Interests for the taxable year of the Closing based on a closing of the Company’s books as of the Closing Date. The records of the Company reflecting tax information in reasonable detail will be maintained at the office of the Buyer for a period of seven (7) years after the Closing Date. Upon reasonable advance notice and during regular business hours, Seller may inspect such records and books of account in respect of any period prior to the Closing Date.

**ARTICLE II  
REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Buyer that the statements contained in this ARTICLE II are true and correct as of the date hereof. For purposes of this ARTICLE II, “**Seller’s Knowledge**,” “**Knowledge of Seller**,” and any similar phrases shall mean the actual knowledge of an officer or director of Seller.

**Section 2.01 Organization and Authority of Seller; Enforceability.** Seller is a North Carolina corporation duly organized, validly existing and in good standing under the laws of the state of North Carolina. Seller has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery, and performance by Seller of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Seller. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Seller, and (assuming due authorization, execution, and delivery by Buyer) this Agreement and the documents to be delivered hereunder constitute legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other similar laws affecting the enforcement of creditors’ rights generally or by general principles of equity.

**Section 2.02 No Conflicts; Consents.** The execution, delivery, and performance by Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the Articles of Incorporation, by-laws, or other organizational documents of Seller; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule, or regulation applicable to Seller, except where the violation or conflict would not, individually or in the aggregate, have a material adverse effect on Seller’s ability to consummate the transactions contemplated hereby on a timely basis; (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which Seller is a party, except where the conflict, violation, default, termination, cancellation, modification, or acceleration would not, individually or in the aggregate, have a material adverse effect on Seller’s ability to consummate the transactions contemplated hereby on a timely basis; (d) result in any violation, conflict with or constitute a default under (x) the Company’s Articles of Organization, filed with the Secretary of State of North Carolina on June 27, 1997 (the “**Articles**”); (y) the Operating Agreement of the Company, dated as of June 27, 1997 and as amended by that certain First Amendment dated September 7, 2005 (as so amended, the “**Operating Agreement**”); or (z) the Contribution Agreement, by and among Buyer, as successor in interest to Parkdale Mills, Incorporated, Seller, Unifi, Inc. and the Company dated as of June 30, 1997 (the “**Contribution Agreement**” and together with the Articles and Operating Agreement, the “**Company Organizational Documents**”); or (e) result in the creation or imposition of any Encumbrance on the Membership Interests. No consent, approval, waiver, or authorization is required to be obtained by Seller from any person or entity (including any governmental authority) in connection with the execution, delivery, and performance by Seller of

this Agreement and the consummation of the transactions contemplated hereby, except such consents, approvals, waivers, or authorizations which would not, in the aggregate, have a material adverse effect on the Seller's ability to consummate the transactions contemplated hereby on a timely basis.

**Section 2.03 Legal Proceedings.** There is no claim, action, suit, proceeding or governmental investigation ("**Action**") of any nature pending or, to Seller's Knowledge, threatened against or by Seller (a) relating to or affecting the Membership Interests; or (b) that challenges or seeks to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement, except any Actions that would not, individually or in the aggregate, have a material adverse effect on Seller's ability to consummate the transactions contemplated hereby on a timely basis. To Seller's knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

**Section 2.04 Ownership of Membership Interests.**

(a) Seller is the sole legal, beneficial, record, and equitable owner of the Membership Interests, free and clear of all Encumbrances whatsoever, other than those set forth in the Company Organizational Documents.

(b) To Seller's Knowledge, the Membership Interests were issued in compliance with applicable laws. To Seller's Knowledge, the Membership Interests were not issued in violation of the Company Organizational Documents or any other agreement, arrangement, or commitment to which Seller or the Company is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) Other than the Company Organizational Documents, there are no voting trusts, proxies, or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests.

**Section 2.05 Operating Agreement.** Attached hereto as Exhibit A is the Operating Agreement, which agreement is in full force and effect and is the only agreement in effect with respect to the matters described therein.

**Section 2.06 Taxes.** Seller has duly and timely filed all tax returns and reports required to be filed by the Seller prior to the date of this Agreement ("**Returns**") and has duly and timely paid all taxes that have been incurred or are due and payable pursuant to such Returns or pursuant to any assessment with respect to taxes in such jurisdictions, whether or not in connection with such Returns. No deficiency or proposed adjustment which has not been settled or otherwise resolved for any amount of tax has been proposed, asserted or assessed by any taxing authority against the Seller relating directly or indirectly to the Membership Interests. There are no actions, suits, taxing authority proceedings, or audits now in progress, pending or threatened against the Seller or the Membership Interests, and there are no liens for taxes (other than for current taxes not yet due and payable) against the Seller or the Membership Interests.

**Section 2.07 No Other Representations or Warranties.** Except for the representations and warranties contained in this ARTICLE II, neither Seller nor any stockholder, director,

officer, employee, or agent of Seller has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller.

**ARTICLE III  
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller that the statements contained in this ARTICLE III are true and correct as of the date hereof. For purposes of this ARTICLE III, “**Buyer’s Knowledge**,” “**Knowledge of Buyer**” and any similar phrases shall mean the actual knowledge of an officer or director of Buyer.

**Section 3.01 Organization and Authority of Buyer; Enforceability.** Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of North Carolina. Buyer has full corporate power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery, and performance by Buyer of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Buyer, and (assuming due authorization, execution, and delivery by Seller) this Agreement and the documents to be delivered hereunder constitute legal, valid, and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other similar laws affecting the enforcement of creditors’ rights generally or by general principles of equity.

**Section 3.02 No Conflicts; Consents.** The execution, delivery and performance by Buyer of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of incorporation, by-laws, or other organizational documents of Buyer; or (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule, or regulation applicable to Buyer, except where the violation or conflict would not, individually or in the aggregate, have a material adverse effect on Buyer’s ability to consummate the transactions contemplated hereby on a timely basis. No consent, approval, waiver, or authorization is required to be obtained by Buyer from any person or entity (including any governmental authority) in connection with the execution, delivery, and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby, except such consents, approvals, waivers, or authorizations which have been obtained or would not have a material adverse effect on the Buyer’s ability to consummate the transactions contemplated hereby on a timely basis. Any consents, approvals, waivers, or authorizations which may be required by Buyer or any Affiliate of Buyer in any of the Company Organizational Documents are hereby deemed obtained by execution and delivery of this Agreement by Buyer. For purposes of this Agreement, “**Affiliate**” is defined as a person or organization being controlled by, or under common control with, the other person, by virtue of ownership, contractual power, or power to appoint its board of directors or other governing body.

**Section 3.03 Investment Purpose.** Buyer is acquiring the Membership Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Membership Interests are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Membership Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

**Section 3.04 Legal Proceedings.** There is no Action pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenges or seeks to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement, except any Actions that would not, individually or in the aggregate, have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby on a timely basis. To Buyer's knowledge, no event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

#### ARTICLE IV CLOSING DELIVERIES

**Section 4.01 Seller's Deliveries.** At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

- Seller.
- (a) The assignment and assumption agreement, in the form attached hereto as Exhibit B (the "**Assignment and Assumption**"), executed by Seller.
  - (b) A revised Members' Schedule (Schedule I) to the Operating Agreement reflecting the Buyer's purchase of the Membership Interests.
  - (c) The Resignation of Thomas H. Caudle, Jr. as a Manager of the Company.
  - (d) The Termination Agreement, in form attached hereto as Exhibit C ("**Termination Agreement**"), executed by Seller and Unifi, Inc.
  - (e) A certificate of the Secretary or Assistant Secretary (or equivalent officer) of Seller certifying as to (i) the resolutions of the board of directors (or equivalent managing body) of Seller, duly adopted and in effect, which authorize the execution, delivery, and performance of this Agreement and the transactions contemplated hereby, and (ii) the names and signatures of the officers of Seller authorized to sign this Agreement and the documents to be delivered hereunder.
  - (f) The waiver and release of Seller in the form attached hereto as Exhibit D (the "**Waiver and Release**") executed by Seller.

**Section 4.02 Buyer's Deliveries.** At the Closing, Buyer shall deliver or cause to be delivered the following to Seller:

- (a) The Purchase Price.

- (b) The Assignment and Assumption, executed by Buyer.
- (c) The Termination Agreement, executed by Buyer and Company.
- (d) A certificate of the Secretary or Assistant Secretary (or equivalent officer) of Buyer certifying as to (i) the resolutions of the board of directors (or equivalent managing body) of Buyer, duly adopted and in effect, which authorize the execution, delivery, and performance of this Agreement and the transactions contemplated hereby, and (ii) the names and signatures of the officers of Buyer authorized to sign this Agreement and the documents to be delivered hereunder.
- (e) The Waiver and Release executed by Buyer.

