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 March 31, 2024

☐ **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 Date 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 May 2, 2024:

Class	Number of Shares
Common Stock, $0.10 par value per share	58,242,833

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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)

	MARCH 31, 2024 (UNAUDITED)	DECEMBER 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 89,774	$ 110,498
Accounts receivable, net	147,185	163,386
Inventories, net	296,249	279,079
Prepaid expenses and other current assets	32,853	30,895
Total current assets	566,061	583,858
Property, plant and equipment, net	280,333	291,140
Operating lease right-of-use assets	83,766	87,519
Deferred tax asset	21,428	21,721
Goodwill and intangible assets, net	156,951	161,703
Other assets	84,953	84,154
Total assets	$ 1,193,492	$ 1,230,095
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 74,503	$ 62,912
Accrued expenses	112,126	130,890
Current portion of operating lease liabilities	12,574	12,347
Current portion of long-term debt	8,523	8,572
Total current liabilities	207,726	214,721
Long-term debt	383,261	408,641
Operating lease liabilities	74,286	78,269
Deferred income taxes	32,098	33,832
Other long-term liabilities	67,573	68,685
Total liabilities	764,944	804,148
Commitments and contingencies (Note 14)		
Shareholders' equity		
Preferred stock, par value $1.00 per share; 5,000 shares authorized; none issued or outstanding at March 31, 2024 and December 31, 2023	—	—
Common stock, par value $0.10 per share; 120,000 shares authorized; 58,273 and 58,112 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	5,827	5,811
Additional paid-in capital	252,538	252,909
Retained earnings	334,423	320,833
Accumulated other comprehensive loss – foreign currency translation	(130,682)	(119,590)
Accumulated other comprehensive loss – pension liability	(33,558)	(34,016)
Total shareholders' equity	428,548	425,947
Total liabilities and shareholders' equity	$ 1,193,492	$ 1,230,095

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	
	MARCH 31, 2024	APRIL 2, 2023
Net sales	$ 289,743	$ 295,792
Cost of sales	179,338	199,919
Gross profit	110,405	95,873
Selling, general and administrative expenses	85,959	86,254
Restructuring, asset impairment and other charges	—	142
Operating income	24,446	9,477
Interest expense	6,423	8,505
Other (income) expense, net	(976)	1,500
Income (loss) before income tax expense	18,999	(528)
Income tax expense	4,820	186
Net income (loss)	$ 14,179	$ (714)
Earnings (loss) per share – basic	$ 0.24	$ (0.01)
Earnings (loss) per share – diluted	$ 0.24	$ (0.01)
Common shares outstanding – basic	58,238	58,079
Common shares outstanding – diluted	58,714	58,079

See accompanying notes to consolidated condensed financial statements.

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

(in thousands)

	THREE MONTHS ENDED	
	MARCH 31, 2024	**APRIL 2, 2023**
Net income (loss)	$ 14,179	$ (714)
Other comprehensive (loss) income, after tax:		
Foreign currency translation adjustment	(11,092)	4,930
Reclassification from accumulated other comprehensive loss – discontinued cash flow hedge	—	299
Pension liability adjustment	458	(279)
Other comprehensive (loss) income	(10,634)	4,950
Comprehensive income	$ 3,545	$ 4,236

See accompanying notes to consolidated condensed financial statements.

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

(in thousands)

	THREE MONTHS ENDED	
	MARCH 31, 2024	**APRIL 2, 2023**
OPERATING ACTIVITIES:		
Net income (loss)	$ 14,179	$ (714)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	9,616	9,991
Share-based compensation expense	3,915	3,004
Deferred income taxes and other	(4,386)	599
Amortization of acquired intangible assets	1,297	1,283
Working capital changes:		
Accounts receivable	13,837	35,791
Inventories	(20,477)	(5,306)
Prepaid expenses and other current assets	(2,193)	(16,148)
Accounts payable and accrued expenses	(3,169)	1,084
Cash provided by operating activities	12,619	29,584
INVESTING ACTIVITIES:		
Capital expenditures	(4,033)	(5,712)
Proceeds from sale of property, plant and equipment	1,040	—
Insurance proceeds from property casualty loss	1,000	—
Cash used in investing activities	(1,993)	(5,712)
FINANCING ACTIVITIES:		
Repayments of long-term debt	(34,783)	(53,225)
Borrowing of long-term debt	10,000	34,000
Tax withholding payments for share-based compensation	(4,271)	(1,167)
Dividends paid	(6)	—
Finance lease payments	(716)	(643)
Cash used in financing activities	(29,776)	(21,035)
Net cash (used in) provided by operating, investing and financing activities	(19,150)	2,837
Effect of exchange rate changes on cash	(1,574)	872
CASH AND CASH EQUIVALENTS:		
Net (decrease) increase	(20,724)	3,709
Balance, beginning of period	110,498	97,564
Balance, end of period	$ 89,774	$ 101,273

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 31, 2023, as filed with the Commission.

