

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 28, 2025**

OR

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

For the transition period from _____ to _____

Commission File Number: 1-10542

UNIFI, INC.

(Exact name of registrant as specified in its charter)

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

**7201 West Friendly Avenue
Greensboro, North Carolina**

(Address of principal executive offices)

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

27410
(Zip Code)

(336) 294-4410

(Registrant's telephone number, including area code)

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of November 3, 2025, there were 18,360,663 shares of the registrant's common stock, par value \$0.10 per share, outstanding.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that relate to our plans, objectives, estimates, and goals. Statements expressing expectations regarding our future, or projections or estimates relating to products, sales, revenues, expenditures, costs, strategies, initiatives, or earnings, are typical of such statements and are made under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management’s beliefs, assumptions, and expectations about our future performance, considering the information currently available to management. The words “believe,” “may,” “could,” “will,” “should,” “would,” “anticipate,” “plan,” “estimate,” “project,” “expect,” “intend,” “seek,” “strive,” and words of similar import, or the negative of such words, identify or signal the presence of forward-looking statements. These statements are not statements of historical fact; they involve risks and uncertainties that may cause our actual results, performance, or financial condition to differ materially from the expectations of future results, performance, or financial condition that we express or imply in any forward-looking statement. Factors that could contribute to such differences include, but are not limited to:

- the competitive nature of the textile industry and the impact of global competition;
- changes in the trade regulatory environment, governmental policies and legislation (e.g., tariffs) and sustained disruption of government operations;
- the availability, sourcing, and pricing of raw materials;
- general domestic and international economic and industry conditions in markets where the Company competes, including economic and political factors over which the Company has no control;
- changes in consumer spending, customer preferences, fashion trends, and end-uses for the Company’s products;
- the financial condition of the Company’s customers;
- the loss of a significant customer or brand partner;
- natural disasters, industrial accidents, power or water shortages, extreme weather conditions, and other disruptions at one of the Company’s facilities;
- the disruption of operations, global demand, or financial performance as a result of catastrophic or extraordinary events, including, but not limited to, epidemics or pandemics;
- the success of the Company’s strategic business initiatives;
- the volatility of financial and credit markets, including the impacts of counterparty risk (e.g., deposit concentration and recent depositor sentiment and activity);
- the ability to service indebtedness and fund capital expenditures and strategic business initiatives;
- the availability of and access to credit on reasonable terms;
- changes in foreign currency exchange, interest, and inflation rates;
- fluctuations in production costs;
- the ability to protect intellectual property;
- the strength and reputation of the Company’s brands;
- employee relations;
- the ability to attract, retain, and motivate key employees;
- the impact of climate change or environmental, health, and safety regulations;
- the impact of tax laws, the judicial or administrative interpretations of tax laws, and/or changes in such laws or interpretations; and
- other factors discussed in “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended June 29, 2025 or in the Company’s other periodic reports and information filed with the Securities and Exchange Commission (the “SEC”).

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

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

UNIFI, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED SEPTEMBER 28, 2025

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 28, 2025	June 29, 2025
ASSETS		
Cash and cash equivalents	\$ 20,555	\$ 22,664
Receivables, net	76,856	75,383
Inventories	124,405	122,929
Income taxes receivable	4,090	5,429
Other current assets	7,456	9,222
Total current assets	<u>233,362</u>	<u>235,627</u>
Property, plant and equipment, net	172,094	172,923
Operating lease assets	8,150	7,879
Deferred income taxes	5,945	5,535
Other non-current assets	5,078	4,904
Total assets	<u>\$ 424,629</u>	<u>\$ 426,868</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 33,558	\$ 37,468
Income taxes payable	325	49
Current operating lease liabilities	2,556	2,368
Current portion of long-term debt	12,720	12,159
Other current liabilities	15,886	18,899
Total current liabilities	<u>65,045</u>	<u>70,943</u>
Long-term debt	107,516	95,727
Non-current operating lease liabilities	5,686	5,614
Deferred income taxes	1,172	1,224
Other long-term liabilities	4,116	3,889
Total liabilities	<u>183,535</u>	<u>177,397</u>
Commitments and contingencies		
Common stock, \$0.10 par value (500,000,000 shares authorized; 18,360,663 and 18,360,663 shares issued and outstanding as of September 28, 2025 and June 29, 2025, respectively)	1,836	1,836
Capital in excess of par value	74,896	74,095
Retained earnings	227,692	239,049
Accumulated other comprehensive loss	(63,330)	(65,509)
Total shareholders' equity	<u>241,094</u>	<u>249,471</u>
Total liabilities and shareholders' equity	<u>\$ 424,629</u>	<u>\$ 426,868</u>

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Net sales	\$ 135,674	\$ 147,372
Cost of sales	132,287	137,914
Gross profit	3,387	9,458
Selling, general and administrative expenses	11,948	11,842
(Benefit) provision for bad debts	(69)	312
Restructuring costs	1,068	—
Other operating expense, net	70	520
Operating loss	(9,630)	(3,216)
Interest income	(375)	(257)
Interest expense	2,003	2,507
Equity in earnings of unconsolidated affiliate	(97)	(11)
Loss before income taxes	(11,161)	(5,455)
Provision for income taxes	196	2,177
Net loss	\$ (11,357)	\$ (7,632)
Net loss per common share:		
Basic	\$ (0.62)	\$ (0.42)
Diluted	\$ (0.62)	\$ (0.42)

Comprehensive loss:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Net loss	\$ (11,357)	\$ (7,632)
Other comprehensive income:		
Foreign currency translation adjustments	2,179	3,488
Other comprehensive income	2,179	3,488
Comprehensive loss	\$ (9,178)	\$ (4,144)

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(In thousands)

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at June 29, 2025	18,361	\$ 1,836	\$ 74,095	\$ 239,049	\$ (65,509)	\$ 249,471
Stock-based compensation	—	—	801	—	—	801
Other comprehensive income, net of tax	—	—	—	—	2,179	2,179
Net loss	—	—	—	(11,357)	—	(11,357)
Balance at September 28, 2025	<u>18,361</u>	<u>\$ 1,836</u>	<u>\$ 74,896</u>	<u>\$ 227,692</u>	<u>\$ (63,330)</u>	<u>\$ 241,094</u>

	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at June 30, 2024	18,252	\$ 1,825	\$ 70,952	\$ 259,397	\$ (68,789)	\$ 263,385
Options exercised	5	1	32	—	—	33
Stock-based compensation	—	—	435	—	—	435
Other comprehensive income, net of tax	—	—	—	—	3,488	3,488
Net loss	—	—	—	(7,632)	—	(7,632)
Balance at September 29, 2024	<u>18,257</u>	<u>\$ 1,826</u>	<u>\$ 71,419</u>	<u>\$ 251,765</u>	<u>\$ (65,301)</u>	<u>\$ 259,709</u>

See accompanying notes to condensed consolidated financial statements.

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

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Cash and cash equivalents at beginning of period	\$ 22,664	\$ 26,805
<i>Operating activities:</i>		
Net loss	(11,357)	(7,632)
Adjustments to reconcile net loss to net cash used by operating activities:		
Equity in earnings of unconsolidated affiliate	(97)	(11)
Depreciation and amortization expense	5,977	6,547
Non-cash compensation expense	801	435
Deferred income taxes	(372)	344
Other, net	182	80
Changes in assets and liabilities:		
Receivables, net	(900)	2,221
Inventories	(678)	(12,851)
Other current assets	1,835	(1,091)
Income taxes	1,767	(462)
Accounts payable and other current liabilities	(6,184)	(460)
Other, net	106	46
Net cash used by operating activities	<u>(8,920)</u>	<u>(12,834)</u>
<i>Investing activities:</i>		
Capital expenditures	(2,029)	(2,018)
Proceeds from the sale of assets	23	—
Net cash used by investing activities	<u>(2,006)</u>	<u>(2,018)</u>
<i>Financing activities:</i>		
Proceeds from ABL Revolver	51,900	47,500
Payments on ABL Revolver	(40,300)	(43,000)
Payments on ABL Term Loan	(2,300)	(2,300)
Payments on finance lease obligations	(668)	(808)
Other, net	—	(162)
Net cash provided by financing activities	<u>8,632</u>	<u>1,230</u>
Effect of exchange rate changes on cash and cash equivalents	185	520
Net decrease in cash and cash equivalents	<u>(2,109)</u>	<u>(13,102)</u>
Cash and cash equivalents at end of period	<u>\$ 20,555</u>	<u>\$ 13,703</u>

See accompanying notes to condensed consolidated financial statements.

Unifi, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Background

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

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

2. Basis of Presentation; Condensed Notes

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. As contemplated by the instructions of the SEC to Form 10-Q, the following notes have been condensed and, therefore, do not contain all disclosures required in connection with annual financial statements. Reference should be made to UNIFI's year-end audited consolidated financial statements and related notes thereto contained in its Annual Report on Form 10-K for the fiscal year ended June 29, 2025 (the "2025 Form 10-K").

The financial information included in this report has been prepared by UNIFI, without audit. In the opinion of management, all adjustments, which consist of normal, recurring adjustments, considered necessary for a fair statement of the results for interim periods have been included. Nevertheless, the results shown for interim periods are not necessarily indicative of results to be expected for the full year. The preparation of financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the amounts reported and certain financial statement disclosures. Actual results may vary from these estimates.

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

The fiscal quarter for each of Unifi, Inc., its primary domestic operating subsidiaries and its subsidiary in El Salvador ended on September 28, 2025. Unifi, Inc.'s remaining material operating subsidiaries' fiscal quarters ended on September 30, 2025. There were no significant transactions or events that occurred between Unifi, Inc.'s fiscal quarter end and such wholly owned subsidiaries' fiscal quarters end. The three-month periods ended September 28, 2025 and September 29, 2024 both consisted of 13 weeks.

3. Recent Accounting Pronouncements

Issued and Pending Adoption

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

In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU No. 2023-09 modifies the rules on income tax disclosures to require entities to disclose (i) specific categories in the rate reconciliation, (ii) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (iii) income tax expense or benefit from continuing operations (separated by federal, state, and foreign). The ASU also requires entities to disclose their income tax payments to international, federal, state, and local jurisdictions, among other changes. The ASU is effective for UNIFI's fiscal 2026, with early adoption permitted, and should be applied on a prospective basis, but retrospective application is permitted. UNIFI is currently evaluating the impact on the Company's disclosures but does not expect this standard will have a material impact on its consolidated financial position, results of operations, or cash flows.

Based on UNIFI's review of ASUs issued since the filing of the 2025 Form 10-K, there have been no other newly issued or newly applicable accounting pronouncements that have had, or are expected to have, a material impact on UNIFI's consolidated financial statements.

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

4. Revenue

The following tables present net sales disaggregated by (i) classification of customer type and (ii) REPREVE[®] Fiber sales:

Third-Party Manufacturer

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Third-party manufacturer	\$ 134,735	\$ 146,219
Service	939	1,153
Net sales	<u>\$ 135,674</u>	<u>\$ 147,372</u>

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
REPREVE [®] Fiber	\$ 39,272	\$ 44,742
All other products and services	96,402	102,630
Net sales	<u>\$ 135,674</u>	<u>\$ 147,372</u>

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

Service Revenue

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

REPREVE[®] Fiber

REPREVE[®] Fiber represents UNIFI's collection of fiber products on our recycled platform, with or without added technologies.

5. Long-Term Debt

Debt Obligations

The following table and narrative presents the detail of UNIFI's debt obligations. Capitalized terms not otherwise defined within this Note shall have the meanings attributed to them in the Second Amended and Restated Credit Agreement, dated as of October 28, 2022 (the "2022 Credit Agreement") as amended.

	Scheduled Maturity Date	Weighted Average Interest Rate as of September 28, 2025	Principal Amounts as of	
			September 28, 2025	June 29, 2025
ABL Revolver	October 2027	7.0%	\$ 22,600	\$ 11,000
2024 Facility	October 2027	5.0%	22,000	22,000
ABL Term Loan	October 2027	6.4%	64,700	67,000
Finance lease obligations	(1)	4.8%	11,045	8,008
Total debt			<u>120,345</u>	<u>108,008</u>
Current portion of ABL Term Loan			(9,200)	(9,200)
Current portion of finance lease obligations			(3,520)	(2,959)
Unamortized debt issuance costs			(109)	(122)
Total long-term debt			<u>\$ 107,516</u>	<u>\$ 95,727</u>

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

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

ABL Facility and Amendments

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

On October 25, 2024, UNIFI entered into a new credit agreement with Wells Fargo Bank, National Association for a \$25,000 revolving credit facility (the "2024 Facility"). The maturity date of the 2024 Facility is the earlier of (i) October 28, 2027 and (ii) the termination or refinancing of the 2022 Credit Agreement. The 2024 Facility is deemed unsecured financing for UNIFI, but is collateralized by certain assets pledged by related party Kenneth G. Langone, one of the members of UNIFI's Board of Directors. Borrowings under the 2024 Facility bear interest at a rate of SOFR plus 0.90%. The 2024 Facility contains no additional financial covenants beyond those already in effect for the 2022 Credit Agreement and is subject to a monthly unused line fee of 0.25% on available borrowing capacity. On January 2, 2025, UNIFI borrowed \$22,000 against the 2024 Facility and used the proceeds to reduce the outstanding ABL Revolver balance. There was no impact to debt principal from these transactions.

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

6. Income Taxes

The provision for income taxes and effective tax rate were as follows:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Provision for income taxes	\$ 196	\$ 2,177
Effective tax rate	(1.8)%	(39.9)%

Income Tax Expense

UNIFI's provision for income taxes for the three months ended September 28, 2025 and September 29, 2024 was calculated by applying the estimated annual effective tax rate to year-to-date pre-tax book income and adjusting for discrete items that occurred during the period.

The effective tax rate for the three months ended September 28, 2025 and September 29, 2024 varied from the U.S. federal statutory rate primarily due to the U.S. generated losses for which UNIFI does not expect to realize a future tax benefit.