**ARTICLE V  
INDEMNIFICATION**

**Section 5.01 Survival.** Subject to the limitations and other provisions of this Agreement, the representations, warranties, and covenants contained herein and all related rights to indemnification shall survive the Closing and shall remain in full force and effect until the date that is twelve (12) months from the Closing Date (other than any covenant that otherwise expressly survives by its terms for longer). For the avoidance of doubt, the parties hereby agree and acknowledge that the survival periods in this Section 5.01 are contractual statutes of limitations and any claim brought by any party pursuant to this ARTICLE V must be brought or filed prior to the expiration of the applicable survival period. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at the time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of such survival period and such claims shall survive until finally resolved.

**Section 5.02 Indemnification By Seller.** Subject to the other terms and conditions of this ARTICLE V, Seller shall defend, indemnify, and hold harmless Buyer, its Affiliates, and their respective members, managers, directors, officers, and employees (the “**Buyer Indemnified Parties**”) from and against:

- (a) all actual out-of-pocket losses, damages, liabilities, costs, or expenses, including reasonable attorneys’ fees and disbursements (a “**Loss**”), arising from or relating to any inaccuracy in or breach of any of the representations or warranties of Seller contained in ARTICLE II of this Agreement; and
- (b) any Loss arising from or relating to any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement.

**Section 5.03 Indemnification By Buyer.** Subject to the other terms and conditions of this ARTICLE V, Buyer shall defend, indemnify, and hold harmless Seller, its affiliates, and their respective stockholders, members, directors, officers, and employees from and against all Losses arising from or relating to:

- (a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement; and
- (b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer pursuant to this Agreement.

**Section 5.04 Indemnification Procedures.** Whenever any claim shall arise for indemnification hereunder, the Indemnified Party shall promptly provide written notice of such claim to the Indemnifying Party. The failure to give prompt notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a person or entity who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with its counsel. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense, subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action. Neither Party shall settle any Action without the other Party's prior written consent (which consent shall not be unreasonably withheld or delayed).

**Section 5.05 Payments.** Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this ARTICLE V, the Indemnifying Party shall satisfy its obligations within 30 Business Days of such agreement or final, non-appealable adjudication by wire transfer of immediately available funds. The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such 30 Business Day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to and including the date such payment has been made at a rate per annum equal to the Prime Rate as quoted by the Wall Street Journal plus 2%. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed. The parties shall take all reasonable steps required under applicable law to mitigate any Losses upon or after becoming aware of any event which could reasonably be expected to give rise to any Losses. Reasonable steps shall be deemed to include the making by any such party of a claim on any applicable insurance policy related to such Losses.

**Section 5.06 Tax Treatment of Indemnification Payments.** All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

**Section 5.07 Exclusive Remedies.** The parties acknowledge and agree that following the Closing, the provisions of this ARTICLE V shall be their exclusive remedy for any and all claims relating to the subject matter of this Agreement or any of the other documents to be delivered hereunder, except for the claims arising from fraud, criminal activity, or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement and claims for specific performance or other equitable remedies.

**Section 5.08 Limitation on Seller's Obligations.** Seller shall not be obligated to indemnify any Buyer Indemnified Parties under ARTICLE V for a breach of any of Sellers' representations and warranties in ARTICLE II until all Losses of Buyer Indemnified Parties, individually or in the aggregate, exceed the aggregate sum of \$50,000 (the "**Basket**"), at which point Seller will be obligated to indemnify such Buyer Indemnified Parties from and against the full amount of all Losses (including those comprising the Basket) for an amount up to but not to exceed 15% of the Purchase Price (the "**Cap**"); provided however, neither the Basket nor the Cap shall apply to any Losses arising out of or related to a breach of Sellers' representations and warranties in Section 2.01 or 2.04 or those arising from fraud, gross negligence or willful misconduct of the Seller (the "**Fraud Losses**").

**ARTICLE VI  
MISCELLANEOUS**

**Section 6.01 Expenses.** Except as otherwise provided in ARTICLE V above, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

**Section 6.02 Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

**Section 6.03 Notices.** All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand, with written confirmation of receipt; (b) when received by the addressee if sent by a nationally recognized overnight courier, return receipt requested; or (c) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 6.03):

If to Seller: UNIFI MANUFACTURING, INC.  
7201 W. Friendly Avenue  
Greensboro, North Carolina 27410  
Attention: Thomas H. Caudle, Jr., President

with a copy (which shall not constitute notice) to: UNIFI MANUFACTURING, INC.  
7201 W. Friendly Avenue  
Greensboro, North Carolina 27410  
Attention: Gregory K. Sigmon, Legal Department

If to Buyer:

PARKDALE, INCORPORATED  
531 Cotton Blossom Circle  
Gastonia, North Carolina 28054  
Attention: Anderson D. Warlick, CEO

with a copy (which shall not constitute notice) to:

PARKDALE, INCORPORATED  
531 Cotton Blossom Circle  
Gastonia, North Carolina 28054  
Attention: Legal Department

**Section 6.04**      **Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

**Section 6.05**      **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify the Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

**Section 6.06**      **Entire Agreement.** This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter, including but not limited to, that certain Letter, dated as of April 14, 2020, by and between Buyer and Seller regarding the transactions contemplated by this Agreement. In the event of any inconsistency between the statements in the body of this Agreement and those in documents to be delivered hereunder, the Exhibits, and the statements in the body of this Agreement will control.

**Section 6.07**      **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

**Section 6.08**      **No Third-Party Beneficiaries.** Except as provided in ARTICLE V or Section 6.16, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

**Section 6.09**      **Amendment and Modification.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

**Section 6.10 Waiver.** No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach, or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

**Section 6.11 Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of North Carolina without giving effect to any choice or conflict of law provision or rule (whether of the State of North Carolina or any other jurisdiction).

**Section 6.12 Submission to Jurisdiction.** Any legal suit, action, or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the federal courts of the United States of America or the Superior Courts of the State of North Carolina in each case located in the city of Gastonia and county of Gaston, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

**Section 6.13 Waiver of Jury Trial.** Each party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

**Section 6.14 Specific Performance.** The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity. Each party hereto (i) agrees that it shall not oppose the granting of such specific performance or relief and (ii) hereby irrevocably waives any requirements for the security or posting of any bond in connection with such relief.

**Section 6.15 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement (including if containing electronic signatures) delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

**Section 6.16 Company Indemnities.** For a period of three (3) years from and after the Closing, Buyer shall, and shall cause the Company to, to the fullest extent permissible under applicable law of the State of North Carolina (or other law applicable to the Company), indemnify, defend and hold harmless all past and present managers, officers and employees of the Company and any employee plans covering them (“**Company Indemnities**”) to the same extent such persons are indemnified as of the Closing Date by the Company pursuant to the

Articles and Operating Agreement, for acts or omissions in their capacity as managers, officers or employees of the Company or as fiduciaries under such employee plans occurring at or prior to the Closing Date. The obligations of Buyer under this Section 6.16 shall not be terminated or modified in such a manner as to adversely affect any manager, officer or employee to whom this Section 6.16 applies without the consent of such affected manager, officer or employee (it being expressly agreed that the managers, officers and employees to whom this Section 6.16 applies shall be third-party beneficiaries of this Section 6.16, each of whom are express third-party beneficiaries of, and may enforce, the provisions of this Section 6.16).

**Section 6.17 Confidentiality/Publicity.** Except as otherwise permitted below, each party agrees that the terms and conditions of this Agreement are confidential and shall not be disclosed by either party to any third parties without the prior written consent of the other. Neither party shall make any public announcement or similar publicity with respect to this Agreement or the transactions contemplated hereby without the prior written consent (not to be unreasonably withheld) of the other party except and to the degree necessary to comply with the rules and regulations of an issuer on which a party (or its Affiliates) shares are publicly traded (or accounting rules governing same).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**SELLER:**

UNIFI MANUFACTURING, INC.

By /s/ Thomas H. Caudle, Jr.

Thomas H. Caudle, Jr., President and COO

**BUYER:**

PARKDALE, INCORPORATED

By /s/ Anderson D. Warlick

Anderson D. Warlick, CEO

**ACKNOWLEDGED:**

**COMPANY:**

PARKDALE AMERICA, LLC

By /s/ Anderson D. Warlick

Anderson D. Warlick, CEO

## FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement"), dated as of April 29, 2020, is by and among UNIFI MANUFACTURING, INC., a North Carolina corporation ("Unifi Manufacturing"), UNIFI, INC., a New York corporation ("Parent"; Unifi Manufacturing and Parent, each, a "Borrower" and, collectively, the "Borrowers"), the Guarantors (as such term is defined below) (the Borrowers and Guarantors, each, a "Loan Party" and, collectively, the "Loan Parties"), the Lenders (as such term is defined below) party hereto, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent").