The financial information included in this report has been prepared by the Company, without audit. In the opinion of management, the financial information 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 31, 2023, 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 three-month periods ended March 31, 2024 and April 2, 2023 both include 13 weeks.

Risks and Uncertainties

Global economic challenges, including the impacts of the Russia-Ukraine and Israel-Hamas wars, inflation, supply chain disruptions, and the slow macro environment in China could cause economic uncertainty and volatility. In connection with the Cyber Event discussed below, security breaches may expose us to fines and other liabilities to the extent sensitive data stored in our IT systems, including data related to customers, suppliers or employees, are misappropriated. 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.

Cybersecurity Event

On November 20, 2022, we discovered a cybersecurity attack, perpetrated by unauthorized third parties, affecting our IT systems (the "Cyber Event"). In response to this Cyber Event, we notified law enforcement and took steps to supplement existing security monitoring, including scanning and protective measures. The investigation of the Cyber Event by our forensic experts was completed during fiscal year 2023.

Recently Issued Accounting Pronouncements – Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 Company is currently evaluating the impact of this ASU to its income tax disclosures.

In November 2023, the FASB issued ASU 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.*" This ASU requires additional disclosures in annual and interim periods for significant segment expenses included in the measure of segment profit provided to the chief operating decision maker ("CODM"). Disclosure of other segment items by reportable segment as well as a description of its composition is also required. The new guidance is effective for annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this ASU to its segment disclosures.

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. A summary of these revenue streams, as a percentage of net sales, for the three months ended March 31, 2024 and April 2, 2023 is as follows:

	Three Months Ended	
	March 31, 2024	April 2, 2023
Revenue from the sale of flooring material	99 %	98 %
Revenue from installation of flooring material	1 %	2 %

Disaggregation of Revenue

For the three months ended March 31, 2024 and April 2, 2023, revenue from the Company's customers is broken down by geography as follows:

	Three Months Ended	
Geography	March 31, 2024	April 2, 2023
Americas	58.6 %	57.2 %
Europe	31.6 %	32.0 %
Asia-Pacific	9.8 %	10.8 %

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:

	March 31, 2024	December 31, 2023
	(in thousands)	
Finished goods	$ 218,706	$ 201,821
Work-in-process	23,107	20,892
Raw materials	54,436	56,366
Inventories, net	$ 296,249	$ 279,079

NOTE 4 – EARNINGS PER SHARE

The Company computes basic earnings (loss) per share (“EPS”) by dividing net income (loss) 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 (loss).

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. Any unvested stock awards considered non-participating securities are included in diluted EPS calculations when the inclusion of these shares would be dilutive. Unvested share-based awards of restricted stock are paid dividends equally with all other shares of common stock. As a result, the Company includes all outstanding restricted stock awards in the calculation of basic and diluted EPS. Distributed earnings include common stock dividends and dividends earned on unvested share-based payment awards. Undistributed earnings represent earnings that were available for distribution but were not distributed. The following table shows the computation of basic and diluted EPS:

	Three Months Ended	
	March 31, 2024	**April 2, 2023**
	(in thousands, except per share data)	
Numerator:		
Net income (loss)	$ 14,179	$ (714)
Less: distributed and undistributed earnings available to participating securities	(150)	(9)
Distributed and undistributed earnings (loss) available to common shareholders	$ 14,029	$ (723)
Denominator:		
Weighted average shares outstanding	57,623	57,177
Participating securities	615	902
Shares for basic EPS	58,238	58,079
Dilutive effect of non-participating securities	476	—
Shares for diluted EPS	58,714	58,079
Basic EPS	$ 0.24	$ (0.01)
Diluted EPS	$ 0.24	$ (0.01)

For the three months ended March 31, 2024 and April 2, 2023, 1,049,405 and 1,728,579 non-participating securities that could potentially dilute basic EPS in the future, respectively, consisting of restricted share units and performance shares, were excluded from the computation of diluted EPS as these securities would have been antidilutive for the respective periods.

NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of the following:

	March 31, 2024		December 31, 2023	
	Outstanding Principal	Interest Rate[1]	Outstanding Principal	Interest Rate[1]
	(in thousands)		*(in thousands)*	
Syndicated Credit Facility[2]:				
Term loan borrowings	$ 95,988	6.26 %	$ 121,658	6.61 %
5.50% Senior Notes due 2028	300,000	5.50 %	300,000	5.50 %
Total debt	395,988		421,658	
Less: Unamortized debt issuance costs	(4,204)		(4,445)	
Total debt, net	391,784		417,213	
Less: Current portion of long-term debt	(8,523)		(8,572)	
Total long-term debt, net	$ 383,261		$ 408,641	

(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.
(2) The Syndicated Credit Facility also includes a multicurrency revolving loan facility up to $300.0 million. There were no revolving loan borrowings outstanding as of March 31, 2024 or December 31, 2023.

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 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 March 31, 2024 and December 31, 2023, the Company had $1.6 million in letters of credit outstanding under the Facility.

As of both March 31, 2024 and December 31, 2023, the carrying value of the Company’s borrowings under the Facility approximated its fair value as the Facility bears interest rates that are similar to existing market rates. The fair value of borrowings under the Facility is estimated using observable market rates and is considered Level 2 within the fair value hierarchy.

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 its Facility.

As of March 31, 2024, the estimated fair value of the Senior Notes was $287.0 million, compared with a net carrying value recorded in the Company’s consolidated condensed balance sheet of $296.7 million ($300.0 million gross, excluding the impact of $3.3 million of unamortized debt issuance costs). The fair value of the Senior Notes is derived using quoted prices for similar instruments and is considered Level 2 within the fair value hierarchy.

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.

Debt Issuance Costs

Debt issuance costs associated with the Company’s Senior Notes and term loans under the Facility are reflected as a reduction of long-term debt in accordance with applicable accounting standards. As these fees are expensed over the life of the outstanding borrowing, the debt balance will increase by the same amount as the fees that are expensed. As of March 31, 2024 and December 31, 2023, the unamortized debt issuance costs recorded as a reduction of long-term debt were $4.2 million and $4.4 million, respectively.

Debt issuance costs related to the issuance of revolving debt, which include underwriting, legal and other direct costs, net of accumulated amortization, were $1.3 million and $1.4 million as of March 31, 2024 and December 31, 2023, respectively. These amounts are included in other assets in the Company’s consolidated condensed balance sheets. The Company amortizes these costs over the life of the related debt.

NOTE 6 – SHAREHOLDERS' EQUITY

The following tables depict the activity in the accounts which make up shareholders' equity for the three months ended March 31, 2024 and April 2, 2023:

	SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	PENSION LIABILITY	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	TOTAL
	(in thousands, except per share data)						
Balance, at December 31, 2023	58,112	$ 5,811	$ 252,909	$ 320,833	$ (34,016)	$ (119,590)	$ 425,947
Net income	—	—	—	14,179	—	—	14,179
Issuances of stock related to restricted share units and 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)
Pension liability adjustment	—	—	—	—	458	—	458
Foreign currency translation adjustment	—	—	—	—	—	(11,092)	(11,092)
Balance, at March 31, 2024	58,273	$ 5,827	$ 252,538	$ 334,423	$ (33,558)	$ (130,682)	$ 428,548

	SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	PENSION LIABILITY	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	CASH FLOW HEDGE	TOTAL
	(in thousands, except per share data)							
Balance, at January 1, 2023	58,106	$ 5,811	$ 244,159	$ 278,639	$ (27,548)	$ (138,775)	$ (749)	$ 361,537
Net loss	—	—	—	(714)	—	—	—	(714)
Issuances of stock related to performance shares	79	8	(8)	—	—	—	—	—
Cash dividends declared, $0.01 per common share	—	—	—	(580)	—	—	—	(580)
Compensation expense related to share-based plans, net of forfeitures and shares received for tax withholdings	(132)	(14)	1,850	—	—	—	—	1,836
Pension liability adjustment	—	—	—	—	(279)	—	—	(279)
Foreign currency translation adjustment	—	—	—	—	—	4,930	—	4,930
Reclassification out of accumulated other comprehensive loss – discontinued cash flow hedge	—	—	—	—	—	—	299	299
Balance, at April 2, 2023	58,053	$ 5,805	$ 246,001	$ 277,345	$ (27,827)	$ (133,845)	$ (450)	$ 367,029

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 31, 2023.

Restricted Stock Awards

Compensation expense related to restricted stock grants was $0.9 million and $1.4 million for the three months ended March 31, 2024 and April 2, 2023, respectively. The Company has reduced its expense for any restricted stock forfeited during the period.

