

# INTERFACE INC

## FORM 10-Q (Quarterly Report)

Filed 08/05/25 for the Period Ending 06/29/25

|             |  |
|-------------|--|
| Address     | 1280 WEST PEACHTREE ST. NW<br>ATLANTA, GA, 30309 |
| Telephone   | 7704376800                                       |
| CIK         | 0000715787                                       |
| Symbol      | TILE   |
| SIC Code    | 2273 - Carpets and Rugs                          |
| Industry    | Construction Supplies & Fixtures                 |
| Sector      | Consumer Cyclical                                |
| Fiscal Year | 12/28  |

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

Form 10-Q

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

For the Quarterly Period Ended June 29, 2025

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

Commission File Number 001-33994

**INTERFACE INC**

(Exact name of registrant as specified in its charter)

**Georgia**

**58-1451243**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**1280 West Peachtree Street**

**Atlanta**

**Georgia**

**30309**

(Address of principal executive offices)

(zip code)

Registrant's telephone number, including area code: (770) 437-6800

Securities Registered Pursuant to Section 12(b) of the Act:

**Title of Each Class**

**Trading Symbol(s)**

**Name of Each Exchange on Which Registered**

Common Stock, \$0.10 Par Value Per Share

TILE

Nasdaq Global Select Market

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

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting  
company ☐

Emerging growth company ☐

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

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

Number of shares outstanding of each of the registrant's classes of common stock, as of July 31, 2025:

**Class**

**Number of Shares**

Common Stock, \$0.10 par value per share

58,361,516

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## PART I - FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

#### INTERFACE, INC. AND SUBSIDIARIES CONSOLIDATED CONDENSED BALANCE SHEETS *(in thousands, except par values)*

|   | JUNE 29, 2025<br>(UNAUDITED) | DECEMBER 29, 2024 |
|---|------------------------------|-------------------|
| <b>ASSETS</b>   |                              |                   |
| Current assets  |                              |                   |
| Cash and cash equivalents   | \$ 121,701                   | \$ 99,226         |
| Accounts receivable, net  | 194,251                      | 171,135           |
| Inventories, net  | 288,165                      | 260,581           |
| Prepaid expenses and other current assets   | 38,969                       | 33,355            |
| Total current assets  | 643,086                      | 564,297           |
| Property, plant and equipment, net  | 291,839                      | 282,374           |
| Operating lease right-of-use assets   | 80,619                       | 76,815            |
| Deferred tax assets   | 25,414                       | 24,624            |
| Goodwill and intangible assets, net   | 162,770                      | 148,160           |
| Other assets  | 74,494                       | 74,546            |
| Total assets  | \$ 1,278,222                 | \$ 1,170,816      |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                              |                   |
| Current liabilities   |                              |                   |
| Accounts payable  | \$ 86,621                    | \$ 68,943         |
| Accrued expenses  | 122,850                      | 134,996           |
| Current portion of operating lease liabilities  | 13,571                       | 12,296            |
| Current portion of long-term debt   | 506                          | 482               |
| Total current liabilities   | 223,548                      | 216,717           |
| Long-term debt  | 303,943                      | 302,275           |
| Operating lease liabilities   | 71,541                       | 68,092            |
| Deferred income taxes   | 36,589                       | 31,822            |
| Other long-term liabilities   | 67,576                       | 62,762            |
| Total liabilities   | 703,197                      | 681,668           |
| Commitments and contingencies (Note 14)   |                              |                   |
| Shareholders' equity  |                              |                   |
| Preferred stock, par value \$1.00 per share; 5,000 shares authorized; none issued or outstanding at June 29, 2025 and December 29, 2024                                   | —                            | —                 |
| Common stock, par value \$0.10 per share; 120,000 shares authorized; 58,393 and 58,304 shares issued and outstanding at June 29, 2025 and December 29, 2024, respectively | 5,839                        | 5,830             |
| Additional paid-in capital  | 255,758                      | 261,028           |
| Retained earnings   | 449,777                      | 405,441           |
| Accumulated other comprehensive loss – foreign currency translation   | (94,038)                     | (143,317)         |
| Accumulated other comprehensive loss – pension liability  | (42,311)                     | (39,834)          |
| Total shareholders' equity  | 575,025                      | 489,148           |
| Total liabilities and shareholders' equity  | \$ 1,278,222                 | \$ 1,170,816      |

See accompanying notes to consolidated condensed financial statements.

**INTERFACE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

*(in thousands, except per share data)*

|  | THREE MONTHS ENDED |               | SIX MONTHS ENDED |               |
|--|--------------------|---------------|------------------|---------------|
|  | JUNE 29, 2025      | JUNE 30, 2024 | JUNE 29, 2025    | JUNE 30, 2024 |
| Net sales                                    | \$ 375,522         | \$ 346,635    | \$ 672,935       | \$ 636,378    |
| Cost of sales                                | 227,545            | 224,022       | 413,995          | 403,360       |
| Gross profit                                 | 147,977            | 122,613       | 258,940          | 233,018       |
| Selling, general and administrative expenses | 95,930             | 84,462        | 183,666          | 170,421       |
| Operating income                             | 52,047             | 38,151        | 75,274           | 62,597        |
| Interest expense                             | 4,443              | 6,173         | 8,858            | 12,596        |
| Other expense (income), net                  | 3,411              | 832           | 5,114            | (144)         |
| Income before income tax expense             | 44,193             | 31,146        | 61,302           | 50,145        |
| Income tax expense                           | 11,632             | 8,588         | 15,739           | 13,408        |
| Net income                                   | \$ 32,561          | \$ 22,558     | \$ 45,563        | \$ 36,737     |
| Earnings per share – basic                   | \$ 0.56            | \$ 0.39       | \$ 0.78          | \$ 0.63       |
| Earnings per share – diluted                 | \$ 0.55            | \$ 0.38       | \$ 0.77          | \$ 0.63       |
| Common shares outstanding – basic            | 58,555             | 58,281        | 58,495           | 58,260        |
| Common shares outstanding – diluted          | 59,073             | 58,692        | 59,123           | 58,703        |

See accompanying notes to consolidated condensed financial statements.

**INTERFACE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**

*(in thousands)*

|   | THREE MONTHS ENDED |                  | SIX MONTHS ENDED |                  |
|---|--------------------|------------------|------------------|------------------|
|   | JUNE 29, 2025      | JUNE 30, 2024    | JUNE 29, 2025    | JUNE 30, 2024    |
| Net income                                    | \$ 32,561          | \$ 22,558        | \$ 45,563        | \$ 36,737        |
| Other comprehensive income (loss), after tax: |                    |                  |                  |                  |
| Foreign currency translation adjustment       | 33,445             | (2,022)          | 49,279           | (13,114)         |
| Pension liability adjustment                  | (1,782)            | 534              | (2,477)          | 992              |
| Other comprehensive income (loss)             | 31,663             | (1,488)          | 46,802           | (12,122)         |
| Comprehensive income                          | <u>\$ 64,224</u>   | <u>\$ 21,070</u> | <u>\$ 92,365</u> | <u>\$ 24,615</u> |

See accompanying notes to consolidated condensed financial statements.

**INTERFACE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
*(in thousands)*

|  | <b>SIX MONTHS ENDED</b> |                      |
|--|-------------------------|----------------------|
|  | <b>JUNE 29, 2025</b>    | <b>JUNE 30, 2024</b> |
| <b>OPERATING ACTIVITIES:</b>   |                         |                      |
| Net income   | \$ 45,563               | \$ 36,737            |
| Adjustments to reconcile net income to cash provided by operating activities:  |                         |                      |
| Depreciation and amortization  | 19,230                  | 19,344               |
| Share-based compensation expense   | 6,917                   | 6,531                |
| Deferred income taxes  | 254                     | (1,039)              |
| Other  | 1,111                   | (3,766)              |
| Amortization of acquired intangible assets                                     | 2,606                   | 2,584                |
| Working capital changes:   |                         |                      |
| Accounts receivable  | (14,739)                | (18,907)             |
| Inventories  | (12,101)                | (5,661)              |
| Prepaid expenses and other current assets                                      | (4,408)                 | (6,332)              |
| Accounts payable and accrued expenses  | (2,566)                 | 4,667                |
| Cash provided by operating activities  | 41,867                  | 34,158               |
| <b>INVESTING ACTIVITIES:</b>   |                         |                      |
| Capital expenditures   | (14,821)                | (13,607)             |
| Proceeds from sale of property, plant and equipment                            | —                       | 1,040                |
| Insurance proceeds from property casualty loss                                 | —                       | 1,000                |
| Cash used in investing activities  | (14,821)                | (11,567)             |
| <b>FINANCING ACTIVITIES:</b>   |                         |                      |
| Repayments of long-term debt   | (253)                   | (46,930)             |
| Borrowing of long-term debt  | 1,306                   | 17,334               |
| Repurchase of common stock   | (4,286)                 | —                    |
| Tax withholding payments for share-based compensation                          | (7,736)                 | (4,754)              |
| Dividends paid   | (1,227)                 | (1,173)              |
| Finance lease payments   | (1,544)                 | (1,437)              |
| Cash used in financing activities  | (13,740)                | (36,960)             |
| Net cash provided by / (used in) operating, investing and financing activities | 13,306                  | (14,369)             |
| Effect of exchange rate changes on cash  | 9,169                   | (1,942)              |
| <b>CASH AND CASH EQUIVALENTS:</b>  |                         |                      |
| Net increase / (decrease)  | 22,475                  | (16,311)             |
| Balance, beginning of period   | 99,226                  | 110,498              |
| Balance, end of period   | \$ 121,701              | \$ 94,187            |

See accompanying notes to consolidated condensed financial statements.

**INTERFACE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

*References in this Quarterly Report on Form 10-Q to “Interface,” “the Company,” “we,” “our,” “ours” and “us” refer to Interface, Inc. and its subsidiaries or any of them, unless the context requires otherwise.*

As contemplated by the Securities and Exchange Commission (the “Commission”) instructions to Form 10-Q, the following footnotes have been condensed and, therefore, do not contain all disclosures required in connection with annual financial statements. Reference should be made to the Company’s year-end financial statements and notes thereto contained in its Annual Report on Form 10-K for the fiscal year ended December 29, 2024, as filed with the Commission.