## WITNESSETH:

WHEREAS, reference is made to that certain Amended and Restated Credit Agreement dated as of March 26, 2015, by and among the Borrowers, the lenders from time to time party thereto (each, a "Lender" and, collectively, the "Lenders"), and the Agent, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of June 26, 2015, as further amended by that certain Second Amendment to Amended and Restated Credit Agreement dated as of November 19, 2015, as further amended by that certain Third Amendment to Amended and Restated Credit Agreement and Second Amendment to Amended and Restated Guaranty and Security Agreement dated as of December 18, 2018 (and as the same may have been further amended, restated, supplemented, or otherwise modified from time to time before the date hereof, the "Credit Agreement"); and

WHEREAS, the Borrowers have requested that the Agent and the Lenders agree to certain amendments to the Credit Agreement as set forth in this Agreement, and the Agent and the Lenders party hereto have agreed to such amendments to the Credit Agreement, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and of the Loans and other extensions of credit heretofore, now or hereafter made to, or for the benefit of, the Borrowers by the Lenders, the Borrowers, the Agent, and the Lenders party hereto agree as follows:

SECTION 1. Defined Terms; Incorporation of Recitals. Capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Credit Agreement. This Agreement constitutes a Loan Document. The recitals to this Agreement are incorporated by reference into this Agreement.

SECTION 2. Amendments to Credit Agreement.

(a) Amendment to Schedule 1.1. Each of the following definitions in Schedule 1.1 of the Credit Agreement is amended so that it reads, in its entirety, as follows:

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Affected Financial Institution.

"Bail-In Legislation" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect

to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“LIBOR Rate” means the rate per annum as published by ICE Benchmark Administration Limited (or any successor page or other commercially available source as the Agent may designate from time to time) as of 11:00 a.m., London time, two Business Days prior to the commencement of the requested Interest Period, for a term, and in an amount, comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrowers in accordance with this Agreement (and, if any such published rate is below zero, then such rate shall be deemed to be zero). Each determination of the LIBOR Rate shall be made by the Agent and shall be conclusive in the absence of manifest error.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

(b) Amendment to Schedule 1.1. Clause (o) of the definition of “Permitted Disposition” in Schedule 1.1 of the Credit Agreement is amended so that it reads, in its entirety, as follows:

(o) (i) the sale or other disposition of 100% of the Equity Interests of any Excluded Subsidiary and (ii) the Permitted Parkdale Disposition,

(c) Amendment to Schedule 1.1. Each of the following new definitions is added to Schedule 1.1 of the Credit Agreement in appropriate alphabetical order:

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by Agent and Administrative Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBOR Rate for United States dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the

Benchmark Replacement shall be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the LIBOR Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Agent and Administrative Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBOR Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBOR Rate with the applicable Unadjusted Benchmark Replacement for United States dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate”, the definition of “Interest Period”, timing and frequency of determining rates and making payments of interest and other administrative matters) that Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by Agent in a manner substantially consistent with market practice (or, if Agent decides that adoption of any portion of such market practice is not administratively feasible or if Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the LIBOR Rate:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the LIBOR Rate permanently or indefinitely ceases to provide the LIBOR Rate; or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the LIBOR Rate:

(a) a public statement or publication of information by or on behalf of the administrator of the LIBOR Rate announcing that such administrator has ceased or will cease to provide the LIBOR Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Rate, the Federal

Reserve System of the United States (or any successor), an insolvency official with jurisdiction over the administrator for the LIBOR Rate, a resolution authority with jurisdiction over the administrator for the LIBOR Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBOR Rate, which states that the administrator of the LIBOR Rate has ceased or will cease to provide the LIBOR Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBOR Rate announcing that the LIBOR Rate is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by Agent or the Required Lenders, as applicable, by notice to Administrative Borrower, Agent (in the case of such notice by the Required Lenders) and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBOR Rate and solely to the extent that the LIBOR Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBOR Rate for all purposes hereunder in accordance with Section 2.12(d)(iii) and (y) ending at the time that a Benchmark Replacement has replaced the LIBOR Rate for all purposes hereunder pursuant to Section 2.12(d)(iii).

“BHC Act Affiliate” of a Person means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such Person.

“Covered Entity” means any of the following:

- (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning specified therefor in Section 17.15 of this Agreement.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Early Opt-in Election” means the occurrence of:

(a) (i) a determination by Agent or (ii) a notification by the Required Lenders to Agent (with a copy to Administrative Borrower) that the Required Lenders have determined that United States dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.12(d)(iii) are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBOR Rate, and

(b) (i) the election by Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by Agent of written notice of such election to Administrative Borrower and the Lenders or by the Required Lenders of written notice of such election to Agent.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Permitted Parkdale Disposition” means the sale by Unifi Manufacturing of 100% of its Equity Interests in Parkdale America, LLC, to Parkdale, Incorporated, so long as (a) the aggregate Net Cash Proceeds received by Unifi Manufacturing substantially contemporaneously with the consummation of such sale equals or exceed \$60,000,000; (b) all amounts payable to Unifi, Inc., or any of its Subsidiaries or affiliates in connection with such sale are paid directly to the Agent’s Account for application as set forth herein; (c) at the time such sale is consummated and immediately after giving effect thereto, no Default or Event of Default exists; and (d) such sale occurs on or before May 15, 2020.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. § 5390(c)(8)(D).

“QFC Credit Support” has the meaning specified therefor in Section 17.15 of this Agreement.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“Supported QEC” has the meaning specified therefor in Section 17.15 of this Agreement.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“U.S. Special Resolution Regimes” has the meaning specified therefor in Section 17.15 of this Agreement.

(d) Amendment to Section 2.4. Section 2.4(f)(ii) of the Credit Agreement is amended so that it reads, in its entirety, as follows:

(ii) Each prepayment pursuant to Section 2.4(e)(i), (iii) or (iv) shall (A) so long as no Application Event shall have occurred and be continuing, be applied, first, to the outstanding principal amount of the Term Loan until paid in full, second, to the outstanding principal amount of the Revolving Loans, until paid in full, and third, to cash collateralize the Letters of Credit in an amount equal to 105% of the then outstanding Letter of Credit Usage, and (B) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.4(b)(i); provided, however, the Net Cash Proceeds from the Permitted Parkdale Disposition shall (1) so long as no Application Event shall have occurred and be continuing, be applied, first, to the outstanding principal amount of the Revolving Loans, until paid in full, and, second, to the Borrowers in accordance with their lawful instructions, and (2) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.4(b)(ii). Each such prepayment of the Term Loan shall be applied against the remaining installments of principal of the Term Loan in the inverse order of maturity (for the avoidance of doubt, any amount that is due and payable on the Maturity Date shall constitute an installment).

(e) Amendment to Section 2.12(d)(i). Section 2.12(d)(ii) of the Credit Agreement is amended so that it reads, in its entirety, as follows:

(ii) Subject to the provisions set forth in Section 2.12(d)(iii) below, in the event that any change in market conditions or any Change in Law shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall

transmit the notice to each other Lender and (y) in the case of any LIBOR Rate Loans of such Lender that are outstanding, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such LIBOR Rate Loans, and interest upon the LIBOR Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Base Rate Loans, and (z) Borrowers shall not be entitled to elect the LIBOR Option until such Lender determines that it would no longer be unlawful or impractical to do so.

(f) Amendment to Section 2.12(d). Section 2.12(d) of the Credit Agreement is amended by adding the following new Section 2.12(d)(iii):

(iii) Effect of Benchmark Transition Event.

(A) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, Agent and Administrative Borrower may amend this Agreement to replace the LIBOR Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after Agent has posted such proposed amendment to all Lenders and Administrative Borrower so long as Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to Agent written notice that such Required Lenders accept such amendment. No replacement of the LIBOR Rate with a Benchmark Replacement pursuant to this Section 2.12(d)(iii) will occur prior to the applicable Benchmark Transition Start Date.

(B) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(C) Notices, Standards for Decisions and Determinations. Agent will promptly notify Administrative Borrower and the Lenders of (1) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (2) the implementation of any Benchmark Replacement, (3) the effectiveness of any Benchmark Replacement Conforming Changes and (4) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by Agent or Lenders pursuant to this Section 2.12(d)(iii) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.12(d)(iii).

(D) Benchmark Unavailability Period. Upon Administrative Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, Administrative Borrower may revoke any

request for a LIBOR Borrowing of, conversion to or continuation of LIBOR Rate Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, Administrative Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of Base Rate based upon the LIBOR Rate will not be used in any determination of the Base Rate.

(g) Amendment to Section 14.1(f). Section 14.1(f) of the Credit Agreement is amended so that it reads, in its entirety, as follows:

(f) Anything in this Section 14.1 to the contrary notwithstanding, (i) any amendment, modification, elimination, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lender Group among themselves, and that does not affect the rights or obligations of any Loan Party, shall not require consent by or the agreement of any Loan Party, (ii) any amendment, waiver, modification, elimination, or consent of or with respect to any provision of this Agreement or any other Loan Document may be entered into without the consent of, or over the objection of, any Defaulting Lender other than any of the matters governed by Section 14.1(a)(i) through (iii) that affect such Lender and (iii) any amendment contemplated by Section 2.12(d)(iii) of this Agreement in connection with a Benchmark Transition Event or an Early Opt-in Election shall be effective as contemplated by such Section 2.12(d)(iii) hereof.