On July 4, 2025, the U.S. government enacted The One Big Beautiful Bill Act of 2025 ("Act"), making significant changes to the U.S. corporate income tax system. Based on current analysis of the Act, UNIFI does not expect these tax law changes to have a material impact on its financial statements given the current valuation allowance; however, UNIFI will continue to evaluate their impact as further information becomes available. UNIFI has reflected the impact of the enacted provisions in the three months ended September 28, 2025.

Unrecognized Tax Benefits

UNIFI regularly assesses the outcomes of both completed and ongoing examinations to ensure that its provision for income taxes is sufficient. Certain returns that remain open to examination have utilized carryforward tax attributes generated in prior tax years, including net operating losses, which could potentially be revised upon examination.

7. Shareholders' Equity

On October 31, 2018, UNIFI announced that the Company's Board of Directors approved a share repurchase program (the "2018 SRP") under which UNIFI is authorized to acquire up to \$50,000 of its common stock. The share repurchase authorization is discretionary and has no expiration date. No shares have been repurchased in fiscal 2025 and 2026 and \$38,859 remains available for repurchase.

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

8. Stock-Based Compensation

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

9. Earnings Per Share

The components of the calculation of earnings per share ("EPS") are as follows:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Net loss	\$ (11,357)	\$ (7,632)
Basic weighted average shares	18,361	18,255
Net potential common share equivalents	—	—
Diluted weighted average shares	18,361	18,255
Excluded from the calculation of common share equivalents:		
Anti-dilutive common share equivalents	651	478
Excluded from the calculation of diluted shares:		
Unvested stock options that vest upon achievement of certain market conditions	—	333

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

10. Commitments and Contingencies

Collective Bargaining Agreements

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

11. Related Party Transactions

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

There were no related party receivables as of September 28, 2025 and June 29, 2025.

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

	September 28, 2025	June 29, 2025
Accounts payable	\$ 144	\$ 293
Operating lease obligations	68	113
Finance lease obligations	6,404	2,665
Total related party payables	\$ 6,616	\$ 3,071

The following were the Company's significant related party transactions:

Affiliated Entity	Transaction Type	For the Three Months Ended	
		September 28, 2025	September 29, 2024
Salem Leasing Corporation	Payments for transportation equipment costs and finance lease debt service	\$ 1,135	\$ 1,161

As discussed in Note 5, "Long-Term Debt", UNIFI entered into the 2024 Facility in October 2024 which was collateralized by personal assets of a board member. During the three-month period ended September 29, 2024, UNIFI borrowed \$22,000 on the 2024 Facility and used the proceeds to reduce the outstanding ABL Revolver balance.

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

12. Business Segment Information

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

UNIFI's three reportable segments are organized as follows:

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

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

The accounting policies for the segments are consistent with UNIFI's accounting policies. Intersegment sales are omitted from segment disclosures, as they are (i) insignificant to UNIFI's segments and eliminated from consolidated reporting and (ii) excluded from segment evaluations performed by the CODM.

Selected financial information is presented below:

	For the Three Months Ended September 28, 2025			
	Americas	Brazil	Asia	Total
Net sales	\$ 85,196	\$ 28,761	\$ 21,717	\$ 135,674
Cost of sales	86,908	26,100	19,279	132,287
Gross (loss) profit	(1,712)	2,661	2,438	3,387
Segment depreciation expense	4,877	783	14	5,674
Segment Profit	<u>\$ 3,165</u>	<u>\$ 3,444</u>	<u>\$ 2,452</u>	<u>\$ 9,061</u>

	For the Three Months Ended September 29, 2024			
	Americas	Brazil	Asia	Total
Net sales	\$ 86,283	\$ 34,310	\$ 26,779	\$ 147,372
Cost of sales	87,661	26,373	23,880	137,914
Gross (loss) profit	(1,378)	7,937	2,899	9,458
Segment depreciation expense	5,410	741	17	6,168
Segment Profit	<u>\$ 4,032</u>	<u>\$ 8,678</u>	<u>\$ 2,916</u>	<u>\$ 15,626</u>

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

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

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Americas	\$ (1,712)	\$ (1,378)
Brazil	2,661	7,937
Asia	2,438	2,899
Segment gross profit	3,387	9,458
Selling, general and administrative expenses	11,948	11,842
(Benefit) provision for bad debts	(69)	312
Restructuring costs	1,068	—
Other operating expense, net	70	520
Operating loss	(9,630)	(3,216)
Interest income	(375)	(257)
Interest expense	2,003	2,507
Equity in earnings of unconsolidated affiliate	(97)	(11)
Loss before income taxes	<u>\$ (11,161)</u>	<u>\$ (5,455)</u>

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

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Americas	\$ 4,877	\$ 5,410
Brazil	783	741
Asia	14	17
Segment depreciation expense	5,674	6,168
Other depreciation and amortization expense	303	379
Depreciation and amortization expense	<u>\$ 5,977</u>	<u>\$ 6,547</u>

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

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Americas	\$ 1,325	\$ 1,736
Brazil	677	195
Asia	4	58
Segment capital expenditures	2,006	1,989
Other capital expenditures	23	29
Capital expenditures	<u>\$ 2,029</u>	<u>\$ 2,018</u>

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

	September 28, 2025	June 29, 2025
Americas	\$ 270,158	\$ 271,230
Brazil	96,941	99,477
Asia	32,355	35,413
Segment total assets	399,454	406,120
Other current assets	3,382	2,911
Other PP&E	15,262	11,887
Other operating lease assets	787	937
Other non-current assets	4,477	3,862
Investment in unconsolidated affiliate	1,267	1,151
Total assets	<u>\$ 424,629</u>	<u>\$ 426,868</u>

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

Geographic Data

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
<i>Net Sales</i>		
U.S.	\$ 75,906	\$ 77,630
Brazil	28,761	34,310
China	21,640	26,019
Remaining Foreign Countries	9,367	9,413
Total	\$ 135,674	\$ 147,372
Export sales from UNIFI's U.S. operations to external customers	\$ 12,644	\$ 19,835

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

	September 28, 2025	June 29, 2025
	<i>Long-Lived Assets</i>	
U.S.	\$ 145,084	\$ 146,017
Brazil	24,919	24,305
China	1,532	1,458
Remaining Foreign Countries	13,787	13,926
Total	\$ 185,322	\$ 185,706

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

13. Investment in Unconsolidated Affiliate

Included within Other non-current assets is UNIFI's investment in unconsolidated affiliate: UNF America LLC ("UNFA").

UNIFI's raw material purchases under its supply agreement with UNFA consisted of the following:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
UNFA	\$ 4,421	\$ 3,689

As of September 28, 2025, UNIFI's open purchase orders related to this supply agreement were \$2,115. As of September 28, 2025 and June 29, 2025, UNIFI had accounts payable due to UNFA of \$2,035 and \$1,368, respectively.

Other than the supply agreement discussed above, UNIFI does not provide any other commitments or guarantees related to UNFA. As of September 28, 2025 and June 29, 2025, UNIFI's investment in UNFA was \$1,267 and \$1,151, respectively. There have been no significant changes in the condensed balance sheet and income statement information for UNFA as previously disclosed in the 2025 Form 10-K.

14. Supplemental Cash Flow Information

Cash payments for interest and taxes consist of the following:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Interest, net of capitalized interest of \$4 and \$38, respectively	\$ 1,845	\$ 2,368
Income tax payments, net	570	2,558

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

Non-Cash Investing and Financing Activities

As of September 28, 2025 and June 29, 2025, \$417 and \$676, respectively, were included in accounts payable for unpaid capital expenditures. As of September 29, 2024 and June 30, 2024, \$772 and \$879, respectively, were included in accounts payable for unpaid capital expenditures.

During the three-months ended September 28, 2025 and September 29, 2024, UNIFI recorded non-cash activity relating to finance leases of \$3,705 and \$0, respectively.

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

15. Restructuring Costs

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

As part of the Madison Sale, there is an amendment to the purchase agreement for the potential payment of deferred compensation to UNIFI in the amount of (i) \$8,000, if certain energy supply conditions are met within two years of closing, (ii) \$5,000, if the same conditions are not met within two years of closing but are met within three years of closing, and (iii) up to \$5,000, if certain additional energy conditions beyond those referred to in (i) and (ii) are met within four years of closing. The maximum potential future payment to UNIFI is \$13,000. No amounts related to the future occurrence of these events have been recorded in the Consolidated Financial Statements as of September 28, 2025.

During the three-months ended September 28, 2025, UNIFI incurred transition costs related to the consolidation of Americas yarn manufacturing operations discussed above for facility closure and equipment relocation costs including asset impairments and disposals and employee separation costs that were recorded within Restructuring costs in the Consolidated Statements of Operations. UNIFI expects that these restructuring charges, other than any asset impairment or losses from disposal, will consist of cash payments, which are anticipated to continue through the end of calendar year 2025.

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

A summary of the restructuring activities consists of the following:

	For the Three Months Ended
	September 28, 2025
Facility closure and equipment relocation costs	\$ 1,021
Employee separation costs	47
Restructuring costs	1,068
Liability as of June 29, 2025	289
Restructuring costs	1,068
Cash payments	(942)
Loss on disposals of assets	(193)
Liability as of September 28, 2025	222

UNIFI has implemented additional cost savings initiatives that include reducing variable manufacturing costs across labor, spend, and support functions, while also eliminating a meaningful percentage of salaried positions in the U.S. ("Fiscal 2026 Profit Improvement Plan"). Subsequent to the quarter ended September 28, 2025, UNIFI incurred severance costs of approximately \$600 related to the Fiscal 2026 Profit Improvement Plan.

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

16. Other Financial Data

Select balance sheet information is presented in the following table.

	September 28, 2025	June 29, 2025
Receivables, net:		
Customer receivables	\$ 77,471	\$ 76,594
Allowance for uncollectible accounts	(2,389)	(2,451)
Reserves for quality claims	(769)	(912)
Net customer receivables	74,313	73,231
Banker's acceptance notes	1,330	1,334
Other receivables	1,213	818
Total receivables, net	<u>\$ 76,856</u>	<u>\$ 75,383</u>
Inventories:		
Raw materials	\$ 52,390	\$ 48,752
Supplies	12,495	11,779
Work in process	5,089	5,246
Finished goods	58,132	61,116
Gross inventories	128,106	126,893
Net realizable value adjustment	(3,701)	(3,964)
Total inventories	<u>\$ 124,405</u>	<u>\$ 122,929</u>
Other current assets:		
Prepaid expenses and other	\$ 2,808	\$ 3,475
Value-added taxes receivable	2,446	2,365
Vendor deposits	1,775	2,775
Contract assets	427	607
Total other current assets	<u>\$ 7,456</u>	<u>\$ 9,222</u>
Property, plant and equipment, net:		
Land	\$ 1,048	\$ 1,039
Land improvements	10,425	10,425
Buildings and improvements	127,104	126,720
Assets under finance leases	23,471	19,756
Machinery and equipment	589,873	593,771
Computers, software and office equipment	24,871	25,400
Transportation equipment	10,512	10,789
Construction in progress	1,358	2,153
Gross property, plant and equipment	788,662	790,053
Less: accumulated depreciation	(607,138)	(608,133)
Less: accumulated amortization – finance leases	(9,430)	(8,997)
Total property, plant and equipment, net	<u>\$ 172,094</u>	<u>\$ 172,923</u>
Other non-current assets:		
Grantor trust	\$ 2,445	\$ 2,310
Investment in unconsolidated affiliate	1,267	1,151
Intangible assets, net	546	573
Other	820	870
Total other non-current assets	<u>\$ 5,078</u>	<u>\$ 4,904</u>
Other current liabilities:		
Payroll and fringe benefits	\$ 8,356	\$ 6,815
Utilities	1,959	2,236
Incentive compensation	1,477	5,652
Deferred revenue	766	1,236
Property taxes, interest and other	3,328	2,960
Total other current liabilities	<u>\$ 15,886</u>	<u>\$ 18,899</u>
Other long-term liabilities:		
Nonqualified deferred compensation plan obligation	\$ 2,610	\$ 2,402
Uncertain tax positions	1,260	1,227
Other	246	260
Total other long-term liabilities	<u>\$ 4,116</u>	<u>\$ 3,889</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that have affected UNIFI's operations, along with material changes in financial condition, during the periods included in the accompanying condensed consolidated financial statements. A reference to a "note" in this section refers to the accompanying notes to condensed consolidated financial statements. A reference to the "current period" refers to the three-month period ended September 28, 2025, while a reference to the "prior period" refers to the three-month period ended September 29, 2024. Such references may be accompanied by certain phrases for added clarity. The current period and the prior period each consisted of 13 weeks.

Our discussions in this Item 2 focus on our results during, or as of, the three months ended September 28, 2025 and September 29, 2024, and, to the extent applicable, any material changes from the information discussed in the 2025 Form 10-K or other important intervening developments or information. These discussions should be read in conjunction with the 2025 Form 10-K for more detailed and background information about our business, operations, and financial condition.

Discussion of foreign currency translation is primarily associated with changes in the Brazilian Real ("BRL") and changes in the Chinese Renminbi ("RMB") versus the U.S. Dollar ("USD"). Weighted average exchange rates were as follows:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
BRL to USD	5.45	5.55
RMB to USD	7.16	7.17

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

Overview and Significant General Matters

UNIFI focuses on delivering products and solutions to direct customers and brand partners throughout the world, leveraging our internal manufacturing capabilities and an enhanced global supply chain that delivers a diverse range of synthetic and recycled fibers and polymers. Our strategic initiatives include (i) leveraging our competitive advantages to grow market share in each of the major geographies we serve, (ii) expanding our presence in non-apparel markets with additional REPREEVE® products, (iii) advancing the development and commercialization of innovative and sustainable solutions, and (iv) increasing brand awareness for REPREEVE®. We have increased our focus on sales opportunities beyond traditional apparel customers and continue to drive innovation throughout our portfolio to further diversify the business and enhance gross profit. We believe our strategic initiatives will increase revenue and profitability and generate improved cash flows from operations.