In the opinion of management, the unaudited financial information prepared by the Company and included in this report contains all adjustments necessary for a fair presentation of the results for the interim periods. All such adjustments are of a normal recurring nature unless otherwise disclosed. Nevertheless, the results shown for interim periods are not necessarily indicative of results to be expected for the full year. The December 29, 2024, consolidated condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States (“GAAP”).

The six-month periods ended June 29, 2025 and June 30, 2024 both include 26 weeks. The three-month periods ended June 29, 2025 and June 30, 2024 both include 13 weeks.

*Risks and Uncertainties*

Global economic challenges including but not limited to the potential impacts of government-imposed tariffs and retaliatory tariffs, inflation, supply chain disruptions, the Russia-Ukraine war and the conflicts in the Middle East, and slow market conditions in certain parts of the globe could cause economic uncertainty and volatility. The Company considered these impacts and subsequent general uncertainties and volatility in the global economy on the assumptions and estimates used herein. These uncertainties could result in a future material adverse effect to the amounts reported within the Company’s consolidated condensed financial statements if actual results differ from these estimates.

*Reclassifications*

Certain reclassifications to prior year information have been made in the consolidated condensed statements of cash flows to conform to the current period presentation. The previously reported line item “deferred income taxes and other” was separated into two line items in the current period presentation of the consolidated condensed statements of cash flows to provide additional information. These reclassifications had no effect on cash provided by operating activities as previously reported.

*Recently Issued Accounting Pronouncements – Not Yet Adopted*

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, “*Income Statement Reporting - Comprehensive Income - Expense Disaggregation (Topic 220-40)*”. This ASU requires public entities to provide additional footnote disclosures to disaggregate the cost and expense line items presented in the income statement into specific categories including (a) purchases of inventory; (b) employee compensation; (c) depreciation; and (d) intangible asset amortization. The ASU also requires qualitative disclosure of other relevant expense categories not separately disclosed, the total amount of selling expenses, and the definition of selling expenses in annual reporting periods. The new guidance in ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this ASU to its consolidated financial statements.



In December 2023, the FASB issued ASU 2023-09, “*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*.” This ASU requires public entities on an annual basis to disclose a rate reconciliation with explicit categories, as outlined in the ASU, and requires additional disclosures for reconciling items that meet certain quantitative thresholds. Other disclosures include disaggregation of income taxes paid, pre-tax income, and income tax expense. The new guidance is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in this ASU should be applied on a prospective basis, however retrospective application is permitted. We are currently assessing the updated guidance; however, it is not expected to have a material impact to our consolidated financial statements.

**NOTE 2 – REVENUE RECOGNITION**

The Company generates revenue from sales of modular carpet, resilient flooring, rubber flooring, and other flooring-related material, and from the installation of carpet and other flooring-related material. For the three and six months ended June 29, 2025 and June 30, 2024 revenue from sales of flooring material was 98% of total revenue. The remaining 2% of revenue was generated from the installation of flooring material for both three month and six month periods ended June 29, 2025 and June 30, 2024.

*Disaggregation of Revenue*

For the three and six months ended June 29, 2025 and June 30, 2024, revenue from the Company's customers is broken down by geography as follows:

| Geography    | Three Months Ended |               | Six Months Ended |               |
|--------------|--------------------|---------------|------------------|---------------|
|              | June 29, 2025      | June 30, 2024 | June 29, 2025    | June 30, 2024 |
| Americas     | 63.8 %             | 62.0 %        | 62.3 %           | 60.5 %        |
| Europe       | 27.2               | 27.6          | 28.3             | 29.4          |
| Asia-Pacific | 9.0                | 10.4          | 9.4              | 10.1          |

Revenue from the Company's customers in the Americas corresponds to the AMS reportable segment, and the EAAA reportable segment includes revenue from the Europe and Asia-Pacific geographies. See Note 10 entitled "Segment Information" for additional information.

NOTE 3 – INVENTORIES

Inventories are summarized as follows:

|                  | June 29, 2025         | December 29, 2024 |
|------------------|-----------------------|-------------------|
|                  | <i>(in thousands)</i> |                   |
| Finished goods   | \$ 210,910            | \$ 192,705        |
| Work-in-process  | 21,243                | 18,552            |
| Raw materials    | 56,012                | 49,324            |
| Inventories, net | <u>\$ 288,165</u>     | <u>\$ 260,581</u> |

#### NOTE 4 – EARNINGS PER SHARE

The Company computes basic earnings per share (“EPS”) by dividing net income by the weighted average common shares outstanding, including participating securities outstanding, during the period as discussed below. Diluted EPS reflects the potential dilution beyond shares for basic EPS that could occur if securities or other contracts to issue common stock were exercised, converted into common stock or resulted in the issuance of common stock that would have shared in the Company’s earnings.

The Company includes all unvested stock awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, in the number of shares outstanding for basic EPS as these awards are considered participating securities. Unvested share-based awards of restricted stock are paid dividends equally with all other shares of common stock and are considered participating securities. As a result, the Company includes all outstanding restricted stock awards during the period in the calculation of basic and diluted EPS. Any unvested share-based awards considered non-participating securities (restricted share units and performance shares) are included in diluted EPS calculations when the inclusion of these shares would be dilutive. The following table shows the computation of basic and diluted EPS:

|   | Three Months Ended |               | Six Months Ended |               |
|---|--------------------|---------------|------------------|---------------|
|   | June 29, 2025      | June 30, 2024 | June 29, 2025    | June 30, 2024 |
| <i>(in thousands, except per share data)</i>    |                    |               |                  |               |
| Numerator:                                      |                    |               |                  |               |
| Net income <sup>(1)</sup>                       | \$ 32,561          | \$ 22,558     | \$ 45,563        | \$ 36,737     |
| Denominator:                                    |                    |               |                  |               |
| Weighted average shares outstanding             | 58,526             | 58,001        | 58,426           | 57,812        |
| Participating securities                        | 29                 | 280           | 69               | 448           |
| Shares for basic EPS                            | 58,555             | 58,281        | 58,495           | 58,260        |
| Dilutive effect of non-participating securities | 518                | 411           | 628              | 443           |
| Shares for diluted EPS                          | 59,073             | 58,692        | 59,123           | 58,703        |
| Basic EPS                                       | \$ 0.56            | \$ 0.39       | \$ 0.78          | \$ 0.63       |
| Diluted EPS                                     | \$ 0.55            | \$ 0.38       | \$ 0.77          | \$ 0.63       |

(1) Income attributable to participating securities for the three months ended June 29, 2025, was not material. Includes income attributable to participating securities of \$0.1 million for the six months ended June 29, 2025 and \$0.1 million and \$0.3 million respectively, for the three and six months ended June 30, 2024.

For the three and six months ended June 29, 2025 and June 30, 2024, there were no securities excluded from the computation of diluted EPS that would have been antidilutive.

## NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of the following:

|   | June 29, 2025            |                              | December 29, 2024        |                              |
|---|--------------------------|------------------------------|--------------------------|------------------------------|
|   | Outstanding<br>Principal | Interest Rate <sup>(1)</sup> | Outstanding<br>Principal | Interest Rate <sup>(1)</sup> |
|   | (in thousands)           |                              | (in thousands)           |                              |
| Syndicated Credit Facility:                       |                          |                              |                          |                              |
| Revolving loan borrowings                         | \$ 1,306                 | 5.06 %                       | \$ —                     | — %                          |
| Term loan borrowings                              | 5,590                    | 5.02 %                       | 5,564                    | 5.62 %                       |
| Total borrowings under Syndicated Credit Facility | 6,896                    | 5.03 %                       | 5,564                    | 5.62 %                       |
| 5.50% Senior Notes due 2028                       | 300,000                  | 5.50 %                       | 300,000                  | 5.50 %                       |
| Total debt  | 306,896                  |                              | 305,564                  |                              |
| Less: Unamortized debt issuance costs             | (2,447)                  |                              | (2,807)                  |                              |
| Total debt, net                                   | 304,449                  |                              | 302,757                  |                              |
| Less: Current portion of long-term debt           | (506)                    |                              | (482)                    |                              |
| Total long-term debt, net                         | \$ 303,943               |                              | \$ 302,275               |                              |

(1) Represents the weighted average rate of interest for borrowings under the Syndicated Credit Facility and the stated rate of interest for the 5.50% Senior Notes due 2028, without the effect of debt issuance costs.

### Syndicated Credit Facility

The Company's Syndicated Credit Facility (the "Facility") provides to the Company U.S. denominated and multicurrency term loans and provides to the Company and certain of its subsidiaries a multicurrency revolving credit facility. Interest on base rate loans is charged at varying rates computed by applying a margin depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter. Interest on secured overnight financing rate ("SOFR") based and alternative currency loans is charged at varying rates computed by applying a margin over the applicable SOFR rate or alternative currency rate, depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter. In addition, the Company pays a commitment fee per annum (depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter) on the unused portion of the Facility.

Fees for commercial letters of credit are computed as a percentage of the amount available to be drawn under such letters of credit. Fees for standby letters of credit are charged at varying rates computed by applying a margin of the amount available to be drawn under such standby letters of credit, depending on the Company's consolidated net leverage ratio as of the most recently completed fiscal quarter. As of both June 29, 2025 and December 29, 2024, the Company had \$0.5 million and \$0.7 million, respectively, in letters of credit outstanding under the Facility.

Under the Facility, the Company is required to make quarterly amortization payments of the term loan borrowings, which are due on the last day of the calendar quarter.

The Company is in compliance with all covenants under the Facility and anticipates that it will remain in compliance with the covenants for the foreseeable future.