(h) Amendment to Section 17.13. Section 17.13 of the Credit Agreement is amended so that it reads, in its entirety, as follows:

17.13 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
- (i) a reduction in full or in part or cancellation of any such liability;
- (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

(i) Amendment to Section 17. Section 17 of the Credit Agreement is amended by including the following new Section 17.15:

**17.15 Acknowledgement Regarding Any Supported QFCs**

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(j) Amendment to Schedule A-2. Schedule A-2 to the Credit Agreement is amended by adding “Craig Creaturo” thereto and removing “Kevin D. Hall” and “Jeffrey C. Ackerman” therefrom.

(k) Amendment to Schedule 4.24. Schedule 4.24 to the Credit Agreement is supplemented by adding the following new addresses thereto:

Fairystone Fabrics  
2247 N. Park Avenue  
Burlington, NC 27217

Golden Mullet, LLC  
1624 Freeway Drive  
Reidsville, NC 27320

SECTION 3. Conditions to Effectiveness. The effectiveness of the amendments set forth in Section 2 is subject to satisfaction, on or before May 15, 2020, of the following conditions precedent (the date of such satisfaction being the "Fourth Amendment Effective Date");

(a) (i) each Loan Party shall have executed and delivered to the Agent a counterpart of this Agreement, (ii) each Lender shall have executed and delivered to the Agent a counterpart of this Agreement, and (iii) the Agent shall have executed and delivered a counterpart of this Agreement;

(b) the representations and warranties of the Loan Parties contained in Section 4 hereof shall be true and correct on and as of the Fourth Amendment Effective Date; and

(c) before and immediately after the Fourth Amendment Effective Date, no Event of Default shall have occurred and be continuing.

SECTION 4. Representations and Warranties of the Loan Parties. Each Loan Party hereby represents and warrants on and as of the Fourth Amendment Effective Date that:

(a) after giving effect to this Agreement, the representations and warranties of each Loan Party contained in the Loan Documents shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the Fourth Amendment Effective Date, except to the extent that such representations and warranties expressly relate to an earlier date (in which event such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date);

(b) this Agreement has been duly executed and delivered by each Loan Party and this Agreement constitutes a legal, valid, and binding obligation of such Loan Party, enforceable against such Loan Parties in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally;

(c) the Security Documents and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Obligations;

(d) the execution and delivery by each Loan Party of this Agreement and the performance by each Loan Party of the Credit Agreement (as amended hereby) have been duly authorized by all necessary corporate or limited liability company action (as applicable) and do not (i) contravene the terms of any of that Person's Governing Documents; (ii) conflict with or result in any breach or contravention of, or result in the creation of any Lien (other than Permitted Liens) under, any material agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound or any order, injunction, writ or decree of any Governmental Authority to which such Person or its assets are subject, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; (iii) violate any provision of federal, state, or local law or regulation applicable to any Loan Party or its Domestic Subsidiaries in any respect, except, as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; or (iv) require any approval of any holder of Equity Interests of a Loan Party or any approval or consent of any Person under any material agreement of any Loan Party, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of material agreements, for consents or approvals, the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Effect.

SECTION 5. Effects on Loan Documents.

(a) On and after the Fourth Amendment Effective Date, each reference in any Loan Document to “the Credit Agreement” shall mean and be a reference to the Credit Agreement as amended hereby and each reference in the Credit Agreement to “this agreement,” “hereunder,” “hereof” or words of like import shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically set forth herein (i) all Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed; (ii) no other changes or modifications to the Credit Agreement or any of the other Loan Documents are intended or implied, and in all other respects, the Credit Agreement and each of the other Loan Documents is hereby specifically ratified, restated and confirmed by all parties hereto as of the date hereof (and after giving effect to the terms of this Agreement); and (iii) the execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power, or remedy of Agent, any Lender, the Swing Lender, or any Issuing Lender under any of the Loan Documents nor constitute a waiver of any provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of any of them under the Loan Documents, except to the extent expressly set forth herein.

(c) To the extent that any provision of the Credit Agreement (as amended hereby) or any of the other Loan Documents are inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control.

SECTION 6. GOVERNING LAW. THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO, AND ANY CLAIMS, CONTROVERSIES, OR DISPUTES ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Miscellaneous.

(a) This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties hereto.

(b) Each Loan Party acknowledges and agrees that the execution, delivery, and performance of this Agreement shall not create (nor shall such Loan Party rely upon the existence of or claim or assert that there exists) any obligation of Agent or any Lender to consider or agree to any other amendment of or waiver or consent with respect to the Credit Agreement or any other instrument or agreement to which Agent or any Lender is a party (collectively, an “Additional Amendment” or “Consent”), and if Agent and the Lenders subsequently agree to consider any requested Additional Amendment or Consent, neither the existence of this Agreement nor any other conduct of Agent or the Lenders related hereto, shall be of any force or effect on the Lenders’ consideration or decision with respect to any such requested Additional Amendment or Consent, and the Lenders shall not have any obligation whatsoever to consider or agree to any such Additional Amendment or Consent.

(c) To induce Agent and Lenders to enter into this Agreement, each Loan Party acknowledges, stipulates, and agrees that (i) all of the Obligations are absolutely due and owing by Loan Parties to Agent and Lenders in accordance with the terms and provisions of the Credit Agreement as amended hereby, without defense, deduction, offset or counterclaim (and, to the extent any Loan Party had any defense, deduction, offset or counterclaim on the date hereof, the same is hereby waived by such Loan Party); (ii) the Loan Documents (to the extent amended hereby) to which such Loan Part is a party are legal, valid and binding obligations of such Loan Party enforceable against such Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or

by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally; (iii) the Liens granted by each Loan Party to Agent in the Collateral are valid and duly perfected, first priority Liens, subject only to Permitted Liens; (iv) each of the recitals contained at the beginning of this Agreement is true and correct; (v) if such Loan Party is a Guarantor, such Loan Party reaffirms and ratifies its guaranty obligations under the Loan Documents to which it is a party and agrees that none of such obligations thereunder shall be diminished or limited in any way by the execution and delivery of this Agreement; and (vi) before executing this Agreement, each Loan Party consulted with and had the benefit of advice of legal counsel of its own selection and has relied upon the advice of such counsel, and in no part upon the representation of Agent, any Lender or any counsel to Agent or any Lender concerning the legal effects of this Agreement or any provision hereof.

(d) Nothing under this Agreement shall extinguish the Obligations under the Credit Agreement. Nothing expressed or implied in this Agreement, the Credit Agreement (as amended hereby), or any other document contemplated hereby shall be construed as a release or other discharge of any Loan Party under the Credit Agreement or any other Loan Document from any of its obligations and liabilities thereunder, and except as expressly provided in this Agreement, such obligations are in all respects continuing with only the terms being modified as provided in this Agreement. This Agreement shall not constitute a novation of the Credit Agreement or any other Loan Document.

(e) The Loan Parties shall execute and deliver such additional documents and take such additional action as may be reasonably requested by Agent to effectuate the provisions and purposes hereof.

(f) The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder or contemplated herein shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any other instrument or agreement required or contemplated hereunder.

(g) References in this Agreement to any Section or subsection are, unless otherwise specified, to such Section or Subsection of this Agreement.

(h) This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

(i) To the extent any Person party hereto is an Issuing Lender or the Swing Lender, such Person, in such capacities, agrees and consents to the terms of this Agreement, subject to the satisfaction of the conditions precedent set forth herein.

[Continued on following page.]

written. IN WITNESS WHEREOF, each of the parties hereto have caused their duly authorized officers to execute and deliver a counterpart of this Agreement as of the date first above

**BORROWERS: UNIFI MANUFACTURING, INC.**

By: /s/ Craig Creaturo  
Name: Craig Creaturo  
Title: Executive Vice President and CFO

**UNIFI, INC.**

By: /s/ Craig Creaturo  
Name: Craig Creaturo  
Title: Executive Vice President and CFO

**GUARANTORS: UNIFI SALES & DISTRIBUTION, INC.**

By: /s/ Craig Creaturo  
Name: Craig Creaturo  
Title: President

**SEE 4 PROCESS IMPROVEMENT SOLUTIONS,  
LLC (f/k/a Unifi Equipment Leasing, LLC)**

By: /s/ Craig Creaturo  
Name: Craig Creaturo  
Title: President

[UNIFI—FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT]

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**AGENT AND LENDERS:** **WELLS FARGO BANK, NATIONAL**  
**ASSOCIATION**, as Agent and as a Lender

By: /s/ Zachary S. Buchanan  
Name: Zachary S. Buchanan  
Title: Vice President

[UNIFI—FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT]

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**BANK OF AMERICA, N.A., as a Lender**

By: /s/ Andrew A Doherty  
Name: Andrew A Doherty  
Title: Senior Vice President

[UNIFI—FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT]