Current Economic Environment

Beyond the specific demand challenges within the textile industry, our business has been adversely impacted by: (i) the impact of inflation, including tariffs, on consumer spending, (ii) elevated interest rates for consumers and customers, including the impact on the carrying costs of customer inventories, and (iii) the volatility in customer order patterns resulting from trade and regulatory matters (including tariffs). This volatility in demand resulted from customers buying ahead of tariffs becoming effective for certain countries and difficulty in predicting final tariff assessments. A tariff structure that disproportionately impacts one country or region over another may result in a shift in manufacturing or flow of goods particularly as it relates to textile production across Asia and Central America. Such lower tariff countries or regions may be situated outside of UNIFI's existing global supply chain. If UNIFI is unable to move production based on these shifts in regional demand, we may lose sales and experience an adverse effect on our financial condition, results of operations, or cash flows. UNIFI will continue to monitor these and other aspects of the current environment, leverage our global business model as necessary, and work closely with stakeholders to ensure business continuity and liquidity.

UNIFI has been expanding its supply chain and business model across multiple geographies over the last several years. Particularly, (i) our feedstock supply spans multiple domestic and foreign markets, (ii) our commercial position in the Central American market remains key to servicing compliant business for USMCA and CAFTA-DR programs, and (iii) we have expanded our asset light model beyond China, most recently with the addition of Unifi Textiles India in October 2024. Each of these initiatives affords us diversity in this dynamic trade environment and greater flexibility in servicing our customer base.

Specific to other ongoing geopolitical tensions, we recognize the disruption to global markets and supply chains caused by the conflicts in Ukraine and the Middle East, however we have not been directly impacted. Indirectly, we recognize that additional or prolonged impacts to the petroleum or other global markets could cause further inflationary pressures to our global raw material costs or additional unforeseen adverse impacts.

Input Costs and Global Production Volatility

Despite lower input and freight costs and a marginally more stable labor pool recently, global demand volatility and uncertainty continued into fiscal 2026. The threat of an economic slowdown and global tensions continue to create uncertainty. Such existing challenges and future uncertainty, particularly for rising input costs, labor productivity, and global demand, could worsen and/or continue for prolonged periods, materially impacting our consolidated sales, gross profit, and operating cash flows. Also, the need for future selling price adjustments in connection with inflationary costs could impact our ability to retain current customer programs and compete successfully for new programs in certain regions.

Fiscal 2026 Profit Improvement Plan

UNIFI has implemented additional cost savings initiatives that include reducing variable manufacturing costs across labor, spend, and support functions, while also eliminating a meaningful percentage of salaried positions in the U.S. ("Fiscal 2026 Profit Improvement Plan"). Accordingly, UNIFI expects to incur restructuring charges in the second quarter of fiscal 2026 of between \$500 and \$1,000, primarily relating to severance costs.

Key Performance Indicators and Non-GAAP Financial Measures

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

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

EBITDA, Adjusted EBITDA, Adjusted Net Loss, Adjusted EPS, Adjusted Working Capital, and Net Debt (collectively, the "non-GAAP financial measures") are not determined in accordance with GAAP and should not be considered a substitute for performance measures determined in accordance with GAAP. The calculations of the non-GAAP financial measures are subjective, based on management's belief as to which items should be included or excluded in order to provide the most reasonable and comparable view of the underlying operating performance of the business. We may, from time to time, modify the amounts used to determine our non-GAAP financial measures. When applicable, management's discussion and analysis includes specific consideration for items that comprise the reconciliations of its non-GAAP financial measures. We believe that these non-GAAP financial measures better reflect UNIFI's underlying operations and performance and that their use, as operating performance measures, provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets, among otherwise comparable companies.

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

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

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

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

Review of Results of Operations

Three Months Ended September 28, 2025 Compared to Three Months Ended September 29, 2024

Consolidated Overview

The below tables provide:

- the components of net loss and the percentage increase or decrease over the prior period amounts, and
- a reconciliation from net loss to EBITDA and Adjusted EBITDA, and

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

Net Loss

	For the Three Months Ended				
	September 28, 2025		September 29, 2024		% Change
		% of Net Sales		% of Net Sales	
Net sales	\$ 135,674	100.0	\$ 147,372	100.0	(7.9)
Cost of sales	132,287	97.5	137,914	93.6	(4.1)
Gross profit	3,387	2.5	9,458	6.4	(64.2)
SG&A	11,948	8.8	11,842	8.0	0.9
(Benefit) provision for bad debts	(69)	(0.1)	312	0.2	(122.1)
Restructuring costs	1,068	0.8	—	—	nm
Other operating expense, net	70	0.1	520	0.4	(86.5)
Operating loss	(9,630)	(7.1)	(3,216)	(2.2)	199.4
Interest expense, net	1,628	1.2	2,250	1.5	(27.6)
Equity in earnings of unconsolidated affiliate	(97)	(0.1)	(11)	—	nm
Loss before income taxes	(11,161)	(8.2)	(5,455)	(3.7)	104.6
Provision for income taxes	196	0.2	2,177	1.5	(91.0)
Net loss	\$ (11,357)	(8.4)	\$ (7,632)	(5.2)	48.8

nm = not meaningful

EBITDA and Adjusted EBITDA (Non-GAAP Financial Measures)

The reconciliations of the amounts reported under GAAP for Net loss to EBITDA and Adjusted EBITDA were as follows:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Net loss	\$ (11,357)	\$ (7,632)
Interest expense, net	1,628	2,250
Provision for income taxes	196	2,177
Depreciation and amortization expense ⁽¹⁾	5,921	6,504
EBITDA	(3,612)	3,299
Transition costs ⁽²⁾	1,068	—
Adjusted EBITDA	\$ (2,544)	\$ 3,299

- (1) Within this reconciliation, depreciation and amortization expense excludes the amortization of debt issuance costs, which are reflected in interest expense, net. However, within the accompanying Condensed Consolidated Statements of Cash Flows, amortization of debt issuance costs is reflected in depreciation and amortization expense.
- (2) In the first quarter of fiscal 2026, UNIFI incurred various transition costs totaling \$1,068 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$1,021, and (ii) employee separation costs of \$47. The facility closure, equipment relocation, and employee separation costs were all recorded within Restructuring costs in the Condensed Consolidated Statements of Operations.

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

The tables below set forth reconciliations of (i) Loss before income taxes ("Pre-tax Loss"), (ii) Provision for income taxes ("Tax Impact"), (iii) Net Loss to Adjusted Net Loss, and (iv) Diluted EPS to Adjusted EPS.

	For the Three Months Ended September 28, 2025				For the Three Months Ended September 29, 2024			
	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS	Pre-tax Loss	Tax Impact	Net Loss	Diluted EPS
GAAP results	\$ (11,161)	\$ (196)	\$ (11,357)	\$ (0.62)	\$ (5,455)	\$ (2,177)	\$ (7,632)	\$ (0.42)
Transition costs ⁽¹⁾	1,068	—	1,068	0.06	—	—	—	—
Adjusted results	\$ (10,093)	\$ (196)	\$ (10,289)	\$ (0.56)	\$ (5,455)	\$ (2,177)	\$ (7,632)	\$ (0.42)
Weighted average common shares outstanding				18,361				18,255

(1) In the first quarter of fiscal 2026, UNIFI incurred various transition costs totaling \$1,068 in connection with the consolidation of its yarn manufacturing operations including (i) facility closure and equipment relocation costs (including asset impairments and disposals) of \$1,021, and (ii) employee separation costs of \$47. The facility closure, equipment relocation, and employee separation costs were all recorded within Restructuring costs in the Condensed Consolidated Statements of Operations. The associated tax impact was estimated to be \$0 due to a valuation allowance against net operating losses in the U.S.

Net Sales

Consolidated net sales for the current period decreased by \$11,698, or 7.9%, and consolidated sales volumes decreased 5.2%, compared to the prior period. Net sales in the current period were lower primarily due to (i) lower sales volumes and lower-priced sales mix in the Asia Segment and (ii) lower sales volumes and prices in the Brazil Segment. Overall sales remain depressed, particularly in the Americas and Asia Segments as a result of continued volatility from uncertainty over global trade policies and competition from lower-priced products.

Consolidated weighted average sales prices decreased 2.7%. The decrease in sales prices was primarily attributable to sales mix and lower average selling prices in the Asia and Brazil Segments.

REPVEVE[®] Fiber products for the current period comprised 29%, or \$39,272, of consolidated net sales, compared to 30%, or \$44,742, for the prior period.

Gross Profit

Gross profit for the current period decreased to \$3,387 from \$9,458 in the prior period. Gross profit decreased primarily due to (i) lower sales volumes, (ii) lower overall conversion margins and (iii) production volatility from an inability to forecast demand due to the tariff uncertainty in the Americas Segment. The decrease was partially offset by (a) variable cost saving initiatives and (b) improved utilization in certain manufacturing areas. Gross profit continues to be unfavorably impacted by demand volatility in the Americas Segment and import pricing pressures in the Brazil Segment.

- For the Americas Segment, gross profit decreased primarily due to (i) demand and production volatility stemming from tariff uncertainty and (ii) lower conversion margins from a lower-priced sales mix, partially offset by variable cost saving initiatives.
- For the Brazil Segment, gross profit decreased primarily due to (i) lower sales volumes and (ii) competitive pricing pressures.
- For the Asia Segment, gross profit decreased primarily due to (i) lower sales volumes and (ii) lower conversion margins from an unfavorable change in sales mix.

SG&A

SG&A did not change meaningfully from the prior period to the current period, nor did the change include any significant offsetting impacts. Actions from the Fiscal 2026 Profit Improvement Plan are expected to reduce SG&A in future fiscal quarters.

(Benefit) Provision for Bad Debts

The current period and prior period provision reflect no material activity.

Restructuring Costs

On February 3, 2025, UNIFI announced the closing of its Madison, North Carolina facility and the transition of those manufacturing operations to other UNIFI production facilities in North and Central America. As a result, UNIFI incurred transition costs of \$1,068 in the current period which consisted of (i) equipment relocation and facility closure costs (including asset impairments and disposals) of \$1,021 and (ii) employee separation costs of \$47. There were no Restructuring costs for the prior period.

Other Operating Expense, Net

Other operating expense, net for the current period and the prior period include foreign currency transaction losses of \$50 and \$489, respectively, with no other meaningful activity.

Interest Expense, Net

Interest expense, net decreased in connection with lower average debt principal and lower average interest rates.

Equity in Earnings of Unconsolidated Affiliate

There was no material activity for the current period or the prior period.

Income Taxes

Provision for income taxes and the effective tax rate were as follows:

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Provision for income taxes	\$ 196	\$ 2,177
Effective tax rate	(1.8)%	(39.9)%

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

The increase in the effective tax rate from the prior period to the current period is primarily attributable to a large decrease in foreign earnings in the current period.

Net Loss

The increase in net loss was primarily attributable to (i) decreased gross profit and (ii) restructuring costs incurred in the current period, partially offset by (a) lower interest expense, net, and (b) lower income tax expense.

Adjusted EBITDA and Adjusted EPS (Non-GAAP Financial Measures)

Adjusted EBITDA and Adjusted EPS decreased primarily due to lower gross profit.

Segment Overview

Following is a discussion and analysis of the revenue and profitability performance of UNIFI's reportable segments for the current period.

Americas Segment

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior period amounts for the Americas Segment, were as follows:

	For the Three Months Ended				% Change
	September 28, 2025	% of Net Sales	September 29, 2024		
Net sales	\$ 85,196	100.0	\$ 86,283	100.0	(1.3)
Cost of sales	86,908	102.0	87,661	101.6	(0.9)
Gross loss	(1,712)	(2.0)	(1,378)	(1.6)	24.2
Depreciation expense	4,877	5.7	5,410	6.3	(9.9)
Segment Profit	\$ 3,165	3.7	\$ 4,032	4.7	(21.5)
Segment net sales as a percentage of consolidated amounts	62.8%		58.5%		
Segment Profit as a percentage of consolidated amounts	34.9%		25.8%		

The change in net sales for the Americas Segment was as follows:

Net sales for the prior period	\$ 86,283
Change in average selling price and sales mix	(2,446)
Increase in sales volumes	1,359
Net sales for the current period	\$ 85,196

The slight decrease in net sales for the Americas Segment from the prior period to the current period was primarily attributable to a lower-priced sales mix which was partially offset by higher sales volumes. Both periods were unfavorably impacted by the continued volatile global textile demand environment resulting from tariff uncertainty.

The change in Segment Profit for the Americas Segment was as follows:

Segment Profit for the prior period	\$	4,032
Change in underlying unit margins and sales mix		(931)
Increase in sales volumes		64
Segment Profit for the current period	\$	<u>3,165</u>

The decrease in Segment Profit for the Americas Segment from the prior period to the current period was primarily attributable to lower productivity, partially offset by higher sales volumes.

Brazil Segment

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior period amounts for the Brazil Segment, were as follows:

	For the Three Months Ended				
	September 28, 2025		September 29, 2024		% Change
	\$	% of Net Sales	\$	% of Net Sales	
Net sales	28,761	100.0	34,310	100.0	(16.2)
Cost of sales	26,100	90.7	26,373	76.9	(1.0)
Gross profit	2,661	9.3	7,937	23.1	(66.5)
Depreciation expense	783	2.7	741	2.2	5.7
Segment Profit	<u>\$ 3,444</u>	<u>12.0</u>	<u>\$ 8,678</u>	<u>25.3</u>	<u>(60.3)</u>
Segment net sales as a percentage of consolidated amounts	21.2%		23.3%		
Segment Profit as a percentage of consolidated amounts	38.0%		55.5%		

The change in net sales for the Brazil Segment was as follows:

Net sales for the prior period	\$	34,310
Change in average selling price and change in sales mix		(3,592)
Decrease in sales volumes		(2,590)
Favorable foreign currency translation effects		633
Net sales for the current period	\$	<u>28,761</u>

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

The change in Segment Profit for the Brazil Segment was as follows:

Segment Profit for the prior period	\$	8,678
Decrease in underlying unit margins		(4,737)
Decrease in sales volumes		(655)
Favorable foreign currency translation effects		158
Segment Profit for the current period	\$	<u>3,444</u>

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

Asia Segment

The components of Segment Profit, each component as a percentage of net sales, and the percentage increase or decrease over the prior period amounts for the Asia Segment, were as follows:

	For the Three Months Ended					
	September 28, 2025			September 29, 2024		
		% of Net Sales			% of Net Sales	% Change
Net sales	\$ 21,717	100.0	\$ 26,779	100.0	(18.9)	
Cost of sales	19,279	88.8	23,880	89.2	(19.3)	
Gross profit	2,438	11.2	2,899	10.8	(15.9)	
Depreciation expense	14	0.1	17	0.1	(17.6)	
Segment Profit	\$ 2,452	11.3	\$ 2,916	10.9	(15.9)	
Segment net sales as a percentage of consolidated amounts	16.0%		18.2%			
Segment Profit as a percentage of consolidated amounts	27.1%		18.7%			

The change in net sales for the Asia Segment was as follows:

Net sales for the prior period	\$ 26,779
Decrease in sales volumes	(3,675)
Change in average selling price and sales mix	(1,413)
Favorable foreign currency translation effects	26
Net sales for the current period	\$ 21,717

The decrease in net sales for the Asia Segment from the prior period to current period was primarily attributable to (i) an overall decrease in sales volumes due to competitive pricing pressures and the continued volatility introduced by recent tariffs and (ii) a change in sales mix of REPREVE products.