### Senior Notes due 2028

The 5.50% Senior Notes due 2028 (the "Senior Notes") bear an interest rate at 5.50% per annum and mature on December 1, 2028. Interest is paid semi-annually on June 1 and December 1 of each year. The Senior Notes are unsecured and are guaranteed, jointly and severally, by each of the Company's material domestic subsidiaries, all of which also guarantee the obligations of the Company under the Facility.

The Company is in compliance with all covenants under the indenture governing the Senior Notes and anticipates that it will remain in compliance with the covenants for the foreseeable future.

## NOTE 6 – SHAREHOLDERS' EQUITY

The following tables depict the activity in the accounts which make up shareholders' equity for the three and six months ended June 29, 2025 and June 30, 2024:

|  | SHARES                                       | COMMON STOCK | ADDITIONAL<br>PAID-IN CAPITAL | RETAINED<br>EARNINGS | FOREIGN<br>CURRENCY<br>TRANSLATION<br>ADJUSTMENT | PENSION<br>LIABILITY | TOTAL      |
|--|--|--------------|-------------------------------|----------------------|--|----------------------|------------|
|  | <i>(in thousands, except per share data)</i> |              |                               |                      |  |                      |            |
| Balance, at December 29, 2024  | 58,304                                       | \$ 5,830     | \$ 261,028                    | \$ 405,441           | \$ (143,317)                                     | \$ (39,834)          | \$ 489,148 |
| Net income   | —  | —            | —                             | 13,002               | —  | —                    | 13,002     |
| Issuances of stock related to restricted share units and performance shares                                    | 658  | 66           | (66)                          | —                    | —  | —                    | —          |
| Cash dividends declared, \$0.01 per common share   | —  | —            | —                             | (641)                | —  | —                    | (641)      |
| Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings | (352)  | (35)         | (3,546)                       | —                    | —  | —                    | (3,581)    |
| Foreign currency translation adjustment  | —  | —            | —                             | —                    | 15,834   | —                    | 15,834     |
| Pension liability adjustment   | —  | —            | —                             | —                    | —  | (695)                | (695)      |
| Balance, at March 30, 2025   | 58,610                                       | \$ 5,861     | \$ 257,416                    | \$ 417,802           | \$ (127,483)                                     | \$ (40,529)          | \$ 513,067 |
| Net income   | —  | —            | —                             | 32,561               | —  | —                    | 32,561     |
| Issuances of stock related to restricted share units and performance shares                                    | 1  | —            | —                             | —                    | —  | —                    | —          |
| Cash dividends declared, \$0.01 per common share   | —  | —            | —                             | (586)                | —  | —                    | (586)      |
| Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings | —  | —            | 2,765                         | —                    | —  | —                    | 2,765      |
| Share repurchases  | (218)  | (22)         | (4,423)                       | —                    | —  | —                    | (4,445)    |
| Foreign currency translation adjustment  | —  | —            | —                             | —                    | 33,445   | —                    | 33,445     |
| Pension liability adjustment   | —  | —            | —                             | —                    | —  | (1,782)              | (1,782)    |
| Balance, at June 29, 2025  | 58,393                                       | \$ 5,839     | \$ 255,758                    | \$ 449,777           | \$ (94,038)                                      | \$ (42,311)          | \$ 575,025 |

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|  | SHARES | COMMON STOCK | ADDITIONAL<br>PAID-IN CAPITAL | RETAINED<br>EARNINGS | FOREIGN<br>CURRENCY<br>TRANSLATION<br>ADJUSTMENT | PENSION<br>LIABILITY | TOTAL      |
|--|--------|--------------|-------------------------------|----------------------|--|----------------------|------------|
| <i>(in thousands, except per share data)</i>   |        |              |                               |                      |  |                      |            |
| Balance, at December 31, 2023  | 58,112 | \$ 5,811     | \$ 252,909                    | \$ 320,833           | \$ (119,590)                                     | \$ (34,016)          | \$ 425,947 |
| Net income   | —      | —            | —                             | 14,179               | —  | —                    | 14,179     |
| Issuances of stock related to performance shares   | 472    | 47           | (47)                          | —                    | —  | —                    | —          |
| Cash dividends declared, \$0.01 per common share   | —      | —            | —                             | (589)                | —  | —                    | (589)      |
| Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings | (311)  | (31)         | (324)                         | —                    | —  | —                    | (355)      |
| Foreign currency translation adjustment  | —      | —            | —                             | —                    | (11,092)   | —                    | (11,092)   |
| Pension liability adjustment   | —      | —            | —                             | —                    | —  | 458                  | 458        |
| Balance, at March 31, 2024   | 58,273 | \$ 5,827     | \$ 252,538                    | \$ 334,423           | \$ (130,682)                                     | \$ (33,558)          | \$ 428,548 |
| Net income   | —      | —            | —                             | 22,558               | —  | —                    | 22,558     |
| Issuances of stock related to restricted share units and performance shares                                    | 4      | —            | —                             | —                    | —  | —                    | —          |
| Restricted stock issuances   | 58     | 6            | 941                           | —                    | —  | —                    | 947        |
| Unrecognized compensation expense related to restricted stock awards   | —      | —            | (946)                         | —                    | —  | —                    | (946)      |
| Cash dividends declared, \$0.01 per common share   | —      | —            | —                             | (584)                | —  | —                    | (584)      |
| Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings | (32)   | (3)          | 2,133                         | —                    | —  | —                    | 2,130      |
| Foreign currency translation adjustment  | —      | —            | —                             | —                    | (2,022)  | —                    | (2,022)    |
| Pension liability adjustment   | —      | —            | —                             | —                    | —  | 534                  | 534        |
| Balance, at June 30, 2024  | 58,303 | \$ 5,830     | \$ 254,666                    | \$ 356,397           | \$ (132,704)                                     | \$ (33,024)          | \$ 451,165 |



### Repurchase of Common Stock

In May 2022, the Company adopted a share repurchase program in which the Company is authorized to repurchase up to \$100 million of its outstanding shares of common stock. The program has no specific expiration date. During the six months ended June 29, 2025, the Company repurchased 217,500 shares of common stock at a weighted average price of \$20.44 per share pursuant to this program.

### Stock Incentive Plan

The Company has share-based employee compensation plans, which are described more fully in Note 14 to the consolidated financial statements included in Item 8 of the [Annual Report on Form 10-K for the fiscal year ended December 29, 2024](#).

### Restricted Stock Awards

Compensation expense related to restricted stock grants was \$0.4 million and \$1.4 million for the six months ended June 29, 2025 and June 30, 2024, respectively. The Company has reduced its expense for any restricted stock forfeited during the period. All restricted stock awards outstanding as of December 29, 2024 have fully vested and there is no unrecognized compensation expense as of June 29, 2025.

### Restricted Share Unit Awards

Compensation expense related to the restricted share units was \$3.1 million and \$1.8 million for the six months ended June 29, 2025 and June 30, 2024, respectively. The Company has reduced its expense for any restricted share units forfeited during the period.

The following table summarizes restricted share units outstanding as of June 29, 2025, as well as activity during the six months then ended:

|                                  | Restricted Share Units | Weighted Average<br>Grant Date<br>Fair Value |
|----------------------------------|------------------------|--|
| Outstanding at December 29, 2024 | 823,300                | \$ 11.76                                     |
| Granted                          | 300,900                | 21.37  |
| Vested                           | (284,100)              | 11.94  |
| Forfeited or canceled            | (3,500)                | 11.96  |
| Outstanding at June 29, 2025     | 836,600                | \$ 15.16                                     |

As of June 29, 2025, the unrecognized total compensation cost related to unvested restricted share units was \$9.3 million. That cost is expected to be recognized by the first quarter of 2028.

### Performance Share Awards

The following table summarizes the performance shares outstanding as of June 29, 2025, as well as the activity during the six months then ended:

|                                  | Performance Shares | Weighted Average<br>Grant Date<br>Fair Value |
|----------------------------------|--------------------|--|
| Outstanding at December 29, 2024 | 1,171,700          | \$ 12.23                                     |
| Granted                          | 300,700            | 19.96  |
| Vested                           | (375,500)          | 12.99  |
| Forfeited or canceled            | (7,300)            | 12.00  |
| Outstanding at June 29, 2025     | 1,089,600          | \$ 14.10                                     |

Compensation expense related to the performance shares was \$3.4 million and \$3.3 million for the six months ended June 29, 2025 and June 30, 2024, respectively. The Company has reduced its expense for any performance shares forfeited during the period. Unrecognized compensation expense related to these performance shares was approximately \$9.9 million as of June 29, 2025. The amount and timing of future compensation expense will depend on the performance of the Company. The compensation expense related to these outstanding performance shares is expected to be recognized by the first quarter of 2028.

The tax benefit recognized with respect to restricted stock, restricted share units and performance shares was approximately \$0.7 million for the six months ended June 29, 2025.

## NOTE 7 – LEASES

The table below represents a summary of the balances recorded in the consolidated condensed balance sheets related to the Company's leases as of June 29, 2025 and December 29, 2024:

| Balance Sheet Location                         | June 29, 2025         |                | December 29, 2024 |                |
|--|-----------------------|----------------|-------------------|----------------|
|  | Operating Leases      | Finance Leases | Operating Leases  | Finance Leases |
|  | <i>(in thousands)</i> |                |                   |                |
| Operating lease right-of-use assets            | \$ 80,619             |                | \$ 76,815         |                |
| Current portion of operating lease liabilities | \$ 13,571             |                | \$ 12,296         |                |
| Operating lease liabilities                    | 71,541                |                | 68,092            |                |
| Total operating lease liabilities              | \$ 85,112             |                | \$ 80,388         |                |
| Property, plant and equipment, net             |                       | \$ 8,053       |                   | \$ 8,079       |
| Accrued expenses                               |                       | \$ 2,724       |                   | \$ 2,657       |
| Other long-term liabilities                    |                       | 5,724          |                   | 5,797          |
| Total finance lease liabilities                |                       | \$ 8,448       |                   | \$ 8,454       |

As of June 29, 2025, there were no significant leases that had not commenced.