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By: /s/ Patrick Lingrosso  
Name: Patrick Lingrosso  
Title: Vice President

[UNIFI—FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT]

**TERMINATION AGREEMENT**

**THIS TERMINATION AGREEMENT**, dated as of the 29th day of April 2020 (this "Agreement"), is made by and among **PARKDALE, INCORPORATED**, a North Carolina corporation ("Parkdale"), **PARKDALE AMERICA, LLC**, a North Carolina limited liability company ("Parkdale America"), **UNIFI MANUFACTURING, INC.**, a North Carolina corporation ("Unifi"), and **UNIFI, INC.**, a New York Corporation ("Unifi, Inc.") with respect to (a) that certain Contribution Agreement, dated as of June 30, 1997, by and among Parkdale, as a successor in interest to Parkdale Mills, Incorporated, Parkdale Mills, Incorporated, Unifi, and Unifi, Inc. (as amended, supplemented or otherwise modified prior to the date hereof, the "Contribution Agreement") and (b) that certain Operating Agreement of Parkdale America, dated as of June 29, 1997, as amended on September 5, 2005, by and among Parkdale (as successor in interest to Parkdale Mills, Incorporated), Parkdale America, Unifi, and Unifi, Inc. (as amended, supplemented or otherwise modified prior to the date hereof, the "Operating Agreement"). Terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in the Purchase Agreement (as hereinafter defined).

**RECITALS**

WHEREAS, Parkdale owns 66% and Unifi owns 34% of the membership interests of Parkdale America;

WHEREAS, Parkdale and Unifi have entered into that certain Membership Interest Purchase Agreement, dated as of April 29, 2020 (the "Purchase Agreement"), pursuant to which Parkdale agreed to purchase and Unifi agreed to sell, all of Unifi's interest in Parkdale America on the terms and subject to the conditions set forth therein (the "Transaction") on the Closing Date; and

WHEREAS, from and after the Closing Date, Parkdale shall be the sole member of Parkdale America; and

WHEREAS, upon the consummation of the Transaction, the parties wish to terminate (a) the Contribution Agreement and (b) the Operating Agreement, on the terms and subject to the conditions set forth in this Agreement; and

NOW THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree to the following terms and conditions:

**STATEMENT OF AGREEMENT**

1. Definitions. Terms used but not defined in this Agreement shall have the meanings ascribed to them in the Purchase Agreement.
  2. Termination of the Contribution Agreement. The Contribution Agreement is hereby terminated in its entirety and shall hereinafter in all respects be null and void and have no
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further force or effect, notwithstanding any provision of the Contribution Agreement. The parties shall be discharged from their obligations under the Contribution Agreement from and after the Closing Date.

3. Termination of the Operating Agreement. The Operating Agreement is hereby terminated in its entirety and shall hereinafter in all respects be null and void and have no further force or effect, notwithstanding any provision of the Operating Agreement. The parties shall be discharged from their obligations under the Operating Agreement from and after the Closing Date.

4. Termination of Non-Competition Covenant. The parties acknowledge that in accordance with its terms, the Non-Competition Covenant executed and delivered as of June 30, 1997 by Anderson D. Warlick, shall terminate in its entirety and be of no further force and effect as of the Closing Date.

5. Miscellaneous.

(a)Further Assurances. Each party will take all necessary actions to give effect to this Agreement and carry out the termination of the Contribution Agreement. Notwithstanding any other provision in this Agreement or incorporated herein by reference, both Parkdale and Parkdale America hereby expressly agree to take any reasonable actions necessary to provide certain information and cooperation to Unifi and/or Unifi, Inc. related to this Agreement, the Purchase Agreement, and/or the parties' prior relationship, to the extent such certain information and cooperation is required by law, regulation, or audit.

(b)Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c)Waiver and Amendments. Neither the amendment or waiver of any provision of this Agreement, nor the consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and each such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(d)Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of North Carolina.

(e)Severability. In the event that any provision of this Agreement shall be determined to be invalid, illegal or unenforceable in any respect, the remaining provisions of this Agreement shall not be in any way impaired, and the illegal, invalid or unenforceable provision shall be fully severed from this Agreement and there shall be automatically added in lieu thereof a provision as similar in term and intent to such severed provision as may be legal, valid and enforceable.

(f)Remedies. No delay or omission of any party to exercise any right or remedy hereunder, whether before or after the happening of any default hereunder, shall impair any such right or shall operate as a waiver thereof or as a waiver of any such default. No single or partial exercise by a party of any right or remedy shall preclude any other or further exercise thereof, or preclude any other right or remedy.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed and delivered by their proper and duly authorized officers as of the date set forth above.

PARKDALE, INCORPORATED

By: /s/ Anderson D. Warlick  
Name: Anderson D. Warlick  
Title: Chief Executive Officer

PARKDALE AMERICA, LLC

By: /s/ Anderson D. Warlick  
Name: Anderson D. Warlick  
Title: Chief Executive Officer

UNIFI, INC.

By: /s/ Thomas H. Caudle, Jr.  
Name: Thomas H. Caudle, Jr.  
Title: President and COO

UNIFI MANUFACTURING, INC.

By: /s/ Thomas H. Caudle, Jr.  
Name: Thomas H. Caudle, Jr.  
Title: President and COO

## Unifi Announces Third Quarter Fiscal 2020 Results and Sale of Ownership Interest in Parkdale Joint Venture

*Q3 results reflect continued strength and execution of strategic priorities prior to pandemic impacts;  
Sale of Parkdale joint venture interest better aligns resources on core innovation and manufacturing of recycled and synthetic yarns;  
Risk mitigation efforts further improve balance sheet and liquidity position*

**GREENSBORO, N.C., April 30, 2020** – Unifi, Inc. (NYSE: UFI), one of the world's leading innovators in recycled and synthetic yarns, today released operating results for the third quarter of fiscal 2020 ended March 29, 2020 and announced the April 29, 2020 completed sale of its 34% interest in Parkdale America, LLC ("PAL") to the existing majority partner, Parkdale, Incorporated ("Parkdale"), in an all-cash transaction for \$60.0 million.

### Third Quarter Fiscal 2020 Overview

- Net sales of \$171.0 million decreased 5.0%, compared to \$180.0 million for the third quarter of fiscal 2019.
- Revenues from premium value-added ("PVA") products represented 52% of consolidated net sales.
- Gross margin was 9.0%, compared to 7.7% in the third quarter of fiscal 2019.
- Operating income was \$3.1 million, compared to \$0.8 million in the third quarter of fiscal 2019.
- Net loss of \$41.1 million and basic earnings per share ("EPS") of (\$2.23), which includes the impact of a \$45.2 million impairment charge in connection with the Company's sale of its 34% interest in PAL, compares to the third quarter of fiscal 2019's net loss of \$1.5 million and EPS of (\$0.08).
- Adjusted Net Income<sup>1</sup> of \$4.1 million and Adjusted EPS<sup>1</sup> of \$0.22, which exclude the impairment charge for PAL, increased compared to the third quarter of fiscal 2019's Adjusted Net Loss and Adjusted EPS of \$1.5 million and (\$0.08), respectively.
- Adjusted EBITDA<sup>1</sup>, which excludes the impairment charge for PAL, increased to \$9.3 million, compared to \$6.8 million in the third quarter of fiscal 2019.
- Operating cash flows for the nine months ended March 29, 2020 improved to \$32.1 million, continuing the positive momentum from the first half of fiscal 2020, compared to a use of operating cash flows of \$1.5 million for the nine months ended March 31, 2019.
- The Company repurchased \$2.0 million of its common stock under a previously announced program.

<sup>1</sup> Adjusted Net Income (Loss), Adjusted EPS and Adjusted EBITDA are non-GAAP financial measures. The schedules included in this press release reconcile the non-GAAP financial measures to net (loss) income, the most directly comparable GAAP financial measure.

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- On April 21, 2020, the Company announced Edmund Ingle was named Chief Executive Officer, effective July 1, 2020.
- Due to the uncertainty of the duration and severity of the COVID-19 pandemic, the Company has suspended its fiscal 2020 outlook.

"The first ten weeks of our fiscal third quarter were strong and consistent with our expectations as our trade actions and overall strategy were generating significant momentum," said Tom Caudle, President & Chief Operating Officer of Unifi. "However, the impacts of the pandemic on global demand began materializing at the end of the March 2020 quarter, which have placed pressure on many of our customers and the pipeline."

#### **Sale of 34% Interest in Parkdale America, LLC**

On April 29, 2020, the Company sold its 34% interest in PAL to the majority owner, Parkdale, for \$60.0 million in cash. Proceeds have been used to reduce leverage and increase cash reserves on the balance sheet during the fourth quarter of fiscal 2020. In connection with the sale, the Company recorded a \$45.2 million impairment charge in the third quarter of fiscal 2020.