The change in Segment Profit for the Asia Segment was as follows:

Segment Profit for the prior period	\$ 2,916
Decrease in sales volumes	(400)
Change in underlying unit margins and sales mix	(64)
Segment Profit for the current period	\$ 2,452

The decrease in Segment Profit for the Asia Segment from the prior period to the current period was primarily attributable to a decline in gross margin associated with (i) lower sales volumes discussed above and (ii) a change in sales mix of REPREVE products.

Liquidity and Capital Resources

Note 5, "Long-Term Debt" to the condensed consolidated financial statements includes the detail of UNIFI's debt obligations and terms and conditions thereof. Further discussion and analysis of liquidity and capital resources follow.

On October 25, 2024, UNIFI entered into a new credit agreement with Wells Fargo Bank, National Association for a \$25,000 revolving credit facility (the "2024 Facility"). The maturity date of the 2024 Facility is the earlier of (i) October 28, 2027 and (ii) the termination or refinancing of the 2022 Credit Agreement. The 2024 Facility is deemed unsecured financing for UNIFI, but is collateralized by certain assets pledged by related party Kenneth G. Langone, one of the members of UNIFI's Board of Directors. Borrowings under the 2024 Facility bear interest at a rate of SOFR plus 0.90%. The 2024 Facility contains no additional financial covenants beyond those already in effect for the 2022 Credit Agreement and is subject to a monthly unused line fee of 0.25% on available borrowing capacity. In the third quarter of fiscal 2025, UNIFI borrowed \$22,000 against the 2024 Facility and used the proceeds to reduce the outstanding ABL Revolver balance. There was no impact to debt principal from these transactions.

UNIFI's primary capital requirements are for working capital, capital expenditures, and debt service. UNIFI's primary sources of capital are cash generated from operations, borrowings available under the 2022 Credit Agreement and the 2024 Facility. For the current period, cash used by operations was \$8,920 and, at September 28, 2025, availability under the ABL Revolver and 2024 Facility was \$36,233 and \$586, respectively.

As of September 28, 2025, all of UNIFI's \$120,345 of debt obligations were guaranteed by certain of its domestic operating subsidiaries, while nearly all of UNIFI's cash and cash equivalents were held by its foreign subsidiaries. Cash and cash equivalents held by foreign subsidiaries may not be presently available to fund UNIFI's domestic capital requirements, including its domestic debt obligations. UNIFI employs a variety of strategies to ensure that its worldwide cash is available in the locations where it is needed.

The following table presents a summary of cash and cash equivalents, borrowings available under financing arrangements, liquidity, working capital, and total debt obligations as of September 28, 2025 for domestic operations compared to foreign operations:

	Domestic	Foreign	Total
Cash and cash equivalents	\$ 17	\$ 20,538	\$ 20,555
Potential borrowings available under financing arrangements	36,819	—	36,819
Trigger level under ABL Revolver	(16,500)	—	(16,500)
Available Liquidity	<u>\$ 20,336</u>	<u>\$ 20,538</u>	<u>\$ 40,874</u>
Working capital	\$ 61,682	\$ 106,635	\$ 168,317
Total debt obligations	\$ 120,345	\$ —	\$ 120,345

Borrowings available under financing arrangements are generally collateralized by receivables and inventory owned in the U.S., plus cash equivalents pledged by Mr. Langone, and generally constrained by the fixed charge coverage ratio and trigger level prescribed in the 2022 Credit Agreement. Accordingly, "Available Liquidity" includes consideration for the trigger level that currently constrains our borrowing ability until a fixed charge coverage ratio of 1.05 to 1.00 is achieved. UNIFI's primary cash requirements, in addition to normal course operating activities (e.g., working capital and payroll), primarily include (i) capital expenditures that generally have commitments of up to 12 months, (ii) contractual obligations that support normal course ongoing operations and production, (iii) operating leases and finance leases, (iv) debt service, and (v) share repurchases.

Liquidity Considerations

Following the establishment of the 2024 Facility, UNIFI believes its global cash and liquidity positions are sufficient to sustain its operations and to meet its growth needs for the foreseeable future. Additionally, UNIFI considers opportunities to repatriate existing cash to reduce debt and preserve or enhance liquidity. However, further degradation in the macroeconomic environment could introduce additional liquidity risk and require UNIFI to limit cash outflows for discretionary activities while further utilizing available and additional forms of credit.

We feel that our current liquidity position is sufficient to fund our operations and expected business growth. Should global demand, economic activity, or input availability decline considerably for an even longer period of time, UNIFI maintains the ability to (i) seek additional credit or financing arrangements and/or (ii) re-implement cost reduction initiatives to preserve cash and secure the longevity of the business and operations. Management continues to (i) explore cost savings opportunities and (ii) prioritize repayment of debt in the current operating environment.

When business levels increase, we expect to use cash in support of working capital needs.

The following outlines the attributes relating to our credit facilities as of September 28, 2025:

- UNIFI was in compliance with all applicable financial covenants in the 2022 Credit Agreement and 2024 Facility;
- availability under the 2024 Facility was \$586 as of September 28, 2025;
- availability exceeding the Trigger Level (as defined in the 2022 Credit Agreement) under the ABL Revolver was \$19,733;
- the Trigger Level under the ABL Revolver was \$16,500; and
- \$0 of standby letters of credit were outstanding.

In addition to making payments in accordance with the scheduled maturities of debt required under its existing debt obligations, UNIFI may, from time to time, elect to repay additional amounts borrowed under the ABL Facility. Funds to make such repayments may come from the operating cash flows of the business or other sources and will depend upon UNIFI's strategy, prevailing market conditions, liquidity requirements, contractual restrictions within the 2022 Credit Agreement, and other factors.

Liquidity Summary

UNIFI has met its historical liquidity requirements for working capital, capital expenditures, debt service requirements, and other operating needs from its cash flows from operations and available borrowings. UNIFI believes that its existing cash balances, expected cash provided by operating activities, and credit facilities will enable UNIFI to meet its foreseeable liquidity requirements. For its foreign operations, UNIFI expects its existing cash balances, cash provided by operating activities, and available financing arrangements will provide the needed liquidity to fund the associated operating activities and investing activities, such as future capital expenditures. UNIFI believes its operations in Asia and Brazil are in a position to obtain local country financing arrangements due to the operating results of each subsidiary.

Net Debt (Non-GAAP Financial Measure)

The reconciliations for Net Debt are as follows:

	September 28, 2025	June 29, 2025
Long-term debt	\$ 107,516	\$ 95,727
Current portion of long-term debt	12,720	12,159
Unamortized debt issuance costs	109	122
Debt principal	120,345	108,008
Less: cash and cash equivalents	20,555	22,664
Net Debt	\$ 99,790	\$ 85,344

The increase in Net Debt primarily reflects the use of operating cash and capital expenditures during the current period.

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

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

	September 28, 2025	June 29, 2025
Cash and cash equivalents	\$ 20,555	\$ 22,664
Receivables, net	76,856	75,383
Inventories	124,405	122,929
Income taxes receivable	4,090	5,429
Other current assets	7,456	9,222
Accounts payable	(33,558)	(37,468)
Other current liabilities	(15,886)	(18,899)
Income taxes payable	(325)	(49)
Current operating lease liabilities	(2,556)	(2,368)
Current portion of long-term debt	(12,720)	(12,159)
Working capital	\$ 168,317	\$ 164,684
Less: Cash and cash equivalents	(20,555)	(22,664)
Less: Income taxes receivable	(4,090)	(5,429)
Less: Income taxes payable	325	49
Less: Current operating lease liabilities	2,556	2,368
Less: Current portion of long-term debt	12,720	12,159
Adjusted Working Capital	\$ 159,273	\$ 151,167

Adjusted Working Capital increased \$8,106 from June 29, 2025 to September 28, 2025.

The increase in Adjusted Working Capital was primarily attributable to the reductions in (i) accounts payable primarily due to lower production activity and variable cost savings initiatives and (ii) other current liabilities due primarily to the payment of incentive compensation earned in fiscal 2025 together with increases in (a) inventories due to higher units on hand and (b) receivables, net due to the timing of cash receipts. These were partially offset by a decrease in other current assets primarily prepaid expenses and vendor deposits.

Operating Cash Flows

The significant components of net cash used by operating activities are summarized below.

	For the Three Months Ended	
	September 28, 2025	September 29, 2024
Net loss	\$ (11,357)	\$ (7,632)
Equity in earnings of unconsolidated affiliate	(97)	(11)
Depreciation and amortization expense	5,977	6,547
Non-cash compensation expense	801	435
Deferred income taxes	(372)	344
Subtotal	(5,048)	(317)
Receivables, net	(900)	2,221
Inventories	(678)	(12,851)
Accounts payable and other current liabilities	(6,184)	(460)
Other changes	3,890	(1,427)
Net cash used by operating activities	\$ (8,920)	\$ (12,834)

The change in operating cash flows was due to the diligent reduction of inventory balances, partially offset by reductions in accounts payable and other current liabilities together with lower earnings from gross profit in current period compared to the prior period.

For the current period, the increases in accounts receivable was largely driven by the timing of cash receipts. The decrease in accounts payable and other current liabilities was largely due to lower production activity, variable cost savings initiatives, and satisfaction of incentive compensation liabilities. The increase in inventories was not meaningful. Other changes comprise mostly jurisdictional tax liabilities.

For the prior period, the increase in inventories was primarily due to higher on hand units. The decrease in accounts receivable was largely driven by the decrease in sales and timing of cash receipts. The increase in accounts payable and other current liabilities was not meaningful.

Investing Cash Flows

Investing activities primarily include \$2,029 for capital expenditures. UNIFI expects recent and future capital projects to provide benefits to future profitability. The additional assets from these capital projects consist primarily of machinery and equipment.

Financing Cash Flows

Financing activities primarily include net proceeds from the ABL Revolver and payments on the ABL Term Loan.

Share Repurchase Program

As described in Note 7, "Shareholders' Equity," no share repurchases have been completed in fiscal 2026.

Contractual Obligations

UNIFI incurs various financial obligations and commitments in the ordinary course of business. Financial obligations are considered to represent known future cash payments that UNIFI is required to make under existing contractual arrangements, such as debt and lease agreements.

Except for the \$3,705 of new finance leases commencing during the three months ended September 28, 2025, there have been no material changes in the scheduled maturities of UNIFI's contractual obligations as disclosed under the heading "Contractual Obligations" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2025 Form 10-K.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

UNIFI's critical accounting policies are discussed in the 2025 Form 10-K. There have been no changes to UNIFI's critical accounting policies in fiscal 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

UNIFI is exposed to interest rate risk through its borrowing activities. As of September 28, 2025, UNIFI had borrowings under the 2022 ABL Term Facility and 2024 Facility that totaled \$109,300. UNIFI's sensitivity analysis indicates that a 50-basis point interest rate increase as of September 28, 2025 would result in an increase in annual interest expense of approximately \$500.

Foreign Currency Exchange Rate Risk

A complete discussion of foreign currency exchange rate risk is included in the 2025 Form 10-K and is supplemented by the following disclosures.

As of September 28, 2025, UNIFI had no outstanding foreign currency forward contracts. As of September 28, 2025, foreign currency exchange rate risk positions included the following:

	<u>Approximate Amount or Percentage</u>
Percentage of total consolidated assets held by UNIFI's subsidiaries outside the U.S. whose functional currency is not the USD	30.8%
Cash and cash equivalents held outside the U.S.:	
Denominated in USD	\$ 9,851
Denominated in RMB	621
Denominated in BRL	6,953
Denominated in other foreign currencies	560
Total cash and cash equivalents held outside the U.S.	\$ 17,985
Percentage of total cash and cash equivalents held outside the U.S.	87.5%
Cash and cash equivalents held inside the U.S. in USD by foreign subsidiaries	\$ 2,553

Raw Material and Commodity Cost Risks

A complete discussion of raw material and commodity cost risks is included in the 2025 Form 10-K.

Other Risks

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

Item 4. Controls and Procedures

As of September 28, 2025, an evaluation of the effectiveness of UNIFI's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of UNIFI's management, including the principal executive officer and the principal financial officer. Based on that evaluation, UNIFI's principal executive officer and principal financial officer concluded that UNIFI's disclosure controls and procedures are effective to ensure that information required to be disclosed by UNIFI in its reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that information required to be disclosed by UNIFI in the reports UNIFI files or submits under the Exchange Act is accumulated and communicated to UNIFI's management, including its principal executive officer and its principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in UNIFI's internal control over financial reporting during the three months ended September 28, 2025 that have materially affected, or are reasonably likely to materially affect, UNIFI's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes in UNIFI's risk factors from those included in "Item 1A. Risk Factors" in the 2025 Form 10-K.