The following table summarizes restricted stock outstanding as of March 31, 2024, as well as activity during the three months then ended:

	Restricted Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	691,600	$ 12.55
Granted	—	—
Vested	(324,300)	13.94
Forfeited or canceled	(1,200)	13.19
Outstanding at March 31, 2024	366,100	$ 11.32

As of March 31, 2024, the unrecognized total compensation cost related to unvested restricted stock was $0.9 million. That cost is expected to be recognized by the first quarter of 2025.

Restricted Share Unit Awards

Compensation expense related to the restricted share units was $0.9 million and $0.5 million for the three months ended March 31, 2024 and April 2, 2023, 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 March 31, 2024, as well as activity during the three months then ended:

	Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	583,400	$ 10.35
Granted	402,800	13.24
Vested	(151,600)	10.80
Forfeited or canceled	(4,000)	10.80
Outstanding at March 31, 2024	830,600	$ 11.67

As of March 31, 2024, the unrecognized total compensation cost related to unvested restricted share units was $8.5 million. That cost is expected to be recognized by the first quarter of 2027.

Performance Share Awards

The following table summarizes the performance shares outstanding as of March 31, 2024, as well as the activity during the three months then ended:

	Performance Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	1,115,000	$ 12.36
Granted	402,800	13.24
Vested	(320,700)	13.91
Forfeited or canceled	(12,800)	12.82
Outstanding at March 31, 2024	1,184,300	$ 12.24

Compensation expense related to the performance shares was $2.1 million and $1.1 million for the three months ended March 31, 2024 and April 2, 2023, 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 $9.0 million as of March 31, 2024. 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 2027.

The tax benefit recognized with respect to restricted stock, restricted share units and performance shares was approximately $0.5 million for the three months ended March 31, 2024.

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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 March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
Balance Sheet Location	**Operating Leases**	**Finance Leases**	**Operating Leases**	**Finance Leases**
	(in thousands)			
Operating lease right-of-use assets	$ 83,766		$ 87,519	
Current portion of operating lease liabilities	$ 12,574		$ 12,347	
Operating lease liabilities	74,286		78,269	
Total operating lease liabilities	$ 86,860		$ 90,616	
Property, plant and equipment, net		$ 6,799		$ 7,236
Accrued expenses		$ 2,482		$ 2,587
Other long-term liabilities		4,701		5,035
Total finance lease liabilities		$ 7,183		$ 7,622

As of March 31, 2024, there were no significant leases that had not commenced.

Lease Costs

	Three Months Ended	
	March 31, 2024	**April 2, 2023**
	(in thousands)	
Finance lease cost:		
Amortization of right-of-use assets	$ 776	$ 655
Interest on lease liabilities	99	60
Operating lease cost	4,989	4,703
Short-term lease cost	197	356
Variable lease cost	690	733
Total lease cost	$ 6,751	$ 6,507

Other Supplemental Information

	Three Months Ended	
	March 31, 2024	April 2, 2023
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 96	$ 52
Operating cash flows from operating leases	4,097	4,201
Financing cash flows from finance leases	716	643
Right-of-use assets obtained in exchange for new finance lease liabilities	390	557
Right-of-use assets obtained in exchange for new operating lease liabilities	265	1,121

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 March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term – finance leases (in years)	3.60	3.70
Weighted-average remaining lease term – operating leases (in years)	8.10	8.29
Weighted-average discount rate – finance leases	5.70 %	5.51 %
Weighted-average discount rate – operating leases	6.27 %	6.25 %

Maturity Analysis

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

Fiscal Year	Operating Leases	Finance Leases
	(in thousands)	
2024 (excluding the three months ended March 31, 2024)	$ 12,770	$ 2,170
2025	16,197	2,202
2026	16,047	1,651
2027	13,256	1,133
2028	10,804	582
Thereafter	42,883	264
Total future minimum lease payments (undiscounted)	111,957	8,002
Less: Present value discount	(25,097)	(819)
Total lease liabilities	$ 86,860	$ 7,183

NOTE 8 – EMPLOYEE BENEFIT PLANS

During the three-month periods ended March 31, 2024 and April 2, 2023, the Company recorded multi-employer pension expense related to multi-employer contributions of $0.7 million and $0.6 million, respectively.