Caudle commented, "We are pleased to have reached a mutually beneficial agreement whereby Parkdale has acquired Unifi's 34% interest in PAL, allowing Parkdale 100% ownership of the entity that has been a producer of cotton and synthetic yarns for the textile and apparel industries since its formation in 1997. Parkdale has been the driver of the business and operational decisions of PAL since its inception, and this transaction is a natural evolution of our joint venture relationship. We thank Parkdale for being such a great business partner and look forward to continued business activities in the future, even with Parkdale becoming the single owner of PAL. For Unifi, this transaction will allow us to focus our efforts on expanding our global leadership in recycled and synthetic fibers while strengthening our balance sheet and improving our leverage profile."

#### **Liquidity Update and Risk Mitigation Initiatives**

- As of March 29, 2020 cash and cash equivalents were \$33.4 million and debt principal was \$133.7 million, totaling Net Debt of \$100.3 million.
- On April 29, 2020, the Company sold its 34% interest in PAL for \$60.0 million cash, which will lower Net Debt and reduce leverage during the fourth quarter of fiscal 2020.
- Capital expenditure levels have been reduced while prioritizing safety and maintenance.
- Raw material pricing remains at low levels, which aids short-term working capital and liquidity.
- Manufacturing operations have been strategically reduced to support critical businesses and manage working capital.



Caudle continued, "This pandemic quickly changed the global dynamic, and we have responded with immediate and meaningful mitigation efforts. First, we have and will continue to prioritize the health and safety of all of our employees around the globe, which includes restricting travel, maintaining diligent sanitation and disinfection practices, and encouraging social distancing. We have also taken steps to significantly fortify our cash position and strengthen our balance sheet. The path ahead will be challenging, but the proactive, strategic steps we took in 2019 and 2020 have significantly improved our financial flexibility and position. Further, we have seen a positive lift from our domestic trade actions, while our Asian operations quickly resumed in March 2020. Lastly, the combination of our diverse global operations, growing asset light model, and support of many essential businesses is expected to provide a solid level of base commerce for Unifi."

Caudle concluded, "We are working with our customers on a daily basis to meet their shifting demand needs in this environment. I am proud of Unifi's opportunity to participate in the supply chain for personal protective equipment necessary for our first responders, healthcare personnel, and military. As we look beyond fiscal 2020 and these uncertain times, we remain optimistic about our ability to rebound quickly and return to long-term growth. We have the right strategy in place and we will remain committed to our values and to constant innovation. These priorities are resonating with our customers as they work to meet their sustainability goals. I have great confidence in our global workforce, brand-name customer base, suppliers and communities. Together we can navigate these near-term issues and return to long-term growth."

#### **Third Quarter Fiscal 2020 Compared to Third Quarter Fiscal 2019**

Net sales were \$171.0 million, compared to \$180.0 million, driven by lower polyester raw material costs, lower nylon volumes and unfavorable foreign currency translation. Lower polyester raw material costs led to lower average selling prices across the Polyester, Asia and Brazil segments, while lower Nylon volumes resulted from the previously communicated demand declines for North American supply chains, and unfavorable foreign currency translation was driven by weakening of the Brazilian Real. Despite a significant shutdown in China during the coronavirus outbreak in that country, the Asia segment was able to recover quickly and restore its continued sales growth, with a 28% increase in sales volumes led by REPREVE®-branded products.

Gross profit increased to \$15.4 million, from \$13.8 million, primarily attributable to a more favorable sales mix and raw material environment for the Polyester and Brazil segments, along with continued sales growth in Asia. This increase was partially offset by lower Nylon sales volumes, competitive pricing pressures and unfavorable foreign currency translation impacts in Brazil.

Operating income increased to \$3.1 million, compared to \$0.8 million, and benefited from the increase in gross profit and more favorable foreign currency transaction impacts in Asia.



Net loss was \$41.1 million, compared to a net loss of \$1.5 million, and EPS was (\$2.23), compared to (\$0.08). In connection with the April 29, 2020 sale of the Company's 34% interest in PAL, an impairment charge of \$45.2 million was recorded in the third quarter of fiscal 2020. Adjusted Net income and Adjusted EPS, which exclude the impairment charge, were \$4.1 million and \$0.22, respectively.

Adjusted EBITDA, which excludes the \$45.2 million impairment charge, increased to \$9.3 million, compared to \$6.8 million, consistent with the increase in operating income.

Net Debt was \$100.3 million at March 29, 2020, compared to \$105.8 million at June 30, 2019. Cash and cash equivalents increased to \$33.4 million at March 29, 2020, up from \$22.2 million at June 30, 2019, benefiting from international cash generation. Net Debt is a non-GAAP financial measure. The schedules included in this press release reconcile Net Debt.

**Third Quarter Fiscal 2020 Earnings Conference Call**

The Company will provide additional commentary regarding its third quarter fiscal 2020 results and other developments during its earnings conference call on May 1, 2020, at 8:30 a.m., Eastern Time. The call can be accessed via a live audio webcast on the Company's website at <http://investor.unifi.com>. Additional supporting materials and information related to the call will also be available on the Company's website.

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**About Unifi**

Unifi, Inc. (NYSE: UFI) is a global textile solutions provider and one of the world's leading innovators in manufacturing synthetic and recycled performance fibers. Through REPREVE®, one of Unifi's proprietary technologies and the global leader in branded recycled performance fibers, Unifi has transformed more than 19 billion plastic bottles into recycled fiber for new apparel, footwear, home goods and other consumer products. The Company's proprietary PROFIBER™ technologies offer increased performance, comfort and style advantages, enabling customers to develop products that perform, look and feel better. Unifi continually innovates technologies to meet consumer needs in moisture management, thermal regulation, antimicrobial protection, UV protection, stretch, water resistance and enhanced softness. Unifi collaborates with many of the world's most influential brands in the sports apparel, fashion, home, automotive and other industries. For more information about Unifi, visit [www.Unifi.com](http://www.Unifi.com).

**Contact information:**

Alpha IR Group  
312-445-2870  
[UFI@alpha-ir.com](mailto:UFI@alpha-ir.com)

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



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

	For the Three Months Ended		For the Nine Months Ended	
	March 29, 2020	March 31, 2019	March 29, 2020	March 31, 2019
Net sales	\$ 170,994	\$ 179,989	\$ 520,454	\$ 529,311
Cost of sales	155,611	166,198	471,963	481,345
Gross profit	15,383	13,791	48,491	47,966
Selling, general and administrative expenses	11,720	11,439	35,208	40,672
Provision for bad debts	580	218	331	381
Other operating (income) expense, net	(62)	1,359	900	1,218
Operating income	3,145	775	12,052	5,695
Interest income	(173)	(149)	(595)	(448)
Interest expense	1,231	1,256	3,589	4,078
Equity in earnings of unconsolidated affiliates	(3,526)	(1,873)	(1,904)	(3,126)
Impairment of investment in unconsolidated affiliate	45,194	—	45,194	—
Loss on extinguishment of debt	—	—	—	131
(Loss) income before income taxes	(39,581)	1,541	(34,232)	5,060
Provision for income taxes	1,530	3,070	2,758	3,606
Net (loss) income	\$ (41,111)	\$ (1,529)	\$ (36,990)	\$ 1,454
Net (loss) income per common share:				
Basic	\$ (2.23)	\$ (0.08)	\$ (2.00)	\$ 0.08
Diluted	\$ (2.23)	\$ (0.08)	\$ (2.00)	\$ 0.08
Weighted average common shares outstanding:				
Basic	18,475	18,394	18,485	18,381
Diluted	18,475	18,394	18,485	18,742



CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(In thousands)

	March 29, 2020	June 30, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 33,393	\$ 22,228
Receivables, net	86,376	88,884
Inventories	124,146	133,781
Income taxes receivable	589	4,373
Other current assets	18,477	16,356
Total current assets	262,981	265,622
Property, plant and equipment, net	206,993	206,787
Operating lease assets	6,084	—
Deferred income taxes	5,943	2,581
Investments in unconsolidated affiliates	58,854	114,320
Other non-current assets	2,187	2,841
Total assets	\$ 543,042	\$ 592,151
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable	\$ 40,862	\$ 41,796
Accrued expenses	15,347	16,849
Income taxes payable	5,841	569
Current operating lease liabilities	1,709	—
Current portion of long-term debt	14,112	15,519
Total current liabilities	77,871	74,733
Long-term debt	118,827	111,541
Non-current operating lease liabilities	4,481	—
Other long-term liabilities	8,029	6,185
Deferred income taxes	5	6,847
Total liabilities	209,213	199,306
Commitments and contingencies		
Common stock	1,845	1,846
Capital in excess of par value	61,080	59,560
Retained earnings	335,971	374,668
Accumulated other comprehensive loss	(65,067)	(43,229)
Total shareholders' equity	333,829	392,845
Total liabilities and shareholders' equity	\$ 543,042	\$ 592,151