Item 5. Other Information

Insider Trading Arrangements

During the quarter ended September 28, 2025, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit No.	Description
3.1	<u>Restated Certificate of Incorporation of Unifi, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed October 31, 2016 (File No. 001-10542)).</u>
3.2	<u>Amended and Restated By-laws of Unifi, Inc., as of October 26, 2016 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed October 31, 2016 (File No. 001-10542)).</u>
3.3	<u>Declaration of Amendment to the Amended and Restated By-laws of Unifi, Inc. effective April 30, 2019 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed May 1, 2019 (File No. 001-10542)).</u>
10.1 ⁺	<u>Letter Agreement by and between Unifi, Inc. and Albert P. Carey, effective as of October 5, 2025.</u>
10.2 ⁺	<u>Unifi, Inc. Director Compensation Policy, effective October 23, 2025.</u>
10.3 ⁺	<u>Form of Restricted Stock Unit Agreement for Non-Employee Directors for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (File No. 001-10542).</u>
10.4 ⁺	<u>Form of Cash-Settled Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (File No. 001-10542).</u>
10.5 ⁺	<u>Form of Performance Share Unit Agreement for Employees for use in connection with the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (File No. 001-10542).</u>
10.6	<u>Second Amendment to the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed October 29, 2025 (File No. 001-10542)).</u>
31.1 ⁺	<u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2 ⁺	<u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32 ⁺⁺	<u>Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

+ Filed herewith.

++ Furnished herewith.

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 thereunto duly authorized.

Date: November 5, 2025

UNIFI, INC.
(Registrant)

By: /s/ ANDREW J. EAKER
Andrew J. Eaker
Executive Vice President & Chief Financial Officer
Treasurer
(Principal Financial Officer and Principal
Accounting Officer)

October 5, 2025

Mr. Albert P. Carey
7201 West Friendly Avenue
Greensboro, North Carolina 27410

Dear Al:

On behalf of the Board of Directors (the “Board”) of Unifi, Inc. (the “Company”), we are pleased to continue your employment as Executive Chairman of the Company on the following terms:

- 1. Position.** The Company shall employ you as Executive Chairman of the Board and you agree to provide the services described in Section 2 hereof. Your employment under this letter is effective as of October 5, 2025, and this letter agreement replaces any prior agreements between you and the Company.
 - 2. Duties.** You shall continue to report to the Board and your duties shall be to: (i) provide leadership to the Board and the Company’s executive management; (ii) act as the primary spokesperson for the Board; (iii) act as an adviser and confidant to the Chief Executive Officer of the Company; (iv) assist with developing the Company’s corporate strategy; (v) in conjunction with management, lead the Company in its relationships with shareholders and business and customer relationships; (vi) lead efforts regarding management succession; and (vii) have such other duties as the Board may reasonably determine. The Company’s principal executive officer shall remain the Chief Executive Officer of the Company.
 - 3. Term; Termination.** Your employment shall continue until the Company’s annual shareholders’ meeting in 2025 and, unless terminated by the Board, shall be extended for successive periods thereafter between each of the Company’s annual shareholders’ meetings (the period of actual employment, the “Term”). The Term, and your employment hereunder, may be terminated at any time: (i) by you, for any or no reason, on thirty (30) days’ prior written notice to the Company (which the Company may, in its sole discretion, make effective as a resignation earlier than the termination date provided in such notice), (ii) by the Company, at any time with or without cause by written notice to you, at the election of the Board, and (iii) by the Company, at any time with or without cause by written notice to you, due to your failure to be re-elected as a member of the Board by the Company’s shareholders. If either you or the Company provides notice of termination pursuant to either the foregoing clause (i) or clause (ii), by signing this letter agreement you hereby offer your resignation as a member of the Board effective concurrent with the termination of the Term, which resignation may or may not be accepted by the Board in its sole discretion.
 - 4. Base Salary.** From October 5, 2025 until the last pay period of fiscal 2026, your base salary shall be \$630,000, payable in accordance with the Company’s regular payroll practices. Thereafter, your base salary shall be \$700,000 per fiscal year. Compensation is reviewed annually by the Compensation Committee of the Board. The Company shall deduct and withhold from any amounts payable under this letter agreement such federal, state, local, or other taxes to the extent required to be withheld pursuant to applicable law.
 - 5. Equity Compensation.** You will receive an award consisting of a combination of restricted stock units (“RSUs”) and performance share units (“PSUs”) annually, the combination having an aggregate grant date fair value equal to \$700,000. Each such award shall be consistent with the
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Company's practices for other management equity awards and will be subject to the terms of the related RSU and PSU agreements and the terms and conditions of the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan (as such plan may be amended, modified, or replaced). This award will be in lieu of any compensation payable to you as a member of the Board. Nothing herein shall affect any outstanding equity agreements between you and the Company prior to the execution of this letter agreement.

6. Reimbursement of Expenses. The Company shall promptly reimburse you for all reasonable and necessary expenses actually incurred by you directly in connection with the business and affairs of the Company and the performance of your duties hereunder, in each case, subject to appropriate substantiation and itemization of such expenses in accordance with the guidelines and limitations established by the Company from time to time.

7. Nondisclosure of Confidential Information; Protected Disclosures. You and we agree that your duties under the terms of this letter agreement would result in your acquiring confidential information concerning the Company and its affiliates. You shall not, except in the course of the good faith performance of your duties hereunder or as required by applicable law, without limitation in time or until such information shall have become public other than by your unauthorized disclosure, disclose to others or use, whether directly or indirectly, any Confidential Information (as hereinafter defined) regarding the Company. For purposes of this letter agreement, "Confidential Information" shall mean information about the Company or its clients or customers that was learned by you in the course of your employment by the Company, including (without limitation) any proprietary knowledge, trade secrets, data, formulae, information and client and customer lists and all papers, resumes, and records (including computer records) of the documents containing such Confidential Information, but excludes information (i) which is in the public domain through no unauthorized act or omission of you; or (ii) which becomes available to you on a non-confidential basis from a source other than the Company without breach of such source's confidentiality or non-disclosure obligations to the Company. You agree to deliver or return to the Company, at the Company's request, at any time or upon termination or expiration of your employment or as soon thereafter as possible, (i) all documents, computer tapes and disks, records, lists, data, drawings, prints, notes, and written information (and all copies thereof) furnished by the Company or prepared by you during the term of your employment by the Company, and (ii) all notebooks and other data relating to research or experiments or other work conducted by you in the scope of such employment. Upon the date of termination of your employment hereunder, you shall, as soon as possible but no later than two (2) days after the date of termination, surrender to the Company all Confidential Information in your possession and return to the Company all Company property in your possession or control, including, but not limited to, all paper records and documents, computer disks, and access cards and keys to any Company facilities. This Section 7 shall survive the termination of this letter agreement. Pursuant to the Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)), you will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding, if you (i) file any document containing the trade secret under seal, and (ii) do not disclose the trade secret, except pursuant to court order. Nothing in this letter agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Notwithstanding any provision in any agreement between the Company and you, you may disclose any

confidential or non-public information (i) to report possible violations of federal law or regulation to any governmental agency or entity, including, but not limited to, the United States Department of Justice, the United States Securities and Exchange Commission, the United States Congress, and any agency Inspector General, or to make other disclosures that are protected under the whistleblower provisions of federal law or regulation, or (ii) as required by law or order by a court; provided, however, you agree to notify the Company in advance if you are required to provide information or testimony in connection with any action brought by a non-governmental or non-regulatory person or entity.

8. Miscellaneous. All notices hereunder, to be effective, shall be in writing and shall be deemed effective when delivered by hand or mailed by certified mail, postage and fees prepaid, or nationally recognized overnight express mail service, (i) if to you, in person or at the address last on file with the Company as your home address for payroll purposes, and (ii) if to the Company, at its corporate headquarters. This letter agreement constitutes the entire agreement and understanding between the Company and you with regard to the subject matter hereof and supersedes all prior understandings and agreements with respect to the subject matter hereof, whether written or oral. This letter agreement may not be amended, supplemented, or modified except by an instrument in writing signed on behalf of the Company and you. Any term or condition of this letter agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective, unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this letter agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this letter agreement on any future occasion. This letter agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of North Carolina, without giving effect to any choice of law or conflict of laws rules or provisions (whether of the State of North Carolina or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of North Carolina. This letter agreement may be executed in counterparts, and either party hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. The parties agree that the delivery of this letter agreement may be effected by means of an exchange of facsimile or electronically transmitted signatures.

* * *

Unifi / Carey Letter Agreement

October 5, 2025

Page 4 of 4

If the above terms and conditions are satisfactory to you, please sign both copies of this letter agreement indicating your acceptance and return them to me. An original executed copy will be returned to you.

Yours sincerely,

UNIFI, INC.

/s/ Suzanne Present

Suzanne Present

Lead Independent Director

I hereby acknowledge my receipt and acceptance of the terms and conditions of this offer of employment.

/s/ Albert P. Carey

Albert P. Carey

Date: October 5, 2025

UNIFI, INC.

DIRECTOR COMPENSATION POLICY

Each director, who is considered “independent” within the meaning of the Director Independence Standards adopted by the Board of Directors (the “Board”) of Unifi, Inc. (the “Company”), which are inclusive of Section 303A.02 of the New York Stock Exchange Listed Company Manual, will be eligible to receive the following compensation for service on the Board:

- \$100,000 annual retainer, where up to fifty percent (50%) of such amount is payable (at the director’s election) in cash and the remainder of such amount is an equity grant payable in restricted stock units;
- \$15,000 annual retainer for the Lead Independent Director, payable (at the director’s election) in cash or restricted stock units;
- \$15,000 annual retainer for the chair of the Audit Committee, payable (at the director’s election) in cash or restricted stock units;
- \$10,000 annual retainer for the chairs of the Compensation Committee and the Corporate Governance and Nominating Committee, payable (at the director’s election) in cash or restricted stock units; and
- reimbursement of reasonable expenses incurred for attending Board and committee meetings.

Each director will submit his or her election that the retainer be paid in cash and/or restricted stock units prior to the stock award determination date.

A director will be paid the cash portion of his or her retainer quarterly in arrears following the annual shareholder meeting. The number of restricted stock units granted to a director will be determined based on the percentage of retainer elected by the director divided by the closing stock price of the Company’s common stock on the date of grant. The restricted stock units will be subject to the terms of the award agreement, the applicable equity compensation plan in effect, and will vest quarterly in arrears following the annual shareholder meeting, subject to continued service on the Board.

Any independent director who is initially appointed or elected to the Board other than at the annual meeting of shareholders will receive his or her annual cash and/or stock retainer calculated on a *pro rata* basis based upon the period between the date of such appointment or election and the anticipated date of the next annual shareholder meeting.

Directors who are not determined to be “independent” as defined above will receive no compensation for serving as directors.

Adopted by the Board, effective as of October 23, 2025.

[FORM OF] DIRECTOR RESTRICTED STOCK UNIT AGREEMENT

This Director Restricted Stock Unit Agreement (this “*Agreement*”), dated as of the Grant Date, is made by and between the “*Grantee*” (as set forth in Annex A) and Unifi, Inc. (the “*Company*”).

W I T N E S S E T H:

WHEREAS, the Company has adopted the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan (the “*Plan*”); and

WHEREAS, the Board of Directors of the Company (the “*Board*”) has determined that it is desirable and in the best interests of the Company to grant to the Grantee, as an incentive for the Grantee to advance the interests of the Company, Restricted Stock Units (“*Units*”), which shall be converted into an equivalent number of shares of Company Stock and such shares distributed to the Grantee in a single lump sum distribution within 30 days following Grantee’s Separation from Service (as defined below).

NOW, THEREFORE, the parties agree as follows:

1. Notice of Grant; Incorporation of Plan. Pursuant to the Plan and subject to the terms and conditions set forth herein and therein, the Company hereby grants to the Grantee, and effective as of the “*Grant Date*,” the number of Units indicated on the Notice of Grant attached hereto as Annex A, which Notice of Grant is incorporated by reference herein. The Plan is incorporated by reference and made a part of this Agreement, and this Agreement shall be subject to the terms of the Plan, as the Plan may be amended from time to time, provided that any such amendment of the Plan must be made in accordance with Section 14 of the Plan. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings ascribed to them in the Plan.

2. Terms of Restricted Stock Units. The Units granted under this Agreement are subject to the following terms, conditions and restrictions:

(a) No Ownership. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in shares of the Company Stock in respect of the Units until such Units have been converted into shares of Company Stock and such shares have been distributed to the Grantee.

(b) Transfer of Units. The Units and any interest therein may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution and subject to the conditions set forth in the Plan and this Agreement. Any attempt to transfer Units in contravention of this section is void ab initio. Units shall not be subject to execution, attachment or other process.

(c) Vesting and Conversion of Units. Subject to the terms and conditions of this Agreement, the Units shall become vested in four equal quarterly installments on the Vesting Schedule below. The vested Units shall be converted into an equivalent number of shares of Stock, or a combination of Stock and cash, as may be elected, and such shares of Company Stock will be distributed to the Grantee in a single lump sum distribution within 30 days following Grantee's Separation from Service (as defined below). Upon distribution of the shares of Company Stock in respect of the Units, the Company shall (i) issue to the Grantee or the Grantee's personal representative a stock certificate representing such shares of Company Stock, or (ii) cause such number of shares to be registered in the name of the Grantee or the Grantee's personal representative via a share registry process in a manner that is effective to constitute the uncertificated delivery thereof, in either case free of any restrictions.

Vesting Date	Percentage of Units Vested
[]	25%
[]	25%
[]	25%
[]	25%

(d) Separation from Service. "*Separation from Service*" means termination of services as a member of the Board for any reason, and shall be determined in accordance with applicable standards established pursuant to Section 409A of the Code and corresponding Treasury Regulations.

3. Equitable Adjustment. The aggregate number of shares of Stock subject to the Units shall be proportionately adjusted for any increase or decrease in the number of issued shares of Stock resulting from a subdivision or consolidation of shares or other capital adjustment, or the payment of a stock dividend or other increase or decrease in such shares, effected without the receipt of consideration by the Company, or other change in corporate or capital structure. The Committee shall also make the foregoing changes and any other changes, including changes in the classes of securities available, to the extent reasonably necessary or desirable to preserve the intended benefits under this Agreement in the event of any other reorganization, recapitalization, merger, consolidation, spin-off, extraordinary dividend or other distribution or similar transaction involving the Company.