### Lease Costs

|                                     | Three Months Ended    |               | Six Months Ended |               |
|-------------------------------------|-----------------------|---------------|------------------|---------------|
|                                     | June 29, 2025         | June 30, 2024 | June 29, 2025    | June 30, 2024 |
|                                     | <i>(in thousands)</i> |               |                  |               |
| Finance lease cost:                 |                       |               |                  |               |
| Amortization of right-of-use assets | \$ 869                | \$ 749        | \$ 1,717         | \$ 1,525      |
| Interest on lease liabilities       | 139                   | 110           | 276              | 209           |
| Operating lease cost                | 5,126                 | 4,822         | 10,119           | 9,811         |
| Short-term lease cost               | 125                   | 199           | 296              | 396           |
| Variable lease cost                 | 716                   | 645           | 1,489            | 1,335         |
| Total lease cost                    | \$ 6,975              | \$ 6,525      | \$ 13,897        | \$ 13,276     |

### Other Supplemental Information

|  | Three Months Ended |               | Six Months Ended |               |
|--|--------------------|---------------|------------------|---------------|
|  | June 29, 2025      | June 30, 2024 | June 29, 2025    | June 30, 2024 |
| <i>(in thousands)</i>  |                    |               |                  |               |
| Cash paid for amounts included in the measurement of lease liabilities:      |                    |               |                  |               |
| Operating cash flows from finance leases                                     | \$ 134             | \$ 105        | \$ 265           | \$ 201        |
| Operating cash flows from operating leases                                   | 4,610              | 4,323         | 9,047            | 8,420         |
| Financing cash flows from finance leases                                     | 782                | 721           | 1,544            | 1,437         |
| Right-of-use assets obtained in exchange for new finance lease liabilities   | 438                | 1,191         | 986              | 1,581         |
| Right-of-use assets obtained in exchange for new operating lease liabilities | 2,698              | 634           | 5,627            | 899           |

### Lease Term and Discount Rate

The table below presents the weighted average remaining lease terms and discount rates for finance and operating leases as of June 29, 2025 and December 29, 2024:

|   | June 29, 2025 | December 29, 2024 |
|---|---------------|-------------------|
| Weighted-average remaining lease term – finance leases (in years)   | 3.47          | 3.61              |
| Weighted-average remaining lease term – operating leases (in years) | 7.44          | 7.68              |
| Weighted-average discount rate – finance leases                     | 6.60 %        | 6.44 %            |
| Weighted-average discount rate – operating leases                   | 6.41 %        | 6.39 %            |

### Maturity Analysis

A maturity analysis of lease payments under non-cancellable leases is presented as follows:

| Fiscal Year   | Operating Leases      | Finance Leases |
|---|-----------------------|----------------|
|   | <i>(in thousands)</i> |                |
| 2025 (excluding the six months ended June 29, 2025) | \$ 9,288              | \$ 1,645       |
| 2026  | 18,977                | 3,047          |
| 2027  | 15,877                | 2,389          |
| 2028  | 12,466                | 1,437          |
| 2029  | 10,856                | 665            |
| Thereafter  | 40,424                | 285            |
| Total future minimum lease payments (undiscounted)  | 107,888               | 9,468          |
| Less: Present value discount                        | (22,776)              | (1,020)        |
| Total lease liabilities                             | \$ 85,112             | \$ 8,448       |

## NOTE 8 – EMPLOYEE BENEFIT PLANS

The Company has defined benefit and multi-employer pension plans, which are described more fully in Note 19 to the consolidated financial statements included in Item 8 of the [Annual Report on Form 10-K for the fiscal year ended December 29, 2024](#).

During the three and six months ended June 29, 2025, the Company recorded multi-employer pension expense related to multi-employer contributions of \$0.6 million and \$1.3 million, respectively. During the three and six months ended June 30, 2024, the Company recorded multi-employer pension expense related to multi-employer contributions of \$0.6 million and \$1.3 million, respectively.

The following tables provide the components of net periodic benefit cost for the three and six months ended June 29, 2025 and June 30, 2024:

|  | Three Months Ended    |               | Six Months Ended |               |
|--|-----------------------|---------------|------------------|---------------|
|  | June 29, 2025         | June 30, 2024 | June 29, 2025    | June 30, 2024 |
| <b>Defined Benefit Retirement Plans (Europe)</b> |                       |               |                  |               |
|  | <i>(in thousands)</i> |               |                  |               |
| Interest cost                                    | \$ 1,929              | \$ 1,702      | \$ 3,742         | \$ 3,412      |
| Expected return on plan assets                   | (2,061)               | (1,955)       | (3,999)          | (3,921)       |
| Amortization of prior service cost               | 47                    | 44            | 91               | 89            |
| Amortization of net actuarial losses             | 398                   | 267           | 773              | 536           |
| Net periodic benefit cost                        | <u>\$ 313</u>         | <u>\$ 58</u>  | <u>\$ 607</u>    | <u>\$ 116</u> |
|  |                       |               |                  |               |
|  | Three Months Ended    |               | Six Months Ended |               |
|  | June 29, 2025         | June 30, 2024 | June 29, 2025    | June 30, 2024 |
| <b>Salary Continuation Plan</b>                  |                       |               |                  |               |
|  | <i>(in thousands)</i> |               |                  |               |
| Interest cost                                    | \$ 274                | \$ 266        | \$ 549           | \$ 532        |
| Amortization of net actuarial losses             | 48                    | 60            | 95               | 120           |
| Net periodic benefit cost                        | <u>\$ 322</u>         | <u>\$ 326</u> | <u>\$ 644</u>    | <u>\$ 652</u> |
|  |                       |               |                  |               |
|  | Three Months Ended    |               | Six Months Ended |               |
|  | June 29, 2025         | June 30, 2024 | June 29, 2025    | June 30, 2024 |
| <b>nora Defined Benefit Plan</b>                 |                       |               |                  |               |
|  | <i>(in thousands)</i> |               |                  |               |
| Service cost                                     | \$ 111                | \$ 124        | \$ 214           | \$ 250        |
| Interest cost                                    | 272                   | 262           | 525              | 526           |
| Amortization of net actuarial gains              | (90)                  | —             | (172)            | —             |
| Net periodic benefit cost                        | <u>\$ 293</u>         | <u>\$ 386</u> | <u>\$ 567</u>    | <u>\$ 776</u> |

The service cost component of net periodic benefit costs is presented within operating income in the consolidated condensed statements of operations, while all other components of net periodic benefit costs are presented within other expense (income), net, in the consolidated condensed statements of operations.

**NOTE 9 – GOODWILL AND OTHER INTANGIBLE ASSETS**

The ending balance and the change in the carrying amount of goodwill for the six months ended June 29, 2025 is as follows:

|   | <b>Goodwill<sup>(1)</sup></b> |         |
|---|-------------------------------|---------|
|   | <i>(in thousands)</i>         |         |
| Balance, at December 29, 2024               | \$                            | 99,887  |
| Foreign currency translation <sup>(2)</sup> |                               | 11,749  |
| Balance, at June 29, 2025                   | \$                            | 111,636 |

(1) The goodwill balance is allocated entirely to the AMS reportable segment.

(2) A portion of the goodwill balance is comprised of goodwill denominated in foreign currency attributable to the nora acquisition.

The net carrying value of intangible assets other than goodwill was \$51.1 million and \$48.3 million at June 29, 2025 and December 29, 2024, respectively.

## NOTE 10 – SEGMENT INFORMATION

The Company determines that an operating segment exists if a component (i) engages in business activities from which it earns revenues and incurs expenses, (ii) has operating results that are regularly reviewed by the chief operating decision maker (“CODM”) and (iii) has discrete financial information. Additionally, accounting standards require the utilization of a “management approach” to report the financial results of operating segments, which is based on information used by the CODM to assess performance and make operating and resource allocation decisions. The Company determined that it has two operating segments organized by geographical area – namely (a) Americas (“AMS”) and (b) Europe, Africa, Asia and Australia (collectively “EAAA”). The AMS operating segment includes the United States, Canada and Latin America geographic areas.

Pursuant to the management approach discussed above, the Company’s CODM, our chief executive officer, evaluates performance at the AMS and EAAA operating segment levels and makes operating and resource allocation decisions based on segment adjusted operating income (“AOI”). The CODM uses AOI to evaluate segment operating results compared to expectations. AOI is also used by the CODM to develop variable compensation targets and make capital spend decisions. AOI excludes: nora purchase accounting amortization; restructuring, asset impairment, severance, and other, net, and the impact of a cyber event. Intersegment revenues for the three and six months ended June 29, 2025, were \$35.8 million and \$63.8 million, respectively, and intersegment revenues for the three and six months ended June 30, 2024, were \$24.5 million and \$41.3 million, respectively. Intersegment revenues are eliminated from net sales presented below since these amounts are not included in the information provided to the CODM.

The Company has determined that it has two reportable segments – AMS and EAAA, as each operating segment meets the quantitative thresholds defined in the accounting guidance.

The following table outlines information by reportable segment including net sales, significant segment expenses, and AOI. The table also includes a reconciliation to income before taxes for the three and six months ended June 29, 2025 and June 30, 2024.

|   | Three Months Ended    |            |            |               |            |            |
|---|-----------------------|------------|------------|---------------|------------|------------|
|   | June 29, 2025         |            |            | June 30, 2024 |            |            |
|   | AMS                   | EAAA       | TOTAL      | AMS           | EAAA       | TOTAL      |
|   | <i>(in thousands)</i> |            |            |               |            |            |
| Net sales   | \$ 239,443            | \$ 136,079 | \$ 375,522 | \$ 215,012    | \$ 131,623 | \$ 346,635 |
| <i>Less: significant segment expenses <sup>(1)</sup></i>            |                       |            |            |               |            |            |
| Adjusted cost of sales <sup>(2)</sup>                               | 135,041               | 91,153     |            | 139,425       | 83,309     |            |
| <sup>(3)</sup> Adjusted selling, general, & administrative expenses | 55,557                | 37,861     |            | 48,640        | 35,656     |            |
| Segment AOI   | 48,845                | 7,065      | 55,910     | 26,947        | 12,658     | 39,605     |
| <i>Reconciliation of AOI to income before taxes</i>                 |                       |            |            |               |            |            |
| Restructuring, severance, asset impairment and other, net           |                       |            | 2,511      |               |            | 132        |
| Purchase accounting amortization                                    |                       |            | 1,352      |               |            | 1,287      |
| Cyber event impact  |                       |            | —          |               |            | 35         |
| Interest expense  |                       |            | 4,443      |               |            | 6,173      |
| Other expense (income), net   |                       |            | 3,411      |               |            | 832        |
| Income before taxes   |                       |            | \$ 44,193  |               |            | \$ 31,146  |

(1) Significant segment expense categories and amounts align with segment level information that is regularly provided to the CODM, included in the measure of segment profit, and considered to be significant. Amounts include allocation of corporate overhead and global support costs. Intersegment expenses are excluded.