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

	For the Nine Months Ended	
	March 29, 2020	March 31, 2019
Cash and cash equivalents at beginning of period	\$ 22,228	\$ 44,890
<b>Operating activities:</b>		
Net (loss) income	(36,990)	1,454
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Equity in earnings of unconsolidated affiliates	(1,904)	(3,126)
Distributions received from unconsolidated affiliates	10,437	1,380
Depreciation and amortization expense	17,685	17,242
Impairment of investment in unconsolidated affiliate	45,194	—
Non-cash compensation expense	2,510	2,758
Deferred income taxes	(10,029)	(190)
Other, net	(171)	(459)
Inventories	2,126	(13,409)
Other changes in assets and liabilities	3,247	(7,167)
Net cash provided by (used in) operating activities	<u>32,105</u>	<u>(1,517)</u>
<b>Investing activities:</b>		
Capital expenditures	(14,971)	(19,199)
Other, net	35	9
Net cash used in investing activities	<u>(14,936)</u>	<u>(19,190)</u>
<b>Financing activities:</b>		
Proceeds from long-term debt	79,000	113,300
Payments on long-term debt	(79,606)	(107,708)
Payments of debt financing fees	—	(720)
Common stock repurchased	(1,994)	—
Other, net	(492)	(744)
Net cash (used in) provided by financing activities	<u>(3,092)</u>	<u>4,128</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,912)</u>	<u>(413)</u>
Net increase (decrease) in cash and cash equivalents	<u>11,165</u>	<u>(16,992)</u>
Cash and cash equivalents at end of period	<u>\$ 33,393</u>	<u>\$ 27,898</u>



**BUSINESS SEGMENT INFORMATION**  
(Unaudited)  
(In thousands)

Net sales details for each reportable segment of the Company are as follows:

	For the Three Months Ended		For the Nine Months Ended	
	March 29, 2020	March 31, 2019	March 29, 2020	March 31, 2019
Polyester	\$ 89,767	\$ 95,745	\$ 261,212	\$ 281,665
Nylon	20,567	25,563	57,853	76,159
Brazil	21,060	25,110	66,094	76,257
Asia	38,621	32,571	132,496	92,014
All Other	979	1,000	2,799	3,216
Consolidated	\$ 170,994	\$ 179,989	\$ 520,454	\$ 529,311

Gross profit details for each reportable segment of the Company are as follows:

	For the Three Months Ended		For the Nine Months Ended	
	March 29, 2020	March 31, 2019	March 29, 2020	March 31, 2019
Polyester	\$ 7,032	\$ 4,804	\$ 21,487	\$ 15,917
Nylon	333	2,312	1,557	6,488
Brazil	3,416	2,776	11,005	13,603
Asia	4,583	3,841	14,382	11,697
All Other	19	58	60	261
Consolidated	\$ 15,383	\$ 13,791	\$ 48,491	\$ 47,966

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

*EBITDA and Adjusted EBITDA*

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

	For the Three Months Ended		For the Nine Months Ended	
	March 29, 2020	March 31, 2019	March 29, 2020	March 31, 2019
Net (loss) income	\$ (41,111)	\$ (1,529)	\$ (36,990)	\$ 1,454
Interest expense, net	1,058	1,107	2,994	3,630
Provision for income taxes	1,530	3,070	2,758	3,606
Depreciation and amortization expense (1)	6,014	5,535	17,499	17,015
EBITDA	(32,509)	8,183	(13,739)	25,705
Equity in earnings of PAL	(3,336)	(1,409)	(1,324)	(2,154)
EBITDA excluding PAL	(35,845)	6,774	(15,063)	23,551
Impairment of investment in unconsolidated affiliate (2)	45,194	—	45,194	—
Facility shutdown costs (3)	—	—	383	—
Adjusted EBITDA	\$ 9,349	\$ 6,774	\$ 30,514	\$ 23,551

(1) Within this reconciliation, depreciation and amortization expense excludes the amortization of debt issuance costs, which are reflected in interest expense, net. Within the condensed consolidated statements of cash flows, amortization of debt issuance costs is reflected in depreciation and amortization expense.

(2) For the three and nine months ended March 29, 2020, the Company recorded an impairment charge of \$45,194 relating to the April 29, 2020 sale of its 34% interest in PAL.

(3) In the second quarter of fiscal 2020, UNIFI commenced a shutdown plan for its operations in Sri Lanka. The adjustment primarily reflects accrued severance and exit costs.



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

*Adjusted Net Income (Loss) and Adjusted EPS*

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

	For the Three Months Ended March 29, 2020				For the Three Months Ended March 31, 2019			
	Pre-tax (Loss) Income	Tax Impact	Net (Loss) Income	Basic EPS	Pre-tax Income	Tax Impact	Net Loss	Basic EPS
GAAP results	\$ (39,581)	\$ (1,530)	\$ (41,111)	\$ (2.23)	\$ 1,541	\$ (3,070)	\$ (1,529)	\$ (0.08)
Impairment of investment in unconsolidated affiliate (1)	45,194	—	45,194	2.45	—	—	—	—
Adjusted results	\$ 5,613	\$ (1,530)	\$ 4,083	\$ 0.22	\$ 1,541	\$ (3,070)	\$ (1,529)	\$ (0.08)
Weighted average common shares outstanding	18,475				18,394			

	For the Nine Months Ended March 29, 2020				For the Nine Months Ended March 31, 2019			
	Pre-tax (Loss) Income	Tax Impact	Net (Loss) Income	Basic EPS	Pre-tax Income	Tax Impact	Net Income	Basic EPS
GAAP results	\$ (34,232)	\$ (2,758)	\$ (36,990)	\$ (2.00)	\$ 5,060	\$ (3,606)	\$ 1,454	\$ 0.08
Impairment of investment in unconsolidated affiliate (1)	45,194	—	45,194	2.44	—	—	—	—
Adjusted results	\$ 10,962	\$ (2,758)	\$ 8,204	\$ 0.44	\$ 5,060	\$ (3,606)	\$ 1,454	\$ 0.08
Weighted average common shares outstanding	18,485				18,381			

(1) For the three and nine months ended March 29, 2020, the Company recorded an impairment charge of \$45,194 relating to the April 29, 2020 sale of its 34% interest in PAL.

*Net Debt*

Reconciliations of Net Debt are as follows:

	March 29, 2020	June 30, 2019
Long-term debt	\$ 118,827	\$ 111,541
Current portion of long-term debt	14,112	15,519
Unamortized debt issuance costs	772	958
Debt principal	133,711	128,018
Less: cash and cash equivalents	33,393	22,228
Net Debt	\$ 100,318	\$ 105,790

Certain non-GAAP financial measures included herein are designed to complement the financial information presented in accordance with GAAP. These non-GAAP financial measures include Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA, Adjusted Net Income (Loss), Adjusted EPS and Net Debt (together, the "non-GAAP financial measures").

- EBITDA represents Net (loss) income before net interest expense, income tax expense, and depreciation and amortization expense.
- Adjusted EBITDA represents EBITDA adjusted to exclude equity in earnings of PAL and, from time to time, certain other adjustments necessary to understand and compare the underlying results of Unifi.
- Adjusted Net Income (Loss), which represents Net (loss) income calculated under GAAP, adjusted to exclude certain amounts which management believes do not reflect the ongoing operations and performance of UNIFI and/or which are necessary to understand and compare the underlying results of UNIFI, such as the approximate after-tax impact of an impairment of an investment in an unconsolidated affiliate;
- Adjusted EPS, which represents Adjusted Net Income (Loss) divided by UNIFI's weighted average common shares outstanding;
- Net Debt represents debt principal less cash and cash equivalents.

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

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

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

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

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

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

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



**Cautionary Statement on Forward-Looking Statements**

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

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

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

-end-



# Conference Call Presentation

Third Quarter Ended  
**March 29, 2020**

(Unaudited Results)



May 1, 2020

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## Cautionary Statement on Forward-Looking Statements

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

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

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

## Non-GAAP Financial Measures

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

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

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

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

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

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

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

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

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

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

## MAY 1, 2020 BUSINESS UPDATE

- Q3 fiscal 2020 operating and financial results were consistent with expectations in spite of the initial impacts of the COVID-19 pandemic.
- Domestic trade actions, global strategy, lean manufacturing, and raw material stabilization were providing solid momentum for the business.
- We began to see the non-China impact of the COVID-19 pandemic in late March.
- We expect global demand decline will place pressure on our sales and profitability for the remainder of fiscal 2020 and into fiscal 2021.
- We have taken several mitigating steps to protect our people and communities, maintain liquidity, and preserve cash.
- We are working hard to keep our people safe.
- Fiscal 2020 outlook has been suspended due to uncertainty surrounding COVID-19 impacts.