The following tables provide the components of net periodic benefit cost for the three months ended March 31, 2024 and April 2, 2023:

	Three Months Ended	
Defined Benefit Retirement Plans (Europe)	**March 31, 2024**	**April 2, 2023**
	(in thousands)	
Interest cost	$ 1,710	$ 1,735
Expected return on plan assets	(1,966)	(1,964)
Amortization of prior service cost	45	29
Amortization of net actuarial losses	269	223
Net periodic benefit cost	$ 58	$ 23

	Three Months Ended	
Salary Continuation Plan	**March 31, 2024**	**April 2, 2023**
	(in thousands)	
Interest cost	$ 266	$ 283
Amortization of net actuarial losses	60	49
Net periodic benefit cost	$ 326	$ 332

	Three Months Ended	
nora Defined Benefit Plan	**March 31, 2024**	**April 2, 2023**
	(in thousands)	
Service cost	$ 126	$ 114
Interest cost	264	272
Amortization of net actuarial gains	—	(109)
Net periodic benefit cost	$ 390	$ 277

In accordance with applicable accounting standards, 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 (income) expense, 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 three months ended March 31, 2024 is as follows:

	Goodwill[(1)]
	(in thousands)
Balance, at December 31, 2023	$ 105,448
Foreign currency translation[(2)]	(2,251)
Balance, at March 31, 2024	$ 103,197

[(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 $53.8 million and $56.3 million at March 31, 2024 and December 31, 2023, 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"), which includes allocations of corporate selling, general and administrative ("SG&A") expenses and allocations of global support SG&A as discussed below. AOI excludes: nora purchase accounting amortization; Cyber Event impact; property casualty loss; and restructuring, asset impairment, severance, and other, net. Intersegment revenues for the three months ended March 31, 2024 and April 2, 2023 were $16.8 million and $22.6 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.

During the first quarter of 2024, the Company implemented a cost center realignment initiative to centralize certain global/shared functions. For the quarter ended March 31, 2024, SG&A expenses for these global support functions were allocated to AOI for each reportable segment consistent with the allocation methodology used to allocate corporate overhead in prior periods. Prior year AOI amounts below were not recast as there was no material impact to the measure of segment profit for each reportable segment. There were no changes to the composition of the Company's operating or reportable segments.

Segment information for the three months ended March 31, 2024 and April 2, 2023 is presented in the following table:

	Three Months Ended	
	March 31, 2024	**April 2, 2023**
	(in thousands)	
Net sales		
AMS	$ 169,915	$ 169,241
EAAA	119,828	126,551
Total net sales	$ 289,743	$ 295,792
Segment AOI		
AMS	$ 18,080	$ 11,269
EAAA	7,445	3,929
Depreciation and amortization		
AMS	$ 4,353	$ 4,393
EAAA	5,263	5,598
Total depreciation and amortization	$ 9,616	$ 9,991

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

	March 31, 2024	December 31, 2023
	(in thousands)	
Assets		
AMS	$ 546,971	$ 627,782
EAAA	603,853	630,939
Total segment assets	1,150,824	1,258,721
Corporate assets	110,168	108,673
Eliminations	(67,500)	(137,299)
Total reported assets	$ 1,193,492	$ 1,230,095

Reconciliations of operating income to income (loss) before income tax expense and segment AOI are presented as follows:

	Three Months Ended	
	March 31, 2024	April 2, 2023
	(in thousands)	
AMS operating income	$ 18,195	$ 8,715
EAAA operating income	6,251	762
Consolidated operating income	24,446	9,477
Interest expense	6,423	8,505
Other (income) expense, net	(976)	1,500
Income (loss) before income tax expense	$ 18,999	$ (528)

	Three Months Ended March 31, 2024		Three Months Ended April 2, 2023	
	AMS	EAAA	AMS	EAAA
	(in thousands)			
Operating income	$ 18,195	$ 6,251	$ 8,715	$ 762
Purchase accounting amortization	—	1,297	—	1,283
Cyber Event impact	(246)	(170)	228	200
Property casualty loss	—	—	1,300	—
Restructuring, asset impairment, severance, and other, net	131	67	1,026	1,684
AOI	$ 18,080	$ 7,445	$ 11,269	$ 3,929

NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the three months ended March 31, 2024 and April 2, 2023 is presented in the following table:

	Three Months Ended	
	March 31, 2024	April 2, 2023
	(in thousands)	
Cash paid for interest	$ 2,099	$ 3,667
Cash paid for income taxes, net of refunds	7,161	5,148

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

Non-Cash Financing Activities

On March 12, 2024, the Company declared cash dividends on its common stock of $0.6 million, which were paid during the second quarter of 2024 to shareholders of record as of March 29, 2024. At March 31, 2024, the dividends were recorded within accrued expenses in the consolidated condensed balance sheet.