4. Taxes. Distributions with respect to Units may be subject to Applicable Withholding Taxes as provided in the Plan.

5. No Right to Continued Service as Director. Nothing contained herein shall be deemed to confer upon the Grantee any right to continue to serve as a member of the Board.

6. Miscellaneous.

(a) Governing Law/Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina without reference to principles of conflict of laws.

(b) Resolution of Disputes. Any disputes arising under or in connection with this Agreement shall be resolved by binding arbitration before a single arbitrator, to be held in North Carolina in accordance with the commercial rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator shall be final and subject to appeal only to the extent permitted by law. Each party shall bear such party's own expenses incurred in connection with any arbitration; provided, however, that the cost of the arbitration, including without limitation, reasonable attorneys' fees of the Grantee, shall be borne by the Company in the event the Grantee is the prevailing party in the arbitration. Anything to the contrary notwithstanding, each party hereto has the right to proceed with a court action for injunctive relief or relief from violations of law not within the jurisdiction of an arbitrator. If any costs of the arbitration borne by the Company in accordance herewith would constitute compensation to the Grantee for Federal tax purposes, then the amount of any such costs reimbursed to the Grantee in one taxable year shall not affect the amount of such costs reimbursable to the Grantee in any other taxable year, the Grantee's right to reimbursement of any such costs shall not be subject to liquidation or exchange for any other benefit, and the reimbursement of any such costs incurred by the Grantee shall be made as soon as administratively practicable, but in any event within ten (10) days, after the date the Grantee is determined to be the prevailing party in the arbitration. The Grantee shall be responsible for submitting claims for reimbursement in a timely manner to enable payment within the timeframe provided herein.

(c) Notices. Any notice required or permitted under this Agreement shall be deemed given when delivered personally, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, (i) to the Grantee at the last address specified in Grantee's records with the Company, or such other address as the Grantee may designate in writing to the Company, or (ii) to the Company, Attention: General Counsel, or such other address as the Company may designate in writing to the Grantee.

(d) Failure to Enforce Not a Waiver. The failure of either party hereto to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

(e) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which together shall represent one and the same agreement.

(f) Modifications; Entire Agreement; Headings. This Agreement cannot be changed or terminated orally. This Agreement and the Plan contain the entire agreement between the parties relating to the subject matter hereof. The section headings herein are intended for reference only and shall not affect the interpretation hereof.

7. Section 409A.

(a) It is intended that this Agreement comply in all respects with the requirements of Section 409A of the Code and applicable Treasury Regulations and other generally applicable guidance issued thereunder (collectively, "**Section 409A**"), and this Agreement shall be interpreted for all purposes in accordance with this intent.

(b) Notwithstanding any other term or provision of this Agreement (including any term or provision of the Plan incorporated herein by reference), the parties hereto agree that, from time to time, the Company may, without prior notice to or consent of the Grantee, amend this Agreement to the extent determined by the Company, in the exercise of its discretion in good faith, to be necessary or advisable to prevent the inclusion in the Grantee's gross income pursuant to Section 409A of any compensation intended to be deferred hereunder. The Company shall notify the Grantee as soon as reasonably practicable of any such amendment affecting the Grantee.

(c) If the amounts payable under this Agreement are subject to any taxes, penalties or interest under Section 409A, the Grantee shall be solely liable for the payment of any such taxes, penalties or interest.

(d) Except as otherwise specifically provided herein, the time and method for distribution of shares of Company Stock in respect of the Units as provided in Section 2, shall not be accelerated or delayed for any reason, unless to the extent necessary to comply with, or as may be permitted under, Section 409A.

IN WITNESS WHEREOF, the parties hereby agree to the terms of this Director Restricted Stock Unit Agreement, including the Notice of Grant attached hereto as Annex A.

Grantee: [Name]

UNIFI, INC.

By: _____
Name: [_____]
Title: [_____]

Annex A

**NOTICE OF GRANT
OF
RESTRICTED STOCK UNITS**

The following member of the Board of Directors of Unifi, Inc. has been granted Restricted Stock Units pursuant to the Unifi, Inc. Amended and Restated 2013 Incentive Compensation Plan, with terms as set forth in this Notice of Grant and the Director Restricted Stock Unit Agreement to which this Notice of Grant is attached.

The terms below shall have the following meanings when used in the Director Restricted Stock Unit Agreement.

Grantee	
Address of Grantee	7201 West Friendly Avenue Greensboro, NC 27410
Grant Date	
Aggregate Number of Restricted Stock Units Granted	[_____]

[FORM OF] CASH SETTLED PERFORMANCE SHARE UNIT AGREEMENT

This Cash Settled Performance Share Unit Agreement (this “*Agreement*”) is made by and between Unifi, Inc., a New York corporation (the “*Company*”), and [EMPLOYEE], a key employee (the “*Grantee*”) of the Company.

WITNESSETH:

WHEREAS, the Company has adopted the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan, which became effective on October 29, 2020 and was further amended effective October 31, 2023 and October 28, 2025 (the “*Plan*”); and

WHEREAS, the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of the Company has determined that it is desirable and in the best interests of the Company to grant to the Grantee Performance Share Units (“*PSUs*”) as an incentive for the Grantee to advance the interests of the Company;

NOW, THEREFORE, the parties agree as follows:

Section 1. Incorporation of Plan. The Plan is incorporated by reference and made a part of this Agreement, and this Agreement shall be subject to the terms of the Plan, as the Plan may be amended from time to time, provided that any such amendment of the Plan must be made in accordance with Section 14 of the Plan. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings ascribed to them in the Plan.

Section 2. Grant of PSU; Notice of Grant. Pursuant to the Plan and subject to the terms and conditions set forth herein and therein, the Company has granted to the “*Grantee*,” and effective as of the “*Grant Date*,” a certain number of PSUs, all as set forth on the Notice of Grant attached hereto as Annex A, which Notice of Grant is incorporated by reference herein.

Section 3. Terms of PSUs. The PSUs granted under this Agreement are subject to the following terms, conditions and restrictions:

(a) No Ownership. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in shares of the Company Stock in respect of the PSUs until such PSUs have been converted into shares of Company Stock and such shares have been distributed to the Grantee in the form of shares of Company Stock.

(b) Transfer of PSUs. Except as provided in this Section 3(b), the PSUs and any interest therein may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution and subject to the conditions set forth in the Plan and this Agreement. Any attempt to

transfer PSUs in contravention of this Section is void ab initio. PSUs shall not be subject to execution, attachment or other process.

(c) Vesting and Conversion of PSUs. The PSUs granted under this Agreement shall be subject to a graded vesting over a [] year term, with Performance Periods and vesting terms presented below, such that the applicable percentage of PSUs will become vested upon the expiration of the applicable “Performance Period” listed on Annex A (each such date a “*Vesting Date*”), subject in each case to (i) certification by the Committee of the level of achievement of the applicable performance goal(s) for such Performance Period, and (ii) the Grantee’s continued employment with the Company through the applicable Vesting Date.

Performance Period Beginning Date	Performance Period Ending Date	Percentage of Target PSUs Vested
[]	[]	[A]%
[]	[]	[B]%
[]	[]	[C]%

On the applicable Vesting Date, the vested PSUs shall be converted into a cash amount equal to the Fair Market Value of a share of Company Stock, as of such Vesting Date multiplied by the number of PSUs vested, and such cash amount shall be paid to the Grantee within 30 days following such Vesting Date.

(d) Additional Vesting Provisions.

(i) If, prior to a Vesting Date, the Grantee dies or has a Separation from Service as a result of Disability, a *pro rata* portion, as determined on a *per diem* basis for the portion of the applicable Performance Period for such Vesting Date that Grantee was in the continuous employment of the Company multiplied by the target number of PSUs on the Notice of Grant attached hereto as Annex A (the “*Target Number*”), PSUs shall become fully vested, converted into a cash amount equal to the Fair Market Value of a share of Company Stock as of the date of such death or Separation from Service, multiplied by the number of PSUs vesting on such date, and paid to the Grantee within 30 days following the Grantee’s death or such Separation from Service, as the case may be.

(ii) If, prior to a Vesting Date, the Grantee has a Separation from Service due to the Grantee’s Retirement, the Committee may elect to award a *pro rata* portion, as determined on a *per diem* basis for the portion of the applicable Performance Period for such Vesting Date that Grantee was in the continuous employment of the Company, of the number of PSUs that would have become vested PSUs (if the Grantee’s employment had continued to the Vesting Date) pursuant to the performance criteria described in Annex A and such PSUs shall be converted into a cash amount equal to the Fair Market Value of a share of Company Stock as of the

date of such Retirement multiplied by the number of PSUs vesting on such date, and paid to the Grantee within 30 days following the Grantee's Retirement.

(iii) If, after the Grantee attains age 65 but prior to a Vesting Date, the Grantee has a Separation from Service due to an involuntary termination by the Company without Cause (as defined below), the Grantee shall vest in a *pro rata* portion, as determined on a *per diem* basis for the portion of the applicable Performance Period for such Vesting Date that Grantee was in the continuous employment of the Company, of the number of PSUs that would have become vested PSUs (if the Grantee's employment had continue to the Vesting Date) pursuant to the performance criteria described in Annex A, and such PSUs shall be converted into a cash amount equal to the Fair Market Value of a share of Company Stock as of the date of such Separation from Service, multiplied by the number of PSUs vesting on such date, and paid to the Grantee within 30 days following such Separation of Service.

(iv) If, prior to the Vesting Date, Grantee has a Separation from Service for any reason not covered in Section 3(d)(i), Section 3(d)(ii) or Section 3(d)(iii) above, then the Grantee shall forfeit the PSUs and shall not be entitled to receive any payment under this Agreement with respect to such forfeited PSUs.

(v) Notwithstanding the foregoing, the Grantee shall immediately forfeit all PSUs upon the Grantee's Separation from Service for Cause, whether before or after the Vesting Date.

(vi) In the event of a Change in Control (as defined in the Plan), the Target Number of PSUs shall become fully vested, shall be converted into a cash amount equal to the Fair Market Value of a share of Company Stock as of the date of such Change in Control multiplied by the number of PSUs vesting on such date, and immediately paid to the Grantee within 30 days following the Change in Control.

(vii) For purposes of this Agreement, "**Cause**" means any of the following, as determined in good faith by the Committee: (A) an act of embezzlement, theft or misappropriation by the Grantee of any property of the Company or any Related Company; (B) any breach by the Grantee of any material provision of any material agreement to which the Grantee is a party with the Company or any Related Company that is not cured, to the extent the breach is susceptible to being cured, within fourteen (14) days after the Company gives express notice to the Grantee describing such breach; (C) gross negligence by the Grantee in the discharge of his or her lawful duties to the Company or any Related Company (after receiving express notice from the Company specifying the manner in which he or she is alleged to have been grossly negligent and having had the opportunity to cure the same within thirty (30) days from receipt of such notice); (D) any act by the Grantee constituting a felony or a crime that otherwise involves dishonesty or misrepresentation; (E) the Grantee's breach of any fiduciary duty, under applicable law, to the Company or any Related Company, regardless of whether such conduct

constitutes gross negligence; or (F) any chemical or alcohol dependence by the Grantee that materially and adversely affects the performance of his or her duties or responsibilities to the Company or any Related Company.

Section 4. Equitable Adjustment. The aggregate number of shares of Company Stock subject to the PSUs shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Company Stock resulting from a subdivision or consolidation of shares or other capital adjustment, or the payment of a stock dividend or other increase or decrease in such shares, effected without the receipt of consideration by the Company, or other change in corporate or capital structure. The Committee shall make the foregoing changes and any other changes, including changes in the classes of securities available, to the extent reasonably necessary or desirable to preserve the intended benefits under this Agreement in the event of any other reorganization, recapitalization, merger, consolidation, spin-off, extraordinary dividend or other distribution or similar transaction involving the Company.

Section 5. Taxes. The Company shall withhold from any cash payment due to the Grantee hereunder the amount of any Applicable Withholding Taxes.

Section 6. No Right to Continued Employment. Nothing contained herein shall be deemed to confer upon the Grantee any right to continue in the employment of the Company.

Section 7. Section 409A.

(a) It is intended that this Agreement comply in all respects with the requirements of Section 409A of the Code and applicable Treasury Regulations and other generally applicable guidance issued thereunder (collectively, "**Section 409A**"), and this Agreement shall be interpreted for all purposes in accordance with this intent.

(b) Notwithstanding any other term or provision of this Agreement (including any term or provision of the Plan incorporated herein by reference), the parties hereto agree that, from time to time, the Company may, without prior notice to or consent of the Grantee, amend this Agreement to the extent determined by the Company, in the exercise of its discretion in good faith, to be necessary or advisable to prevent the inclusion in the Grantee's gross income pursuant to the applicable Treasury Regulations of any compensation intended to be deferred hereunder. The Company shall notify the Grantee as soon as reasonably practicable of any such amendment affecting the Grantee.

(c) If the amounts payable under this Agreement are subject to any taxes, penalties or interest under Section 409A, the Grantee shall be solely liable for the payment of any such taxes, penalties or interest.

(d) Except as otherwise specifically provided herein, the time and method for payment of the PSUs as provided in Section 3 and the Deferral Election Form

shall not be accelerated or delayed for any reason, unless to the extent necessary to comply with, or as may be permitted under, Section 409A.

(e) If the Grantee is deemed on the date of a Separation from Service to be a “specified employee” (within the meaning of that term under Section 409A(a)(2)(B) of the Code and determined using any identification methodology and procedure selected by the Company from time to time, or the default methodology and procedure specified under Code Section 409A, if none has been selected by the Company), then with regard to any payment or the provision of any benefit that is “nonqualified deferred compensation” within the meaning of Section 409A and that is paid as a result of the Grantee’s Separation from Service, such payment or benefit shall not be made or provided prior to the date that is the earlier of (i) the expiration of the six (6)-month period measured from the date of such Separation from Service of the Grantee, and (ii) the date of the Grantee’s death (the “**Delay Period**”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this provision (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Grantee in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. For purposes of Section 409A, a distribution of shares of Company Stock following conversion of a PSU shall constitute a “payment” thereof.