## PARKDALE TRANSACTION OVERVIEW

- Parkdale America, LLC is a producer of cotton and synthetic yarns for the textile and apparel industries.
- JV formed in 1997; Unifi obtained and maintained 34% interest.
- \$60 million cash received on April 29, 2020 from divestiture of 34% investment via sale to majority partner, Parkdale, Incorporated:
  - Transaction improves Net Debt by \$60 million and significantly improves leverage.
  - Proceeds were applied in part to reduce ABL Revolver, with remainder held as cash-on-hand.
  - Amendment to Credit Facility to allow for investment sale and desired use of proceeds completed simultaneously with sale transaction.
- Cash proceeds provide additional flexibility and liquidity for both long-term opportunities and uncertainty associated with the current pandemic.
- \$45.2 million impairment charge was a non-cash expense and is non-cash for tax purposes.



## RISK MITIGATION INITIATIVES

- Ensuring the health and safety of our employees:
  - Suspending travel and group meetings;
  - Implementing social distancing measures;
  - Enforcing healthy habits, sanitation and disinfection; and
  - Increasing wellness monitoring.
- Participating in the supply chain for personal protective equipment necessary for our first responders, healthcare personnel, and military.
- Reducing capital expenditures while prioritizing safety and maintenance.
- Taking advantage of low raw material cost levels, which aids short-term working capital and liquidity.
- Strategically reducing manufacturing operations - further support critical businesses and manage working capital.



# OPERATING INCOME OVERVIEW

(dollars in millions)



When comparing Operating income from Q3 FY19 to Q3 FY20:

<sup>1</sup> Approximates the increase in gross profit.

<sup>2</sup> Approximates the increase in selling, general and administrative expenses due to the benefit of significant equity and incentive compensation forfeitures resulting from executive officer departures in Q3 FY19.

<sup>3</sup> Approximates the change in provision for bad debts.

<sup>4</sup> Approximates the change in other operating (income) expense and foreign currency transaction activity.

Note: This representation is not intended to depict amounts calculated under GAAP.

# NET SALES OVERVIEW

(dollars in thousands)

## Three-Month Comparison (Q3 FY19 vs. Q3 FY20)

Net Sales	Polyester *	Nylon *	Brazil *	Asia *	All Other	Consolidated
Prior Period	\$ 95,745	\$ 25,563	\$ 25,110	\$ 32,571	\$ 1,000	\$ 179,989
Volume Change	(2.3%)	(16.0%)	5.7%	28.2%	nm	6.5%
Price/Mix Change	(3.9%)	(3.1%)	(6.4%)	(6.4%)	nm	(8.7%)
FX Change <sup>1</sup>	—	(0.5%)	(15.4%)	(3.2%)	nm	(2.8%)
Total Change	(6.2%)	(19.6%)	(16.1%)	18.6%	(2.1%)	(5.0%)
Current Period	\$ 89,767	\$ 20,567	\$ 21,060	\$ 38,621	\$ 979	\$ 170,994

<sup>1</sup> Approximates the impact of foreign currency translation.

Note: The "Prior Period" ended on March 31, 2019. The "Current Period" ended on March 29, 2020. The Prior Period and the Current Period each contained 13 fiscal weeks.

- The Polyester Segment includes operations in the U.S. and El Salvador.
- The Nylon Segment includes operations in the U.S. and Colombia.
- The Brazil Segment includes operations in Brazil.
- The Asia Segment includes operations in Asia.

nm – Not meaningful

# GROSS PROFIT OVERVIEW

(dollars in thousands)

## Three-Month Comparison (Q3 FY19 vs. Q3 FY20)

Gross Profit <sup>1</sup>	Polyester *	Nylon *	Brazil *	Asia *	All Other	Consolidated
Prior Period	\$ 4,804	\$ 2,312	\$ 2,776	\$ 3,841	\$ 58	\$ 13,791
Margin Rate	5.0%	9.0%	11.1%	11.8%	nm	7.7%
Current Period	\$ 7,032	\$ 333	\$ 3,416	\$ 4,583	\$ 19	\$ 15,383
Margin Rate	7.8%	1.6%	16.2%	11.9%	nm	9.0%

<sup>1</sup> Gross profit for the Polyester and Asia Segments reflect the Company's update to segment profitability completed in the fourth quarter of fiscal 2019. Prior period amounts have been revised accordingly.

Note: The "Prior Period" ended on March 31, 2019. The "Current Period" ended on March 29, 2020. The Prior Period and the Current Period each had 13 fiscal weeks.

\* The Polyester Segment includes operations in the U.S. and El Salvador.  
 \* The Nylon Segment includes operations in the U.S. and Colombia.  
 \* The Brazil Segment includes operations in Brazil.  
 \* The Asia Segment includes operations in Asia.

nm – Not meaningful

# LIQUIDITY UPDATE

(dollars in thousands)

## Borrowing Availability and Covenants

- On March 29, 2020:
  - borrowing availability on the ABL Revolver was \$48,000;
  - the Trigger Level was \$24,000; and
  - the Fixed Charge Coverage Ratio was 0.94 to 1.00.
- ABL Facility maturity is not until December 2023.

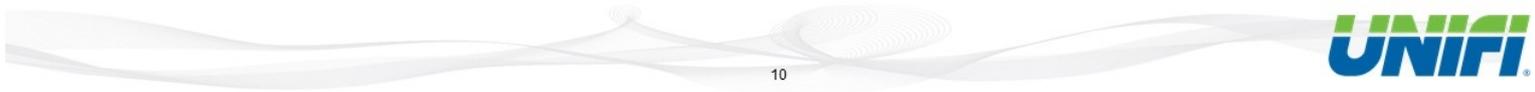


## Net Debt

	March 29, 2020	June 30, 2019	March 31, 2019
ABL Revolver	\$ 30,900	\$ 19,400	\$ 24,000
ABL Term Loan	90,000	97,500	100,000
Other debt	12,811	11,118	12,879
<b>Total Principal</b>	<b>\$ 133,711</b>	<b>\$ 128,018</b>	<b>\$ 136,879</b>
Less: Cash and cash equivalents	33,393	22,228	27,898
<b>Net Debt <sup>1</sup></b>	<b>\$ 100,318</b>	<b>\$ 105,790</b>	<b>\$ 108,981</b>

<sup>1</sup> Represents a non-GAAP financial measure.

# APPENDIX



# NET SALES OVERVIEW

(dollars in thousands)

## Nine-Month Comparison (YTD FY19 vs. YTD FY20)

Net Sales	Polyester *	Nylon *	Brazil *	Asia *	All Other	Consolidated
Prior Period	\$ 281,665	\$ 76,159	\$ 76,257	\$ 92,014	\$ 3,216	\$ 529,311
Volume Change	(4.2%)	(23.0%)	1.6%	65.0%	nm	13.4%
Price/Mix Change	(3.1%)	(0.6%)	(7.2%)	(18.3%)	nm	(13.5%)
FX Change <sup>1</sup>	—	(0.4%)	(7.7%)	(2.7%)	nm	(1.6%)
Total Change	(7.3%)	(24.0%)	(13.3%)	44.0%	(13.0%)	(1.7%)
Current Period	\$ 261,212	\$ 57,853	\$ 66,094	\$ 132,496	\$ 2,799	\$ 520,454

<sup>1</sup> Approximates the impact of foreign currency translation.

Note: The "Prior Period" ended on March 31, 2019. The "Current Period" ended on March 29, 2020. The Prior Period had 40 fiscal weeks and the Current Period had 39 fiscal weeks.

- \* The Polyester Segment includes operations in the U.S. and El Salvador.
- \* The Nylon Segment includes operations in the U.S. and Colombia.
- \* The Brazil Segment includes operations in Brazil.
- \* The Asia Segment includes operations in Asia.

nm – Not meaningful

# GROSS PROFIT OVERVIEW

(dollars in thousands)

## Nine-Month Comparison (YTD FY19 vs. YTD FY20)

Gross Profit <sup>1</sup>	Polyester *	Nylon *	Brazil *	Asia *	All Other	Consolidated
Prior Period	\$ 15,917	\$ 6,488	\$ 13,603	\$ 11,697	\$ 261	\$ 47,966
Margin Rate	5.7%	8.5%	17.8%	12.7%	nm	9.1%
Current Period	\$ 21,487	\$ 1,557	\$ 11,005	\$ 14,382	\$ 60	\$ 48,491
Margin Rate	8.2%	2.7%	16.7%	10.9%	nm	9.3%

<sup>1</sup> Gross profit for the Polyester and Asia Segments reflect the Company's update to segment profitability completed in the fourth quarter of fiscal 2019. Prior period amounts have been revised accordingly.

Note: The "Prior Period" ended on March 31, 2019. The "Current Period" ended on March 29, 2020. The Prior Period had 40 fiscal weeks and the Current Period had 39 fiscal weeks.

- \* The Polyester Segment includes operations in the U.S. and El Salvador.
- \* The Nylon Segment includes operations in the U.S. and Colombia.
- \* The Brazil Segment includes operations in Brazil.
- \* The Asia Segment includes operations in Asia.

nm – Not meaningful

Thank You!