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 three months ended March 31, 2024, the Company recorded a total income tax provision of $4.8 million on pre-tax income of $19.0 million resulting in an effective tax rate of 25.4%, as compared to a total income tax provision of $0.2 million on pre-tax loss of $0.5 million resulting in a negative effective tax rate of 35.2% during the three months ended April 2, 2023. The year-over-year change in the effective tax rate is primarily due to the tax effects of pre-tax income in the current year quarter compared to pre-tax loss in the prior year quarter and favorable changes related to share-based compensation and the limitation on the deduction for business interest expenses under Internal Revenue Code section 163(j). The pre-tax loss for the three months ended April 2, 2023, included significant unusual or infrequent items that are specifically excluded from the AETR. The tax effects related to these specifically excluded items are recognized discretely. The income tax benefits recognized discretely were at a lower effective tax rate compared to the estimated AETR resulting in an overall negative effective tax rate for the three months ended April 2, 2023.

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 either recently enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in 2024 (including the European Union Member States) with the adoption of additional components in later years or announced their plans to enact legislation in future years. For fiscal year 2024, 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 three months of 2024, the Company increased its liability for unrecognized tax benefits by $0.3 million. As of March 31, 2024, the Company had accrued approximately $5.2 million for unrecognized tax benefits. In accordance with applicable accounting standards, the Company's deferred tax asset as of March 31, 2024 reflects a reduction for $2.8 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 (“AOCI”), before tax, to the consolidated condensed statements of operations during the three months ended March 31, 2024 and April 2, 2023 are reflected in the table below:

		Three Months Ended	
	Statement of Operations Location	**March 31, 2024**	**April 2, 2023**
		(in thousands)	
Interest rate swap contracts loss	Interest expense	$ —	$ (393)
Amortization of benefit plan net actuarial losses and prior service cost	Other (income) expense, net	(374)	(192)
Total loss reclassified from AOCI		$ (374)	$ (585)

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. 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 31, 2023.

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 31, 2023, under Part II, Item 7 of that Form 10-K. Our discussions here focus on our results during the quarter ended March 31, 2024, or as of, March 31, 2024, and the comparable periods of 2023, 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 three-month periods ended March 31, 2024 and April 2, 2023 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 31, 2023. 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 March 31, 2024, we had consolidated net sales of $289.7 million, down 2.0% compared to $295.8 million in the first quarter last year, primarily due to decreased customer demand — particularly in the corporate office and retail market segments. These decreases were partially offset by higher sales in the education market segment. Consolidated operating income was $24.4 million for the first quarter of 2024, compared to $9.5 million in the first quarter last year, primarily due to higher gross profit margin as a result of lower raw material and freight costs. Consolidated net income for the quarter ended March 31, 2024, was $14.2 million or $0.24 per share, compared to consolidated net loss of $0.7 million or $0.01 per share in the first quarter last year.

Cybersecurity Event

As previously disclosed in our current report on Form 8-K filed with the Commission on November 23, 2022, we discovered a cybersecurity attack on November 20, 2022, perpetrated by unauthorized third parties, affecting our IT systems. The investigation of the Cyber Event was completed in fiscal year 2023. We have cyber risk insurance and anticipate that a portion of our costs and expenses related to the Cyber Event will ultimately be recovered by insurance.

Our IT systems face a myriad of cybersecurity threats, including, without limitation, hacking, computer viruses, denial of service attacks, malware, ransomware, phishing scams, compromised or irretrievable backups, and other cyber attacks. Any of these events which deny us use of vital IT systems may seriously disrupt our normal business operations and lead to production or shipping stoppages, revenue loss, and reputational harm. We also expect to incur ongoing costs for enhanced data security against unauthorized access to, or manipulation of, our systems and data.

Impact of Macroeconomic Trends

Recent disruptions in economic markets due to persistent inflation, high interest rates, the Russia-Ukraine war and the Israel-Hamas war, a fairly stabilized but still challenging supply chain environment, slow market conditions in parts of Asia, and significant financial pressures in the commercial office market globally, all pose challenges which may adversely affect our future performance. To mitigate these impacts, 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 periods ended March 31, 2024 and April 2, 2023:

	Three Months Ended	
	March 31, 2024	April 2, 2023
Net sales	100.0 %	100.0 %
Cost of sales	61.9	67.6
Gross profit	38.1	32.4
Selling, general and administrative expenses	29.7	29.2
Restructuring, asset impairment and other charges	—	0.0
Operating income	8.4	3.2
Interest/Other (income) expense, net	1.9	3.4
Income (loss) before income tax expense	6.5	(0.2)
Income tax expense	1.7	0.1
Net income (loss)	4.8 %	(0.3)%

Consolidated Net Sales

Below is information regarding our consolidated net sales, and analysis of those results, for the three-month periods ended March 31, 2024, and April 2, 2023:

	Three Months Ended		Percentage Change
	March 31, 2024	April 2, 2023	
	(in thousands)		
Consolidated net sales	$ 289,743	$ 295,792	(2.0)%

For the quarter ended March 31, 2024, consolidated net sales decreased $6.0 million (2.0%) versus the comparable period in 2023, primarily due to lower sales volumes (approximately 4%) partially offset by higher prices (approximately 2%). Currency fluctuations had no material impact on consolidated net sales for the first quarter of 2024 compared to the same period last year. On a market segment basis, the sales decrease was primarily in the corporate office, retail, healthcare and hospitality market segments, partially offset by higher sales in the education and residential living market segments.