(2) Adjusted cost of sales excludes purchase accounting amortization.

(3) Adjusted selling, general, and administrative expenses exclude restructuring, asset impairment, severance, and other, net, and the impact of a cyber event.

|   | Six Months Ended      |            |                  |               |            |                  |
|---|-----------------------|------------|------------------|---------------|------------|------------------|
|   | June 29, 2025         |            |                  | June 30, 2024 |            |                  |
|   | AMS                   | EAAA       | TOTAL            | AMS           | EAAA       | TOTAL            |
|   | <i>(in thousands)</i> |            |                  |               |            |                  |
| Net sales   | \$ 419,380            | \$ 253,555 | \$ 672,935       | \$ 384,927    | \$ 251,451 | \$ 636,378       |
| <i>Less: significant segment expenses <sup>(1)</sup></i>            |                       |            |                  |               |            |                  |
| Adjusted cost of sales <sup>(2)</sup>                               | 243,568               | 167,821    |                  | 241,031       | 159,745    |                  |
| <sup>(3)</sup> Adjusted selling, general, & administrative expenses | 107,104               | 73,079     |                  | 98,869        | 71,603     |                  |
| Segment AOI   | 68,708                | 12,655     | 81,363           | 45,027        | 20,103     | 65,130           |
| <i>Reconciliation of AOI to income before taxes</i>                 |                       |            |                  |               |            |                  |
| Restructuring, severance, asset impairment and other, net           |                       |            | 3,483            |               |            | 330              |
| Purchase accounting amortization                                    |                       |            | 2,606            |               |            | 2,584            |
| Cyber event impact  |                       |            | —                |               |            | (381)            |
| Interest expense  |                       |            | 8,858            |               |            | 12,596           |
| Other expense (income), net   |                       |            | 5,114            |               |            | (144)            |
| Income before taxes   |                       |            | <u>\$ 61,302</u> |               |            | <u>\$ 50,145</u> |

(1) Significant segment expense categories and amounts align with segment level information that is regularly provided to the CODM, included in the measure of segment profit, and considered to be significant. Amounts include allocation of corporate overhead and global support costs. Intersegment expenses are excluded.

(2) Adjusted cost of sales excludes purchase accounting amortization.

(3) Adjusted selling, general, and administrative expenses exclude restructuring, asset impairment, severance, and other, net, and the impact of a cyber event.

Segment depreciation and amortization for the three and six months ended June 29, 2025 and June 30, 2024 is presented as follows:

|                                     | Three Months Ended    |                 | Six Months Ended      |                  |
|-------------------------------------|-----------------------|-----------------|-----------------------|------------------|
|                                     | June 29, 2025         | June 30, 2024   | June 29, 2025         | June 30, 2024    |
|                                     | <i>(in thousands)</i> |                 | <i>(in thousands)</i> |                  |
| Depreciation and amortization       |                       |                 |                       |                  |
| AMS                                 | \$ 4,740              | \$ 4,446        | \$ 9,327              | \$ 8,799         |
| EAAA                                | 5,089                 | 5,282           | 9,903                 | 10,545           |
| Total depreciation and amortization | <u>\$ 9,829</u>       | <u>\$ 9,728</u> | <u>\$ 19,230</u>      | <u>\$ 19,344</u> |



A reconciliation of the Company's total operating segment assets to the corresponding consolidated amounts is presented as follows:

|                       | <b>June 29, 2025</b>  | <b>December 29, 2024</b> |
|-----------------------|-----------------------|--------------------------|
|                       | <i>(in thousands)</i> |                          |
| Assets                |                       |                          |
| AMS                   | \$ 608,894            | \$ 644,085               |
| EAAA                  | 643,327               | 587,639                  |
| Total segment assets  | 1,252,221             | 1,231,724                |
| Corporate assets      | 128,906               | 111,761                  |
| Eliminations          | (102,905)             | (172,669)                |
| Total reported assets | <u>\$ 1,278,222</u>   | <u>\$ 1,170,816</u>      |

**NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION**

Supplemental cash flow information for the six months ended June 29, 2025 and June 30, 2024 is presented in the following table:

|  | Six Months Ended |        |               |        |
|--|------------------|--------|---------------|--------|
|  | June 29, 2025    |        | June 30, 2024 |        |
|  | (in thousands)   |        |               |        |
| Cash paid for interest                     | \$               | 8,935  | \$            | 11,977 |
| Cash paid for income taxes, net of refunds |                  | 18,803 |               | 16,014 |

See Note 7 entitled “Leases” for additional supplemental disclosures related to finance and operating leases.

## NOTE 12 – INCOME TAXES

The Company determines its provision for income taxes for interim periods using an estimate of its annual effective tax rate (“AETR”) and records any changes affecting the estimated AETR in the interim period in which the change occurs, including discrete tax items.

During the six months ended June 29, 2025, the Company recorded a total income tax provision of \$15.7 million on pre-tax income of \$61.3 million resulting in an effective tax rate of 25.6%, as compared to a total income tax provision of \$13.4 million on pre-tax income of \$50.1 million resulting in an effective tax rate of 26.7% during the six months ended June 30, 2024. The decrease in the effective tax rate for the six months ended June 29, 2025 as compared to the six months ended June 30, 2024, was primarily due to favorable changes in the geographic mix of earnings and an increase in tax benefits related to share-based compensation.

On July 4, 2025 the U.S. enacted H.R. 1, commonly referred to as the One Big Beautiful Bill Act (“OBBBA”). The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. We are currently assessing its impact on our consolidated financial statements. We do not expect the OBBBA to have a material impact on our estimated annual effective tax rate in 2025.

On December 20, 2021, the Organization for Economic Co-operation and Development (“OECD”) published Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of large corporations at a minimum rate of 15%. The OECD has since issued administrative guidance providing transition and safe harbor rules around the implementation of the Pillar Two global minimum tax. Many non-U.S. tax jurisdictions have enacted legislation to adopt the Pillar Two Model Rules beginning in 2024 (including the European Union Member States) or announced plans to enact legislation in future years. For fiscal year 2025, we expect to meet the Transitional Country-by-Country (CbCR) Safe Harbor rules for most if not all jurisdictions and do not expect these provisions to have a material impact on the Company’s financial statements. We will continue to closely monitor ongoing developments and evaluate any potential impact on future periods.

In the first six months of 2025, the Company increased its liability for unrecognized tax benefits by \$0.2 million. As of June 29, 2025, the Company had accrued approximately \$5.0 million for unrecognized tax benefits. The Company’s deferred tax asset as of June 29, 2025, reflects a reduction of \$2.5 million of these unrecognized tax benefits.

Unrecognized tax benefits are reviewed on an ongoing basis and are adjusted for changing facts and circumstances, including the progress of tax audits and the closing of statutes of limitations. While it is reasonably possible that some of the unrecognized tax benefits will be recognized within the next 12 months, the Company does not expect the recognition of such amounts will have a material impact on the Company’s financial results.

**NOTE 13 – ITEMS RECLASSIFIED FROM ACCUMULATED OTHER COMPREHENSIVE LOSS**

Amounts reclassified out of accumulated other comprehensive loss (“AOCL”), before tax, to the consolidated condensed statements of operations during the three and six months ended June 29, 2025 and June 30, 2024 are reflected in the tables below:

|  |                             | <b>Three Months Ended</b> |                      |
|--|-----------------------------|---------------------------|----------------------|
|  |                             | <b>June 29, 2025</b>      | <b>June 30, 2024</b> |
| <b>Statement of Operations Location</b>                                  |                             | <i>(in thousands)</i>     |                      |
| Amortization of benefit plan net actuarial losses and prior service cost | Other expense (income), net | \$ (403)                  | \$ (371)             |
| Total loss reclassified from AOCL  |                             | <u>\$ (403)</u>           | <u>\$ (371)</u>      |

  

|  |                             | <b>Six Months Ended</b> |                      |
|--|-----------------------------|-------------------------|----------------------|
|  |                             | <b>June 29, 2025</b>    | <b>June 30, 2024</b> |
| <b>Statement of Operations Location</b>                                  |                             | <i>(in thousands)</i>   |                      |
| Amortization of benefit plan net actuarial losses and prior service cost | Other expense (income), net | \$ (787)                | \$ (745)             |
| Total loss reclassified from AOCL  |                             | <u>\$ (787)</u>         | <u>\$ (745)</u>      |

## NOTE 14 – COMMITMENTS AND CONTINGENCIES

From time to time, we are a party to legal proceedings, whether arising in the ordinary course of business or otherwise. Some of these proceedings are summarized below.

### *PFAS Lawsuit*

In April 2025, The Water Works Board of the City of Opelika, Alabama filed a lawsuit in the Circuit Court of Lee County, Alabama, *The Water Works of the City of Opelika, Alabama, v. 3M Company, et al.*, Case No. 43-CV-2025-900229.00, against Interface, Inc., our subsidiary InterfaceFLOR, LLC, and numerous other defendants. The lawsuit alleges that the defendants, including Interface, manufactured, sold, used, and discharged per- and poly-fluoroalkyl substances (PFAS), which have allegedly contaminated the plaintiff's water supply.