Section 8. Recoupment of PSUs/Shares of Stock. Notwithstanding any provision in the Plan or this Agreement to the contrary, all PSUs and underlying shares of Company Stock awarded pursuant to this Agreement shall be subject to recoupment by the Company pursuant to the Company’s Compensation Recoupment Policy, as it may be amended from time to time (or any successor policy thereto) (the “**Recoupment Policy**”). The terms of the Recoupment Policy are hereby incorporated by reference into this Agreement.

Section 9. General Matters.

(a) Heirs and Successors. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. Subject to the terms of the Plan, any benefits distributable to the Grantee under this Agreement that are not distributed at the time of the Grantee’s death shall be distributed, at the time and in the form determined in accordance with the provisions of this Agreement and the Plan, to the beneficiary designated by the Grantee in writing filed with the Company in such form and at such time as the Committee shall require. If a deceased Grantee failed to designate a beneficiary, or if the designated beneficiary of the deceased Grantee dies before the Grantee or before complete distribution of the benefits due under this Agreement, the amounts to be distributed under this Agreement shall be distributed to the legal representative or representatives of the estate of the last to die of the Grantee and any designated beneficiary.

(b) Amendments by the Committee. The Committee may, at any time prior to 75 days after the Final Vesting Date, amend this Agreement, provided that no amendment may, in the absence of written consent by the Grantee, adversely affect the rights of the Grantee under this Agreement prior to the date of such amendment.

(c) Administration. The authority to manage and control the operation and administration of this Agreement has been vested in the Committee, and the Committee shall have all powers with respect to this Agreement that it has with respect to the Plan. Any interpretation of the Agreement by the Committee, and any decision made by it with respect to the Agreement, are final and binding.

(d) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of North Carolina without reference to principles of conflict of laws.

(e) Resolution of Disputes. Any disputes arising under or in connection with this Agreement shall be resolved by binding arbitration before a single arbitrator, to be held in North Carolina in accordance with the commercial rules and procedures of the American Arbitration Association. Judgment upon the award by the arbitrator shall be final and subject to appeal only to the extent permitted by law. Each party shall bear such party's own expenses incurred in connection with any arbitration; provided, however, that the cost of the arbitration to the Grantee, including, without limitation, reasonable attorneys' fees of the Grantee, shall be borne by the Company if the Grantee is the prevailing party in the arbitration. Anything to the contrary notwithstanding, each party hereto has the right to proceed with a court action for injunctive relief or relief from violations of law not within the jurisdiction of an arbitrator. If any costs of the arbitration borne by the Company in accordance herewith would constitute compensation to the Grantee for Federal tax purposes, then (i) the amount of any such costs reimbursed to the Grantee in one taxable year shall not affect the amount of such costs reimbursable to the Grantee in any other taxable year, (ii) the Grantee's right to reimbursement of any such costs shall not be subject to liquidation or exchange for any other benefit, and (iii) the reimbursement of any such costs incurred by the Grantee shall be made as soon as administratively practicable, but in any event within ten (10) days, after the date the Grantee is determined to be the prevailing party in the arbitration. The Grantee shall be responsible for submitting claims for reimbursement in a timely manner to enable payment within the timeframe provided herein.

(f) Notices. Any notice or other communication required or permitted under this Agreement, to be effective, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given (i) on the date delivered in person, (ii) on the date indicated on the return receipt if mailed postage prepaid, by certified or registered U.S. Mail, with return receipt requested, (iii) on the date transmitted by facsimile or e-mail, if sent by 5:00 P.M., Eastern Time, and

confirmation of receipt thereof is reflected or obtained, or (iv) if sent by Federal Express, UPS or other nationally recognized overnight courier service or overnight express U.S. Mail, with service charges or postage prepaid, then on the next business day after delivery to the courier service or U.S. Mail (in time for and specifying next day delivery). In each case (except for personal delivery), any such notice or other communication shall be sent, as appropriate, (v) to the Grantee at the last address or facsimile number specified in the Grantee's records with the Company, or such other address or facsimile number as the Grantee may designate in writing to the Company, or (vi) to the Company, Attention: General Counsel, at its corporate headquarters address or main facsimile number at such address or such other address as the Company may designate in writing to the Grantee.

(g) Failure to Enforce Not a Waiver. The failure of either party hereto to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which together shall represent one and the same agreement.

(i) Modifications; Entire Agreement; Headings. This Agreement cannot be changed or terminated orally. This Agreement and the Plan contain the entire agreement between the parties relating to the subject matter hereof. The section headings herein are intended for reference only and shall not affect the interpretation hereof.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement, including the Notice of Grant attached hereto as Annex A, effective as of the Grant Date set forth on Annex A.

UNIFI, INC.

By: _____
Name: [_____]
Title: [_____]

GRANTEE

(Signature)

Annex A

**NOTICE OF GRANT OF
PERFORMANCE SHARE UNITS**

The following employee has been granted Performance Share Units pursuant to the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan, as amended, in accordance with terms as set forth in this Notice of Grant and the Cash Settled Performance Share Unit Agreement to which this Notice of Grant is attached.

The terms below shall have the following meanings when used in the Performance Share Unit Agreement.

Grantee	[EMPLOYEE]
Address of Grantee	[_____]
Grant Date	[_____]
Deferral Election Date	[_____]
Target Number of PSUs	[TARGET]

Performance Determinations. The actual number of PSUs that shall vest on the applicable Vesting Date for each Performance Period shall be determined from the following tables. Results between specified performance levels will be determined using straight-line interpolation.

Performance Period Ending/Vesting Date [_____]

	Description	Payout
Threshold	[_____]	[_____]% of Target PSUs to vest
Target	[_____]	[_____]% of Target PSUs to vest
Maximum	[_____]	[_____]% of Target PSUs to vest

Performance Period Ending/Vesting Date [_____]

	Description	Payout
Threshold	[]	[]% of Target PSUs to vest
Target	[]	[]% of Target PSUs to vest
Maximum	[]	[]% of Target PSUs to vest

Performance Period Ending/Vesting Date []

	Description	Payout
Threshold	[]	[]% of Target PSUs to vest
Target	[]	[]% of Target PSUs to vest
Maximum	[]	[]% of Target PSUs to vest

[FORM OF] PERFORMANCE SHARE UNIT AGREEMENT

This Performance Share Unit Agreement (this “*Agreement*”) is made by and between Unifi, Inc., a New York corporation (the “*Company*”), and [EMPLOYEE], a key employee (the “*Grantee*”) of the Company.

WITNESSETH:

WHEREAS, the Company has adopted the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan, which became effective on October 29, 2020 and was further amended effective October 31, 2023 and October 28, 2025 (the “*Plan*”); and

WHEREAS, the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of the Company has determined that it is desirable and in the best interests of the Company to grant to the Grantee Performance Share Units (“*PSUs*”) as an incentive for the Grantee to advance the interests of the Company;

NOW, THEREFORE, the parties agree as follows:

Section 1. Incorporation of Plan. The Plan is incorporated by reference and made a part of this Agreement, and this Agreement shall be subject to the terms of the Plan, as the Plan may be amended from time to time, provided that any such amendment of the Plan must be made in accordance with Section 14 of the Plan. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings ascribed to them in the Plan.

Section 2. Grant of PSU; Notice of Grant. Pursuant to the Plan and subject to the terms and conditions set forth herein and therein, the Company has granted to the “*Grantee*,” and effective as of the “*Grant Date*,” a certain number of PSUs, all as set forth on the Notice of Grant attached hereto as Annex A, which Notice of Grant is incorporated by reference herein.

Section 3. Terms of PSUs. The PSUs granted under this Agreement are subject to the following terms, conditions and restrictions:

(a) No Ownership. The Grantee shall not possess any incidents of ownership (including, without limitation, dividend and voting rights) in shares of the Company Stock in respect of the PSUs until such PSUs have been converted into shares of Company Stock and such shares have been distributed to the Grantee in the form of shares of Company Stock.

(b) Transfer of PSUs. Except as provided in this Section 3(b), the PSUs and any interest therein may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution and subject to the conditions set forth in the Plan and this Agreement. Any attempt to

transfer PSUs in contravention of this Section is void ab initio. PSUs shall not be subject to execution, attachment or other process.

(c) Vesting and Conversion of PSUs. The PSUs granted under this Agreement shall be subject to a graded vesting over a [] year term, with Performance Periods and vesting terms presented below, such that the applicable percentage of PSUs will become vested upon the expiration of the applicable “**Performance Period**” listed on Annex A (each such date a “**Vesting Date**”), subject in each case to (i) certification by the Committee of the level of achievement of the applicable performance goal(s) for such Performance Period, and (ii) the Grantee’s continued employment with the Company through the applicable Vesting Date

Performance Period Beginning Date	Performance Period Ending Date	Percentage of Target PSUs Vested
[]	[]	[A]%
[]	[]	[B]%
[]	[]	[C]%

On the applicable Vesting Date, the vested PSUs shall be converted into an equivalent number of shares of Company Stock, and all such shares of Company Stock will be distributed to the Grantee within 75 days following such Vesting Date, subject to the following possible deferral election by the Grantee. The Grantee may irrevocably elect, on or before the “**Deferral Election Date**” indicated on Annex A, to instead receive distributions of shares of Company Stock upon the Grantee’s “separation from service” (as such term is defined in Section 409A and described in Section 7, a “**Separation from Service**”), in either a single distribution or substantially equal annual distributions over a period of up to five years following the Grantee’s Separation from Service. Such an election must be made by completing and submitting to the Company a Deferral Election Form in substantially the form included as part of Annex B hereto.

Upon any distribution of shares of Company Stock in respect of the PSUs, the Company shall (i) issue (or make available via electronic means) to the Grantee or the Grantee’s personal representative a stock certificate representing such shares of Company Stock, or (ii) cause such number of shares to be registered in the name of the Grantee or the Grantee’s personal representative via a book-entry or other share registry process that is effective to constitute the uncertificated delivery thereof, in either case free of any restrictions.

(d) Additional Vesting Provisions.

(i) If, prior to a Vesting Date, the Grantee dies or has a Separation from Service as a result of Disability, a *pro rata* portion, as determined on a *per diem* basis

for the portion of the applicable Performance Period for such Vesting Date that Grantee was in the continuous employment of the Company multiplied by the target number of PSUs on the Notice of Grant attached hereto as Annex A (the “**Target Number**”), of PSUs shall become fully vested, converted into an equivalent number of shares of Company Stock and distributed to the Grantee in a single distribution within 30 days following the Grantee’s death or such Separation from Service, as the case may be, in either case without regard to any distribution deferral election.

(ii) If, prior to a Vesting Date, the Grantee has a Separation from Service due to the Grantee’s Retirement, the Committee may elect to award a *pro rata* portion, as determined on a *per diem* basis for the portion of the applicable Performance Period for such Vesting Date that Grantee was in the continuous employment of the Company, of the number of PSUs that would have become vested PSUs (if the Grantee’s employment had continued to the Vesting Date) pursuant to the performance criteria described in Annex A and such PSUs shall be converted into an equivalent number of shares of Company Stock and distributed to the Grantee in accordance with the Grantee’s Deferral Election Form, attached hereto as Annex B.

(iii) If, after the Grantee attains age 65 but prior to a Vesting Date, the Grantee has a Separation from Service due to an involuntary termination by the Company without Cause (as defined below), the Grantee shall vest in a *pro rata* portion, as determined on a *per diem* basis for the portion of the applicable Performance Period for such Vesting Date that Grantee was in the continuous employment of the Company, of the number of PSUs that would have become vested PSUs (if the Grantee’s employment had continue to the Vesting Date) pursuant to the performance criteria described in Annex A and such PSUs shall be converted into an equivalent number of shares of Company Stock and distributed to the Grantee in accordance with the Grantee’s Deferral Election Form, attached hereto as Annex B.

(iv) If, prior to the Vesting Date, Grantee has a Separation from Service for any reason not covered in Section 3(d)(i), Section 3(d)(ii) or Section 3(d)(iii) above, then the Grantee shall forfeit the PSUs and shall not be entitled to receive any shares of Company Stock under this Agreement with respect to such forfeited PSUs.

(v) Notwithstanding the foregoing, the Grantee shall immediately forfeit all PSUs (whether or not vested) and any underlying shares of Company Stock for which distribution has been deferred pursuant to Section 3(c) upon the Grantee’s Separation from Service for Cause, whether before or after the Vesting Date.

(vi) In the event of a Change in Control (as defined in the Plan), the Target Number of PSUs shall become fully vested, and such PSUs shall be converted into shares of Company Stock and distributed to the Grantee in a single distribution within 30 days following the Change in Control, without regard to any distribution deferral election.

(vii) For purposes of this Agreement, “Cause” means any of the following, as determined in good faith by the Committee: (A) an act of embezzlement, theft or misappropriation by the Grantee of any property of the Company or any Related Company; (B) any breach by the Grantee of any material provision of any material agreement to which the Grantee is a party with the Company or any Related Company that is not cured, to the extent the breach is susceptible to being cured, within fourteen (14) days after the Company gives express notice to the Grantee describing such breach; (C) gross negligence by the Grantee in the discharge of his or her lawful duties to the Company or any Related Company (after receiving express notice from the Company specifying the manner in which he or she is alleged to have been grossly negligent and having had the opportunity to cure the same within thirty (30) days from receipt of such notice); (D) any act by the Grantee constituting a felony or a crime that otherwise involves dishonesty or misrepresentation; (E) the Grantee’s breach of any fiduciary duty, under applicable law, to the Company or any Related Company, regardless of whether such conduct constitutes gross negligence; or (F) any chemical or alcohol dependence by the Grantee that materially and adversely affects the performance of his or her duties or responsibilities to the Company or any Related Company.

Section 4. Equitable Adjustment. The aggregate number of shares of Company Stock subject to the PSUs shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares of Company Stock resulting from a subdivision or consolidation of shares or other capital adjustment, or the payment of a stock dividend or other increase or decrease in such shares, effected without the receipt of consideration by the Company, or other change in corporate or capital structure. The Committee shall make the foregoing changes and any other changes, including changes in the classes of securities available, to the extent reasonably necessary or desirable to preserve the intended benefits under this Agreement in the event of any other reorganization, recapitalization, merger, consolidation, spin-off, extraordinary dividend or other distribution or similar transaction involving the Company.