Consolidated Cost and Expenses

The following table presents our consolidated cost of sales and selling, general and administrative expenses for the three-month periods ended March 31, 2024, and April 2, 2023:

	Three Months Ended		Percentage Change
	March 31, 2024	April 2, 2023	
	(in thousands)		
Consolidated cost of sales	$ 179,338	$ 199,919	(10.3)%
Consolidated selling, general and administrative expenses	85,959	86,254	(0.3)%

Consolidated Cost of Sales

For the quarter ended March 31, 2024, consolidated cost of sales decreased $20.6 million (10.3%) compared to the first quarter of 2023, primarily due to lower raw material costs and lower sales. Currency translation had no material impact to consolidated cost of sales compared to the same period last year. As a percentage of net sales, our cost of sales decreased to 61.9% for the first quarter of 2024 versus 67.6% for the first quarter of 2023.

Consolidated Gross Profit

For the quarter ended March 31, 2024, consolidated gross profit, as a percentage of net sales, was 38.1% compared with 32.4% in the same period last year. The increase in gross profit percentage was primarily due to (i) lower raw material and freight costs (approximately 3%), (ii) favorable product mix and other (approximately 2%), and (iii) higher sales pricing (approximately 1%).

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

For the quarter ended March 31, 2024, consolidated SG&A expenses decreased $0.3 million (0.3%) versus the comparable period in 2023. Currency translation had no material impact on consolidated SG&A expenses in the first quarter of 2024 compared to the same period last year. SG&A expenses were lower for the first quarter of 2024 primarily due to (i) $2.0 million of lower severance costs driven by employee headcount reduction and cost saving initiatives in the prior year period, (ii) $1.0 million of lower selling expenses, and (iii) $0.9 million of lower Cyber Event costs due to completion of the investigation in the prior year as well as insurance recoveries in the current period. These decreases were mostly offset by $2.2 million of higher labor and variable compensation costs and $1.4 million of higher software license fees. As a percentage of net sales, SG&A expenses increased to 29.7% for the first quarter of 2024 versus 29.2% for the first quarter of 2023.

Interest Expense

During the quarter ended March 31, 2024, interest expense was $6.4 million, a decrease of $2.1 million from the comparable period in 2023, primarily due to lower outstanding term loan borrowings under the Facility.

Segment Operating Results

During the first quarter of 2024, the Company implemented a cost center realignment initiative to centralize certain global/shared functions. For the quarter ended March 31, 2024, SG&A expenses for these global support functions were allocated to AOI for each reportable segment consistent with the allocation methodology used to allocate corporate overhead in prior periods. Prior year AOI amounts below were not recast as there was no material impact to the measure of segment profit for each reportable segment. There were no changes to the composition of the Company's operating or reportable segments.

AMS Segment – Net Sales and Adjusted Operating Income ("AOI")

The following table presents AMS segment net sales and AOI for the three-month periods ended March 31, 2024, and April 2, 2023:

	Three Months Ended		
	March 31, 2024	**April 2, 2023**	**Percentage Change**
	(in thousands)		
AMS segment net sales	$ 169,915	$ 169,241	0.4 %
AMS segment AOI[1]	18,080	11,269	60.4 %

[1] Includes allocation of corporate SG&A expenses and allocation of global support SG&A expenses as discussed above. Excludes Cyber Event impact, property casualty loss, and restructuring, asset impairment, severance, and other, net. See Note 10 entitled "Segment Information" of Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

During the first quarter of 2024, net sales in AMS increased 0.4% versus the comparable period in 2023 primarily due to higher sales prices partially offset by lower volume. On a market segment basis, the AMS sales increase was primarily in the education, residential living, and public buildings market segments, partially offset by decreases in the corporate office, retail and healthcare market segments.