The case was removed by defendant 3M Company to the United States District Court for the Middle District of Alabama, Case No. 3:25-cv-411-ECM-CWB. Subsequently, a motion was filed to transfer the case to the Multi-District Litigation (MDL) concerning Aqueous Film-Forming Foams (AFFF) Products Liability Litigation, and the plaintiff filed a motion to remand the case to the Circuit Court of Lee County, Alabama. The federal Alabama district court for the *Opelika* case has issued an order staying all deadlines in the case, pending further directives.

The nature of this litigation involves complex scientific, legal and factual issues. Interface believes it has meritorious defenses to the claims brought against it, and intends to defend vigorously against them.

### *Former CEO Lawsuit*

See disclosure under the heading "Lawsuit by Former CEO in Connection with Termination" set forth in Note 18 to the consolidated financial statements included in Item 8 of the [Annual Report on Form 10-K for the fiscal year ended December 29, 2024](#). There have been no material changes since December 29, 2024.

## NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure estimated fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under applicable accounting standards are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset; and
- inputs that are derived principally or corroborated by observable data by correlation or other.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents the carrying values and estimated fair values, including the level within the fair value hierarchy, of certain financial instruments:

|  | June 29, 2025  |                      |                      | December 29, 2024 |                      |                      |
|--|----------------|----------------------|----------------------|-------------------|----------------------|----------------------|
|  | Carrying Value | Fair Value (Level 1) | Fair Value (Level 2) | Carrying Value    | Fair Value (Level 1) | Fair Value (Level 2) |
| <i>(in thousands)</i>                                      |                |                      |                      |                   |                      |                      |
| <b>Assets:</b>   |                |                      |                      |                   |                      |                      |
| Company-owned life insurance                               | \$ 22,977      | \$ —                 | \$ 22,977            | \$ 22,911         | \$ —                 | \$ 22,911            |
| Deferred compensation investments                          | 30,248         | 7,213                | 23,035               | 30,521            | 8,697                | 21,824               |
| <b>Liabilities<sup>(1)</sup>:</b>                          |                |                      |                      |                   |                      |                      |
| Borrowings under Syndicated Credit Facility <sup>(2)</sup> | 6,896          | —                    | 6,896                | 5,564             | —                    | 5,564                |
| 5.50% Senior Notes due 2028 <sup>(3)</sup>                 | 300,000        | —                    | 295,236              | 300,000           | —                    | 294,738              |

(1) Carrying values are presented gross, excluding the impact of unamortized debt issuance costs and including amounts presented as current liabilities on the consolidated condensed balance sheets.

(2) Unamortized debt issuance costs associated with the revolving loan borrowings under the Facility were \$0.9 million and \$1.1 million as of June 29, 2025 and December 29, 2024, respectively, and are recorded as other assets in the consolidated condensed balance sheets. The carrying value of borrowings under the Facility approximates fair value as the Facility bears variable interest rates that are similar to existing market rates. The fair value of borrowings under the Facility is estimated using observable market rates.

(3) Unamortized debt issuance costs associated with the Senior Notes, recorded as a reduction of long-term debt in the consolidated condensed balance sheets, were \$2.4 million and \$2.8 million as of June 29, 2025 and December 29, 2024, respectively. Fair value of the Senior Notes is derived using quoted prices for similar instruments.

The fair value of Company-owned life insurance is measured on a readily determinable cash surrender value on a recurring basis. Assets associated with the Company's nonqualified savings plans are held in a rabbi trust and consist of investments in mutual funds and insurance contracts. The fair value of the mutual funds is derived from quoted prices in active markets. The fair value of the insurance contracts is based on observable inputs related to the performance measurement funds that shadow the deferral investment allocations made by participants in the nonqualified savings plans.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our discussions below in this Item 2 are based upon the more detailed discussions about our business, operations and financial condition included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2024, under Part II, Item 7 of that Form 10-K. Our discussions here focus on our results during the quarter and six months ended June 29, 2025, or as of, June 29, 2025, and the comparable periods of 2024, and to the extent applicable, any material changes from the information discussed in that Form 10-K or other important intervening developments or information since that time. These discussions should be read in conjunction with that Form 10-K for more detailed and background information. The six-month periods ended June 29, 2025 and June 30, 2024 both include 26 weeks. The three-month periods ended June 29, 2025 and June 30, 2024 both include 13 weeks.

### Forward-Looking Statements

This report contains statements which may constitute "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include risks and uncertainties associated with the economic conditions in the commercial interiors industry as well as the risks and uncertainties discussed under the heading "Risk Factors" included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2024, as supplemented in Part II, Item 1A of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2025. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

## **Executive Overview**

During the quarter ended June 29, 2025, we had consolidated net sales of \$375.5 million, up 8.3% compared to \$346.6 million in the second quarter last year, primarily due to higher customer demand — particularly in the education, healthcare, and corporate office market segments — and higher average sales prices. Consolidated operating income was \$52.0 million for the second quarter of 2025 compared to \$38.2 million in the second quarter last year, primarily due to higher sales, higher gross profit margin driven by lower manufacturing costs due to favorable fixed cost absorption on higher volume and production efficiencies, and favorable product mix. Consolidated net income for the quarter ended June 29, 2025, was \$32.6 million or \$0.55 per diluted share, compared to \$22.6 million or \$0.38 per diluted share in the second quarter last year.

During the first six months of 2025, we had consolidated net sales of \$672.9 million, up 5.7% compared to \$636.4 million in the first six months of last year, primarily due to higher customer demand — particularly in the education and healthcare market segments. Consolidated operating income was \$75.3 million for the first six months of 2025, compared to \$62.6 million in the same period last year, primarily due to higher sales and higher gross profit margin as discussed above. Consolidated net income for the six months ended June 29, 2025, was \$45.6 million or \$0.77 per diluted share, compared to \$36.7 million or \$0.63 per diluted share in the same period last year.

## **Impact of Macroeconomic Trends**

Disruptions in global economic markets due to the potential impact of government-imposed tariffs and retaliatory tariffs, fluctuating freight costs, supply chain challenges and disruptions, significant pressures in the commercial office market globally, inflation, slow market conditions in certain parts of the globe, the Russia-Ukraine war and the conflict in the Middle East, all pose challenges which may adversely affect our future performance. We plan to continue evaluating our cost structure and global manufacturing footprint to identify and activate opportunities to decrease costs and optimize our global cost structure.



## Analysis of Results of Operations

### Consolidated Results

The following table presents, as a percentage of net sales, certain items included in our consolidated condensed statements of operations for the three-month and six-month periods ended June 29, 2025 and June 30, 2024:

|  | Three Months Ended |               | Six Months Ended |               |
|--|--------------------|---------------|------------------|---------------|
|  | June 29, 2025      | June 30, 2024 | June 29, 2025    | June 30, 2024 |
| Net sales                                    | 100.0 %            | 100.0 %       | 100.0 %          | 100.0 %       |
| Cost of sales                                | 60.6               | 64.6          | 61.5             | 63.4          |
| Gross profit                                 | 39.4               | 35.4          | 38.5             | 36.6          |
| Selling, general and administrative expenses | 25.5               | 24.4          | 27.3             | 26.8          |
| Operating income                             | 13.9               | 11.0          | 11.2             | 9.8           |
| Interest/Other expense (income), net         | 2.1                | 2.0           | 2.1              | 2.0           |
| Income before income tax expense             | 11.8               | 9.0           | 9.1              | 7.8           |
| Income tax expense                           | 3.1                | 2.5           | 2.3              | 2.1           |
| Net income                                   | 8.7 %              | 6.5 %         | 6.8 %            | 5.7 %         |

### Consolidated Net Sales

Below is information regarding our consolidated net sales, and analysis of those results, for the three-month and six-month periods ended June 29, 2025, and June 30, 2024:

|                        | Three Months Ended    |               |       | Percentage Change | Six Months Ended      |               |       | Percentage Change |
|------------------------|-----------------------|---------------|-------|-------------------|-----------------------|---------------|-------|-------------------|
|                        | June 29, 2025         | June 30, 2024 |       |                   | June 29, 2025         | June 30, 2024 |       |                   |
|                        | <i>(in thousands)</i> |               |       |                   | <i>(in thousands)</i> |               |       |                   |
| Consolidated net sales | \$ 375,522            | \$ 346,635    | 8.3 % |                   | \$ 672,935            | \$ 636,378    | 5.7 % |                   |

For the quarter ended June 29, 2025, consolidated net sales increased \$28.9 million (8.3%) versus the comparable period in 2024, primarily due to higher sales volume (approximately 6%) and higher average sales prices (approximately 2%). Currency fluctuations had a positive impact on consolidated net sales of approximately \$4.4 million (1.3%) for the second quarter of 2025, compared to the same period last year from the strengthening of the Euro against the U.S. dollar. On a market segment basis, the sales increase was primarily in the education, healthcare, and corporate office market segments.

For the six months ended June 29, 2025, consolidated net sales increased \$36.6 million (5.7%) versus the comparable period in 2024, primarily due to higher sales volume (approximately 5%) and higher average sales prices (approximately 1%). Currency fluctuations had no material impact on consolidated net sales for the first six months of 2025. On a market segment basis, the sales increase was primarily in the education, healthcare, and retail market segments partially offset by a decrease in the corporate office market segment.