Section 5. Taxes. The Grantee, upon the distribution of the PSUs, shall pay to the Company in cash the amount of any Applicable Withholding Taxes as provided in the Plan. Notwithstanding the foregoing, the Grantee may satisfy the Applicable Withholding Taxes in whole or in part, by electing (a) to deliver to the Company shares of Company Stock owned by the Grantee at the time of the distribution, (b) to have the Company withhold a portion of the PSUs to which the Grantee would otherwise be entitled or (c) a combination of the foregoing. In the event that the Grantee does not notify the Company of the Grantee’s preferred method of satisfaction of the Applicable Withholding Taxes for the Vesting Date prior to the Vesting Date, the Company shall withhold a portion of the PSUs vesting on the Vesting Date to satisfy such Applicable Withholding Taxes. Any shares of Company Stock delivered or to be withheld in satisfaction of any tax obligation of the Grantee shall have a value equal to their Fair Market Value on the day the PSUs are distributed, as provided in the Plan.

Section 6. No Right to Continued Employment. Nothing contained herein shall be deemed to confer upon the Grantee any right to continue in the employment of the Company.

Section 7. Section 409A.

(a) It is intended that this Agreement comply in all respects with the requirements of Section 409A of the Code and applicable Treasury Regulations and other generally applicable guidance issued thereunder (collectively, “**Section 409A**”), and this Agreement shall be interpreted for all purposes in accordance with this intent.

(b) Notwithstanding any other term or provision of this Agreement (including any term or provision of the Plan incorporated herein by reference), the parties hereto agree that, from time to time, the Company may, without prior notice to or consent of the Grantee, amend this Agreement to the extent determined by the Company, in the exercise of its discretion in good faith, to be necessary or advisable to prevent the inclusion in the Grantee’s gross income pursuant to the applicable Treasury Regulations of any compensation intended to be deferred hereunder. The Company shall notify the Grantee as soon as reasonably practicable of any such amendment affecting the Grantee.

(c) If the amounts payable under this Agreement are subject to any taxes, penalties or interest under Section 409A, the Grantee shall be solely liable for the payment of any such taxes, penalties or interest.

(d) Except as otherwise specifically provided herein, the time and method for payment of the PSUs as provided in Section 3 and the Deferral Election Form shall not be accelerated or delayed for any reason, unless to the extent necessary to comply with, or as may be permitted under, Section 409A.

(e) If the Grantee is deemed on the date of a Separation from Service to be a “specified employee” (within the meaning of that term under Section 409A(a)(2)(B) of the Code and determined using any identification methodology and procedure selected by the Company from time to time, or the default methodology and procedure specified under Code Section 409A, if none has been selected by the Company), then with regard to any payment or the provision of any benefit that is “nonqualified deferred compensation” within the meaning of Section 409A and that is paid as a result of the Grantee’s Separation from Service, such payment or benefit shall not be made or provided prior to the date that is the earlier of (i) the expiration of the six (6)-month period measured from the date of such Separation from Service of the Grantee, and (ii) the date of the Grantee’s death (the “**Delay Period**”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this provision (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Grantee in a lump sum, and any remaining payments and benefits due under this Agreement

shall be paid or provided in accordance with the normal payment dates specified for them herein. For purposes of Section 409A, a distribution of shares of Company Stock following conversion of a PSU shall constitute a “payment” thereof.

Section 8. Recoupment of PSUs/Shares of Stock. Notwithstanding any provision in the Plan or this Agreement to the contrary, all PSUs and underlying shares of Company Stock awarded pursuant to this Agreement shall be subject to recoupment by the Company pursuant to the Company’s Compensation Recoupment Policy, as it may be amended from time to time (or any successor policy thereto) (the “**Recoupment Policy**”). The terms of the Recoupment Policy are hereby incorporated by reference into this Agreement.

Section 9. General Matters.

(a) Heirs and Successors. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. Subject to the terms of the Plan, any benefits distributable to the Grantee under this Agreement that are not distributed at the time of the Grantee’s death shall be distributed, at the time and in the form determined in accordance with the provisions of this Agreement and the Plan, to the beneficiary designated by the Grantee in writing filed with the Company in such form and at such time as the Committee shall require. If a deceased Grantee failed to designate a beneficiary, or if the designated beneficiary of the deceased Grantee dies before the Grantee or before complete distribution of the benefits due under this Agreement, the amounts to be distributed under this Agreement shall be distributed to the legal representative or representatives of the estate of the last to die of the Grantee and any designated beneficiary.

(b) Amendments by the Committee. The Committee may, at any time prior to 75 days after the Final Vesting Date, amend this Agreement, provided that no amendment may, in the absence of written consent by the Grantee, adversely affect the rights of the Grantee under this Agreement prior to the date of such amendment.

(c) Administration. The authority to manage and control the operation and administration of this Agreement has been vested in the Committee, and the Committee shall have all powers with respect to this Agreement that it has with respect to the Plan. Any interpretation of the Agreement by the Committee, and any decision made by it with respect to the Agreement, are final and binding.

(d) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of North Carolina without reference to principles of conflict of laws.

(e) Resolution of Disputes. Any disputes arising under or in connection with this Agreement shall be resolved by binding arbitration before a single arbitrator, to be held in North Carolina in accordance with the commercial rules and procedures of the American Arbitration Association. Judgment upon the award by the arbitrator shall be final and subject to appeal only to the extent permitted by law. Each party shall bear such party's own expenses incurred in connection with any arbitration; provided, however, that the cost of the arbitration to the Grantee, including, without limitation, reasonable attorneys' fees of the Grantee, shall be borne by the Company if the Grantee is the prevailing party in the arbitration. Anything to the contrary notwithstanding, each party hereto has the right to proceed with a court action for injunctive relief or relief from violations of law not within the jurisdiction of an arbitrator. If any costs of the arbitration borne by the Company in accordance herewith would constitute compensation to the Grantee for Federal tax purposes, then (i) the amount of any such costs reimbursed to the Grantee in one taxable year shall not affect the amount of such costs reimbursable to the Grantee in any other taxable year, (ii) the Grantee's right to reimbursement of any such costs shall not be subject to liquidation or exchange for any other benefit, and (iii) the reimbursement of any such costs incurred by the Grantee shall be made as soon as administratively practicable, but in any event within ten (10) days, after the date the Grantee is determined to be the prevailing party in the arbitration. The Grantee shall be responsible for submitting claims for reimbursement in a timely manner to enable payment within the timeframe provided herein.

(f) Notices. Any notice or other communication required or permitted under this Agreement, to be effective, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given (i) on the date delivered in person, (ii) on the date indicated on the return receipt if mailed postage prepaid, by certified or registered U.S. Mail, with return receipt requested, (iii) on the date transmitted by facsimile or e-mail, if sent by 5:00 P.M., Eastern Time, and confirmation of receipt thereof is reflected or obtained, or (iv) if sent by Federal Express, UPS or other nationally recognized overnight courier service or overnight express U.S. Mail, with service charges or postage prepaid, then on the next business day after delivery to the courier service or U.S. Mail (in time for and specifying next day delivery). In each case (except for personal delivery), any such notice or other communication shall be sent, as appropriate, (v) to the Grantee at the last address or facsimile number specified in the Grantee's records with the Company, or such other address or facsimile number as the Grantee may designate in writing to the Company, or (vi) to the Company, Attention: General Counsel, at its corporate headquarters address or main facsimile number at such address or such other address as the Company may designate in writing to the Grantee.

(g) Failure to Enforce Not a Waiver. The failure of either party hereto to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

(h) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which together shall represent one and the same agreement.

(i) Modifications; Entire Agreement; Headings. This Agreement cannot be changed or terminated orally. This Agreement and the Plan contain the entire agreement between the parties relating to the subject matter hereof. The section headings herein are intended for reference only and shall not affect the interpretation hereof.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement, including the Notice of Grant attached hereto as Annex A, effective as of the Grant Date set forth on Annex A.

UNIFI, INC.

By: _____
Name: [_____]
Title: [_____]

GRANTEE

(Signature)

Annex A

**NOTICE OF GRANT OF
PERFORMANCE SHARE UNITS**

The following employee has been granted Performance Share Units pursuant to the Unifi, Inc. Second Amended and Restated 2013 Incentive Compensation Plan, as amended, in accordance with terms as set forth in this Notice of Grant and the Performance Share Unit Agreement to which this Notice of Grant is attached.

The terms below shall have the following meanings when used in the Performance Share Unit Agreement.

Grantee	[EMPLOYEE]
Address of Grantee	[_____]
Grant Date	[_____]
Deferral Election Date	[_____]
Target Number of PSUs	[TARGET]

Performance Determinations. The actual number of PSUs that shall vest on the applicable Vesting Date for each Performance Period shall be determined from the following tables. Results between specified performance levels will be determined using straight-line interpolation.

Performance Period Ending/Vesting Date [_____]

	Description	Payout
Threshold	[_____]	[_____]% of Target PSUs to vest
Target	[_____]	[_____]% of Target PSUs to vest
Maximum	[_____]	[_____]% of Target PSUs to vest

Performance Period Ending/Vesting Date [_____]

	Description	Payout
Threshold	[]	[]% of Target PSUs to vest
Target	[]	[]% of Target PSUs to vest
Maximum	[]	[]% of Target PSUs to vest

Performance Period Ending/Vesting Date []

	Description	Payout
Threshold	[]	[]% of Target PSUs to vest
Target	[]	[]% of Target PSUs to vest
Maximum	[]	[]% of Target PSUs to vest

Annex B

DEFERRAL ELECTION FORM AND INSTRUCTIONS

*** * * INSTRUCTIONS * * ***

You have been granted Performance Share Units (“*PSUs*”) pursuant to the Performance Share Unit Agreement to which this Annex B is attached as a part thereof (the “*Agreement*”). Unless otherwise defined herein or in the attached Deferral Election Form, capitalized terms have the meanings given them in the Agreement, which also includes Annex A attached thereto.

Payment of PSUs is made in shares of Company Stock after the vesting of the PSUs as described in the Agreement. You are taxed at ordinary income rates on the value of the shares of Company Stock at the time of such payment, which is the time that shares are distributed to you pursuant to the Agreement. Following such a distribution, you can sell some or all the shares at any time, subject to any applicable securities law restrictions. Or, in connection with a distribution, you can choose to have the Company withhold an appropriate number of the shares to satisfy your tax obligation.

As a general rule, your vested PSUs under the Agreement will be converted to shares of Company Stock that will be distributed to you in a single distribution within 30 days following the applicable Vesting Date. However, under Section 3(c) of the Agreement, you may elect instead to defer receipt of such shares of Company Stock until your Separation from Service, and then have the shares distributed to you in either a single distribution or substantially equal annual distributions over a period of up to five years following your Separation from Service. Such an election must be made by completing and submitting to the Company the attached Deferral Election Form on or before the Deferral Election Date.

However, if you become vested in your PSUs prior to the Vesting Date due to certain Separation from Service events as described in Section 3(d)(i) of this Agreement or a Change in Control of the Company, you will receive your shares of Company Stock in a single distribution within 30 days following the date of such event, regardless of any deferral election that you may have made.

There may be advantages and disadvantages to making a deferral election, depending on your individual situation and future events, including future tax rates. You should consider your particular tax and financial situation before making a deferral election. You are encouraged to consult your personal tax or financial planning advisor in making a decision.

**FOR A DEFERRAL ELECTION TO BE EFFECTIVE,
YOU MUST COMPLETE AND RETURN THE ATTACHED FORM
NO LATER THAN THE DEFERRAL ELECTION DATE
TO THE OFFICE OF THE GENERAL COUNSEL**

**UNIFI, INC. PERFORMANCE SHARE UNITS
DEFERRAL ELECTION FORM**

Name of Grantee: [EMPLOYEE]

All capitalized terms not defined herein have the meanings assigned to them in your [DATE] Performance Share Unit Agreement. ***Please check and initial the one option being elected.***

DO NOT DEFER DISTRIBUTION:

_____ I hereby elect to receive my shares of Company Stock in a single distribution within 75 days following the Vesting Date.

TO DEFER DISTRIBUTION:

I hereby elect to receive distribution of the following percentage of my shares of Company Stock pursuant to my [DATE] Performance Share Unit Agreement, in payment of my vested PSUs thereunder, as follows:

_____ deferred percentage (must be a multiple of 10 up to 100%, and deferred shares will be rounded down to the nearest whole share) to be received in:

(a) _____ single distribution within 75 days following the later of the date of my Separation from Service or the Vesting Date

OR

(b) _____ (***maximum of 5***) equal annual installment distributions, commencing within 75 days following the later of the date of my Separation from Service or the Vesting Date for the first installment and with each subsequent distribution on the respective anniversary dates thereof.

I understand and acknowledge that:

- If I become vested in all or a portion of my PSUs prior to the Vesting Date due to certain events as described in Section 3(d)(i) of my Performance Share Unit Agreement or a Change in Control of the Company, my shares of Company Stock will be distributed to me in a single distribution within 30 days following the date of such event.
- ***If at any time I have a Separation from Service for Cause, I will forfeit all PSUs (whether or not vested) and all underlying shares of Company Stock that have not been distributed to me, including those deferred under this Deferral Election Form.***

- My deferrals will be subject to all requirements of Section 409A of the Internal Revenue Code and provisions of the Plan as amended to comply with Section 409A.

I understand that this election is irrevocable. I also understand that I am making this election in accordance with the terms of the Plan and that the terms of the Plan will be used to resolve any ambiguity or inconsistency that may arise in connection with this election.

Signature of Grantee

Date

CERTIFICATION

I, Edmund M. Ingle, certify that:

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

Date: November 5, 2025

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

CERTIFICATION

I, Andrew J. Eaker, certify that:

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

Date: November 5, 2025

/s/ ANDREW J. EAKER

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

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Chief Executive Officer and Chief Financial Officer of Unifi, Inc. (the "Company"), do hereby certify that:

- (1) the Quarterly Report on Form 10-Q of the Company for the fiscal period ended September 28, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2025

/s/ EDMUND M. INGLE

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

/s/ ANDREW J. EAKER

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