### Consolidated Cost and Expenses

The following table presents our consolidated cost of sales and selling, general and administrative expenses for the three-month and six-month periods ended June 29, 2025, and June 30, 2024:

|   | Three Months Ended    |               |  | Percentage Change | Six Months Ended      |               |  | Percentage Change |
|---|-----------------------|---------------|--|-------------------|-----------------------|---------------|--|-------------------|
|   | June 29, 2025         | June 30, 2024 |  |                   | June 29, 2025         | June 30, 2024 |  |                   |
|   | <i>(in thousands)</i> |               |  |                   | <i>(in thousands)</i> |               |  |                   |
| Consolidated cost of sales                                | \$ 227,545            | \$ 224,022    |  | 1.6 %             | \$ 413,995            | \$ 403,360    |  | 2.6 %             |
| Consolidated selling, general and administrative expenses | 95,930                | 84,462        |  | 13.6 %            | 183,666               | 170,421       |  | 7.8 %             |

#### Consolidated Cost of Sales

For the quarter ended June 29, 2025, consolidated cost of sales increased \$3.5 million (1.6%) compared to the second quarter of 2024, primarily due to higher sales and higher input costs due to inflation mostly offset by lower manufacturing costs driven by favorable fixed cost absorption on higher volume and production efficiencies. Currency translation had a negative impact on consolidated cost of sales in the second quarter of 2025 and partially increased our costs by approximately \$3.0 million (1.3%) compared to the same period last year. As a percentage of net sales, our cost of sales decreased to 60.6% for the second quarter of 2025 versus 64.6% for the second quarter of 2024.

For the six months ended June 29, 2025, consolidated cost of sales increased \$10.6 million (2.6%) versus the comparable period in 2024, primarily due to higher sales partially offset by lower manufacturing costs as discussed above. Currency translation had no material impact on consolidated cost of sales for the first six months of 2025 compared to the same period last year. As a percentage of net sales, our cost of sales decreased to 61.5% for the first six months of 2025 versus 63.4% for the first six months of 2024.

#### Consolidated Gross Profit

For the quarter ended June 29, 2025, gross profit, as a percentage of net sales, was 39.4% compared with 35.4% in the same period last year. The increase in gross profit percentage was primarily due to lower manufacturing costs per unit (approximately 4%) driven by favorable fixed cost absorption and production efficiencies.

For the six months ended June 29, 2025, gross profit, as a percentage of net sales, was 38.5% compared with 36.6% in the same period last year. The increase in gross profit percentage was primarily due to lower manufacturing costs (approximately 2%) due to the factors discussed above.

#### Consolidated Selling, General and Administrative ("SG&A") Expenses

For the quarter ended June 29, 2025, consolidated SG&A expenses increased \$11.5 million (13.6%) versus the comparable period in 2024. Currency fluctuations had a negative impact on consolidated SG&A expenses of approximately \$1.0 million (1.2%) in the second quarter of 2025 compared to the same period last year. SG&A expenses were higher for the second quarter of 2025 primarily due to (i) higher employee benefits and labor costs of \$5.0 million, (ii) higher variable compensation of \$2.9 million as a result of higher commissions on higher sales and higher bonus costs driven by improved operating results, and (iii) higher severance costs of \$2.7 million primarily due to a previously announced employee separation. As a percentage of net sales, SG&A expenses increased to 25.5% for the second quarter of 2025 versus 24.4% for the second quarter of 2024.

For the six months ended June 29, 2025, consolidated SG&A expenses increased \$13.2 million (7.8%) versus the comparable period in 2024. Currency translation had no material impact on consolidated SG&A expenses in the first six months of 2025 compared to the same period last year. SG&A expenses were higher for the first six months of 2025 primarily due to the factors discussed above for the second quarter of 2025. As a percentage of net sales, SG&A expenses increased to 27.3% for the first six months of 2025 versus 26.8% for the first six months of 2024.

### Interest Expense

During the quarter ended June 29, 2025, interest expense was \$4.4 million, a decrease of \$1.7 million from the comparable period in 2024, primarily due to lower outstanding term loan borrowings under the Facility. For the six months ended June 29, 2025, interest expense was \$8.9 million, a decrease of \$3.7 million from the comparable period in 2024, primarily due to lower outstanding term loan borrowings as discussed above.

### Provision for Income Taxes

The effective tax rate for the three and six months ended June 29, 2025, was 26.3% and 25.7%, respectively, compared to 27.6% and 26.7% for the same periods in 2024. The decrease in the effective tax rate for the three months ended June 29, 2025 as compared to the three months ended June 30, 2024 was primarily due to favorable changes in the geographic mix of earnings and favorable changes related to the cash surrender value of Company-owned life insurance. The decrease in the effective tax rate for the six months ended June 29, 2025 as compared to the six months ended June 30, 2024 was primarily due to favorable changes in the geographic mix of earnings and an increase in tax benefits related to share-based compensation.

### Segment Operating Results

#### AMS Segment – Net Sales and Adjusted Operating Income (“AOI”)

The following table presents AMS segment net sales and AOI for the three-month and six-month periods ended June 29, 2025, and June 30, 2024:

|                                | Three Months Ended    |               |        | Percentage Change | Six Months Ended      |               |  | Percentage Change |
|--------------------------------|-----------------------|---------------|--------|-------------------|-----------------------|---------------|--|-------------------|
|                                | June 29, 2025         | June 30, 2024 |        |                   | June 29, 2025         | June 30, 2024 |  |                   |
|                                | <i>(in thousands)</i> |               |        |                   | <i>(in thousands)</i> |               |  |                   |
| AMS segment net sales          | \$ 239,443            | \$ 215,012    | 11.4 % | \$ 419,380        | \$ 384,927            | 9.0 %         |  |                   |
| AMS segment AOI <sup>(1)</sup> | 48,845                | 26,947        | 81.3 % | 68,708            | 45,027                | 52.6 %        |  |                   |

(1) Includes allocation of corporate and global support SG&A expenses. Excludes restructuring, asset impairment, severance, and other, net and the impact of a cyber event. See Note 10 entitled “Segment Information” of Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

During the second quarter of 2025, net sales in AMS increased 11.4% versus the comparable period in 2024, primarily due to higher sales volume and higher average sales prices. On a market segment basis, the AMS sales increase was primarily in the education, healthcare, and corporate office market segments.

During the first six months of 2025, net sales in AMS increased 9.0% versus the comparable period in 2024, primarily due to higher sales volume and pricing as discussed above. On a market segment basis, the AMS sales increase was primarily in education, healthcare, and retail market segments.

AOI in AMS increased 81.3% during the second quarter of 2025 compared to the prior year period, primarily due to higher sales and gross profit margin due to favorable product mix, production efficiencies, and favorable fixed cost absorption. As a percentage of net sales, AOI increased to 20.4% during the second quarter of 2025 compared to 12.5% in the same period last year.

AOI in AMS increased 52.6% during the first six months of 2025 compared to the prior year period, primarily due to higher sales and gross profit margin as discussed above. As a percentage of net sales, AOI increased to 16.4% during the first six months of 2025 compared to 11.7% in the same period last year.

### EAAA Segment – Net Sales and AOI

The following table presents EAAA segment net sales and AOI for the three-month and six-month periods ended June 29, 2025, and June 30, 2024:

|                                 | Three Months Ended    |               | Percentage Change | Six Months Ended      |               | Percentage Change |
|---------------------------------|-----------------------|---------------|-------------------|-----------------------|---------------|-------------------|
|                                 | June 29, 2025         | June 30, 2024 |                   | June 29, 2025         | June 30, 2024 |                   |
|                                 | <i>(in thousands)</i> |               |                   | <i>(in thousands)</i> |               |                   |
| EAAA segment net sales          | \$ 136,079            | \$ 131,623    | 3.4 %             | \$ 253,555            | \$ 251,451    | 0.8 %             |
| EAAA segment AOI <sup>(1)</sup> | 7,065                 | 12,658        | (44.2)%           | 12,655                | 20,103        | (37.0)%           |

(1) Includes allocation of corporate and global support SG&A expenses. Excludes purchase accounting amortization, restructuring, asset impairment, severance and other, net, and the impact of a cyber event. See Note 10 entitled “Segment Information” of Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

During the second quarter of 2025, net sales in EAAA increased 3.4% versus the comparable period in 2024, primarily due to favorable currency fluctuations of approximately \$4.6 million (3.5%) from the strengthening of the Euro against the U.S. dollar, partially offset by lower volume. On a market segment basis, the EAAA sales increase was primarily in the public buildings and transportation market segments.

During the first six months of 2025, net sales in EAAA increased 0.8% versus the comparable period in 2024, primarily due to favorable currency fluctuations of approximately \$1.0 million (0.4%), higher sales volume and average sales prices. On a market segment basis, the EAAA sales increase was primarily in the transportation, public buildings, and healthcare market segments, mostly offset by a decrease in the corporate office market segment.

AOI in EAAA decreased 44.2% during the second quarter of 2025 versus the comparable period in 2024, primarily due to lower gross profit margin driven by unfavorable fixed cost absorption and higher input costs. Currency fluctuations had no material impact on EAAA AOI for the second quarter of 2025 compared to the same period last year. As a percentage of net sales, AOI decreased to 5.2% during the second quarter of 2025 compared to 9.6% in the same period last year.

AOI in EAAA decreased 37.0% during the first six months of 2025 versus the comparable period in 2024, primarily due to lower gross profit margin as discussed above. Currency fluctuations had no material impact on AOI for the first six months of 2025 compared to the same period in 2024. As a percentage of net sales, AOI decreased to 5.0% during the first six months of 2025 compared to 8.0% in the same period last year.

## Financial Condition, Liquidity and Capital Resources

### General

At June 29, 2025, the Company had \$121.7 million in cash. At that date, the Company had \$5.6 million in term loan borrowings, \$1.3 million in revolving loan borrowings, and \$0.5 million in letters of credit outstanding under our Facility, and we had \$300.0 million of Senior Notes outstanding. As of June 29, 2025, we had additional borrowing capacity of \$298.2 million under the Facility. We anticipate that our liquidity is sufficient to meet our obligations for the next 12 months, and we expect to generate sufficient cash to meet our long-term obligations.

The Senior Notes are unsecured and are guaranteed, jointly and severally, by each of the Company's material domestic subsidiaries, all of which also guarantee the obligations of the Company under its Facility. The Company's foreign subsidiaries and certain non-material domestic subsidiaries are considered non-guarantors. Net sales for the non-guarantor subsidiaries were approximately \$154 million and \$283 million for the three-month and six-month periods ended June 29, 2025, respectively, and net sales for the non-guarantor subsidiaries were approximately \$145 million and \$278 million for the three-month and six-month periods ended June 30, 2024, respectively. Total indebtedness of the non-guarantor subsidiaries was approximately \$115 million and \$102 million as of June 29, 2025 and December 29, 2024, respectively.

### Balance Sheet

Accounts receivable, net, were \$194.3 million at June 29, 2025, compared to \$171.1 million at December 29, 2024. The increase of \$23.1 million was primarily due to the impact of higher net sales as a result of increased customer demand in the second quarter of 2025.

Inventories, net, were \$288.2 million at June 29, 2025, compared to \$260.6 million at December 29, 2024. The increase of \$27.6 million was primarily due to finished goods inventory build attributable to higher expected customer demand in the remainder of 2025.

### Analysis of Cash Flows

The following table presents a summary of cash flows for the six-month periods ended June 29, 2025 and June 30, 2024, respectively:

|  | Six Months Ended      |               |
|--|-----------------------|---------------|
|  | June 29, 2025         | June 30, 2024 |
|  | <i>(in thousands)</i> |               |
| Net cash provided by (used in):                  |                       |               |
| Operating activities                             | \$ 41,867             | \$ 34,158     |
| Investing activities                             | (14,821)              | (11,567)      |
| Financing activities                             | (13,740)              | (36,960)      |
| Effect of exchange rate changes on cash          | 9,169                 | (1,942)       |
| Net change in cash and cash equivalents          | 22,475                | (16,311)      |
| Cash and cash equivalents at beginning of period | 99,226                | 110,498       |
| Cash and cash equivalents at end of period       | \$ 121,701            | \$ 94,187     |

Cash provided by operating activities was \$41.9 million for the six months ended June 29, 2025, which represents an increase of \$7.7 million from the prior year comparable period, primarily attributable to higher net income for the six months ended June 29, 2025, partially offset by a higher use of cash related to inventory build as discussed above.

Cash used in investing activities was \$14.8 million for the six months ended June 29, 2025, which represents an increase of \$3.3 million from the prior year comparable period, primarily attributable to a greater capital investment in manufacturing automation and robotics solutions during the first six months of 2025.

Cash used in financing activities was \$13.7 million for the six months ended June 29, 2025, which represents a decrease of \$23.2 million from the prior year comparable period. The decrease was primarily attributable to lower outstanding borrowings under the credit facility resulting in lower repayments during the first six months of 2025 compared to the prior year period. Additionally, the repurchase of common stock during the second quarter of 2025 contributed to the use of cash for the current period.

### ***Share Repurchases***

In the May 2022, the Company adopted a share repurchase program in which the Company is authorized to repurchase up to \$100 million of its outstanding shares of common stock. The program has no specific expiration date. During the six months ended June 29, 2025, the Company repurchased 217,500 shares of common stock at a weighted average price of \$20.44 per share pursuant to this program.

### ***Outlook***

Based on strong second quarter 2025 results, we increased our outlook for the full fiscal year of 2025, while acknowledging a dynamic and uncertain global macroeconomic environment. We anticipate net sales growth in the third quarter of fiscal year 2025 compared with the same period last year. We also expect to incur tariff costs during the remainder of 2025, and we anticipate offsetting these costs through pricing and productivity initiatives.

Cash flows from operations, cash and cash equivalents, and other sources of liquidity are expected to be available and sufficient to meet foreseeable cash requirements. However, the Company's cash flows from operations can be affected by numerous factors including raw material availability and cost, and demand for our products.

### ***Backlog***

As of July 20, 2025, the consolidated backlog of unshipped orders was approximately \$263.2 million. As disclosed in our Annual Report on Form 10-K for the fiscal year ended December 29, 2024, backlog was approximately \$223.4 million as of February 2, 2025. Disruptions in supply and distribution chains have resulted in delays of construction projects and flooring installations in many regions worldwide, which also have caused, and may continue to cause, fluctuations in our backlog.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The discussion below in this Item 3 is based upon the more detailed discussions of our market risk and related matters included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2024, under Part II, Item 7A of that Form 10-K. The discussion here focuses on the six months ended June 29, 2025, and any material changes from (or other important intervening developments since the time of) the information discussed in that Form 10-K. This discussion should be read in conjunction with that Form 10-K for more detailed and background information.

#### ***Sensitivity Analysis***

For purposes of specific risk analysis, we use sensitivity analysis to measure the impact that market risk may have on the fair values of our market sensitive instruments. To perform sensitivity analysis, we assess the risk of loss in fair values associated with the impact of hypothetical changes in interest rates and foreign currency exchange rates on market sensitive instruments.

Because the debt outstanding under our Facility has variable interest rates based on an underlying prime lending rate, SOFR, or other benchmark rate, we do not believe changes in interest rates would have any significant impact on the fair value of that debt instrument. Changes in the underlying prime lending rate, SOFR, or other benchmark rate would, however, impact the amount of our interest expense. For a discussion of these hypothetical impacts on our interest expense, please see the discussion in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 29, 2024.

As of June 29, 2025, based on a hypothetical immediate 100 basis point increase in interest rates, with all other variables held constant, the fair value of our fixed rate long-term debt would be impacted by a net decrease of \$8.9 million. Conversely, a 100 basis point decrease in interest rates would result in a net increase in the fair value of our fixed rate long-term debt of \$5.3 million.

As of June 29, 2025, a 10% decrease or increase in the levels of foreign currency exchange rates against the U.S. dollar, with all other variables held constant, would result in a respective decrease or increase in the net fair value of our financial instruments of \$13.7 million. As the impact of offsetting changes in the fair market value of our net foreign investments is not included in the sensitivity model, these results are not indicative of our actual exposure to foreign currency exchange risk.

#### **ITEM 4. CONTROLS AND PROCEDURES**

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was performed under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Act”), pursuant to Rule 13a-14(c) under the Act.

No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that the system of controls has operated effectively in all cases. Our disclosure controls and procedures, however, are designed to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Based on the evaluation, our President and Chief Executive Officer and our Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

From time to time, we are a party to legal proceedings, whether arising in the ordinary course of business or otherwise. See Note 14 of Part I, Item 1 of this Quarterly Report on Form 10-Q and Note 18 to the consolidated financial statements included in Item 8 of the [Annual Report on Form 10-K for the fiscal year ended December 29, 2024](#), for summaries of some of those proceedings.

### **ITEM 1A. RISK FACTORS**

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 29, 2024, as supplemented in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 30, 2025.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table contains information with respect to purchases made by or on behalf of the Company, or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during our second quarter ended June 29, 2025:

| Period <sup>(1)</sup>                    | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price<br>Paid<br>Per Share | Total Number<br>of Shares<br>Purchased<br>as Part of Publicly<br>Announced Plans<br>or Programs <sup>(2)</sup> | Approximate Dollar<br>Value of Shares<br>that<br>May Yet Be<br>Purchased Under<br>the<br>Plans or<br>Programs <sup>(2)</sup> |
|--|---|---------------------------------------|--|--|
| March 31 – April 27, 2025 <sup>(3)</sup> | 325                                       | \$ 19.51                              | —  | \$ 82,828,595  |
| April 28 – May 25, 2025                  | 45,000                                    | 20.35                                 | 45,000   | 81,912,902   |
| May 26 – June 29, 2025                   | 172,500                                   | 20.46                                 | 172,500  | 78,383,890   |
| Total                                    | 217,825                                   | \$ 20.43                              | 217,500  |  |

<sup>(1)</sup> The monthly periods identified above correspond to the Company’s fiscal second quarter of 2025, which commenced March 31, 2025 and ended June 29, 2025.

<sup>(2)</sup> On May 17, 2022, the Company announced a share repurchase program authorizing the repurchase of up to \$100 million of common stock. The program has no specific expiration date.

<sup>(3)</sup> Comprised of shares received by the Company from employees to satisfy income tax withholding obligations in connection with the vesting of previous equity awards.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

During the three months ended June 29, 2025, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

## ITEM 6. EXHIBITS

The following exhibits are filed or furnished with this report:

| <b><u>Exhibit<br/>Number</u></b> | <b><u>Description of Exhibit</u></b>   |
|----------------------------------|--|
| 31.1                             | <a href="#">Section 302 Certification of Chief Executive Officer.</a>  |
| 31.2                             | <a href="#">Section 302 Certification of Chief Financial Officer.</a>  |
| 32.1                             | <a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350.</a>   |
| 32.2                             | <a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350.</a>   |
| 101.INS                          | XBRL Instance Document – The Instance Document does not appear in the Interactive Data Files because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH                          | XBRL Taxonomy Extension Schema Document.   |
| 101.CAL                          | XBRL Taxonomy Extension Calculation Linkbase Document.   |
| 101.LAB                          | XBRL Taxonomy Extension Label Linkbase Document.   |
| 101.PRE                          | XBRL Taxonomy Presentation Linkbase Document.  |
| 101.DEF                          | XBRL Taxonomy Definition Linkbase Document.  |
| 104                              | The cover page from this Quarterly Report on Form 10-Q for the quarter ended June 29, 2025, formatted in Inline XBRL   |

**SIGNATURE**

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.

INTERFACE, INC.

Date: August 5, 2025

By: /s/ Bruce A. Hausmann  
Bruce A. Hausmann  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION**

I, Laurel M. Hurd, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Interface, 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: 8/5/2025

/s/ Laurel M. Hurd

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Laurel M. Hurd  
Chief Executive Officer

**CERTIFICATION**

I, Bruce A. Hausmann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Interface, 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: 8/5/2025

/s/ Bruce A. Hausmann  
Bruce A. Hausmann  
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

I, Laurel M. Hurd, Chief Executive Officer of Interface, Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350 as adopted by § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 29, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: 8/5/2025

/s/ Laurel M. Hurd

Laurel M. Hurd

Chief Executive Officer



**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

I, Bruce A. Hausmann, Chief Financial Officer of Interface, Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350 as adopted by § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 29, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: 8/5/2025

/s/ Bruce A. Hausmann  
Bruce A. Hausmann  
Chief Financial Officer