AOI in AMS increased 60.4% during the first quarter of 2024 compared to the prior year period primarily due to higher sales pricing and lower raw material and freight costs compared to the same period last year. During the first quarter of 2023, AOI in AMS was adversely impacted by inflation and higher input costs. As a percentage of net sales, AOI increased to 10.6% during the first quarter of 2024 compared to 6.7% 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 periods ended March 31, 2024, and April 2, 2023:

	Three Months Ended		
	March 31, 2024	**April 2, 2023**	**Percentage Change**
	(in thousands)		
EAAA segment net sales	$ 119,828	$ 126,551	(5.3)%
EAAA segment AOI[1]	7,445	3,929	89.5 %

[1] Includes allocation of corporate SG&A expenses and allocation of global support SG&A expenses as discussed above. Excludes purchase accounting amortization, Cyber Event impact, and restructuring, asset impairment, severance and other, net. See Note 10 entitled "Segment Information" of Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

During the first quarter of 2024, net sales in EAAA decreased 5.3% versus the comparable period in 2023, primarily due to lower sales volume. Currency fluctuations had no material impact on EAAA sales for the first quarter 2024 compared to the same period last year. On a market segment basis, the EAAA sales decrease was most significant in the education, public buildings, and corporate office market segments.

AOI in EAAA increased 89.5% during the first quarter of 2024 versus the comparable period in 2023, primarily due to lower raw material costs compared to the same period last year. During the first quarter of 2023, AOI in EAAA was adversely impacted by inflation and higher input costs. Currency fluctuations had no material impact on AOI for the first quarter of 2024 compared to the first quarter last year. As a percentage of net sales, AOI increased to 6.2% during the first quarter of 2024 compared to 3.1% in the same period last year.

Financial Condition, Liquidity and Capital Resources

General

At March 31, 2024, the Company had $89.8 million in cash. At that date, the Company had $96.0 million in term loan borrowings, no revolving loan borrowings, and $1.6 million in letters of credit outstanding under our Facility, and we had $300.0 million of Senior Notes outstanding. As of March 31, 2024, we had additional borrowing capacity of $298.4 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 $133 million and $141 million for the three-month periods ended March 31, 2024 and April 2, 2023, respectively. Total indebtedness of the non-guarantor subsidiaries was approximately $128 million and $133 million as of March 31, 2024 and December 31, 2023, respectively.

Balance Sheet

Accounts receivable, net, were $147.2 million at March 31, 2024, compared to $163.4 million at December 31, 2023. The decrease of $16.2 million was primarily due to customer collections and the impact of lower net sales as a result of decreased customer demand in the first quarter of 2024.

Inventories, net, were $296.3 million at March 31, 2024, compared to $279.1 million at December 31, 2023. The increase of $17.2 million was primarily due to finished goods inventory build attributable to expected higher customer demand in the remainder of 2024, partially offset by lower raw material costs.

Analysis of Cash Flows

The following table presents a summary of cash flows for the three-month periods ended March 31, 2024 and April 2, 2023, respectively:

	Three Months Ended	
	March 31, 2024	**April 2, 2023**
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 12,619	$ 29,584
Investing activities	(1,993)	(5,712)
Financing activities	(29,776)	(21,035)
Effect of exchange rate changes on cash	(1,574)	872
Net change in cash and cash equivalents	(20,724)	3,709
Cash and cash equivalents at beginning of period	110,498	97,564
Cash and cash equivalents at end of period	$ 89,774	$ 101,273

Cash provided by operating activities was $12.6 million for the three months ended March 31, 2024, which represents a decrease of $17.0 million from the prior year comparable period. The decrease was primarily due to changes in working capital during the first three months of 2024 compared with the first three months of 2023. Specifically, the prior year comparable period includes a greater source of cash from accounts receivable collections compared with the first three months of 2024, primarily attributable to delays in customer billings from the Cyber Event, in which those delayed billings were collected in the first quarter of 2023. Additionally, the increase in inventories during the first three months of 2024, as described above, resulted in a greater use of cash compared with the same period in the prior year.

Cash used in investing activities was $2.0 million for the three months ended March 31, 2024, which represents a decrease of $3.7 million from the prior year comparable period. The decrease was primarily attributable to cash proceeds received from the sale of manufacturing equipment and insurance proceeds for property casualty losses, both of which partially offset cash used for capital expenditures during the three months ended March 31, 2024.

Cash used in financing activities was $29.8 million for the three months ended March 31, 2024, which represents an increase of $8.7 million from the prior year comparable period. The year-over-year increase was primarily due to lower revolving loan borrowings combined with higher repayments of term loan borrowings during the three months ended March 31, 2024.

Outlook

We anticipate revenue growth in the second quarter of fiscal year 2024 compared with the first quarter of 2024. During the first half of fiscal year 2024, the Company also expects continued year-over-year decreases in the cost per unit of various raw material purchases which will benefit gross profit margins in 2024. We also anticipate that the continued slow macro environment in China, high interest rates, and significant financial pressures in the commercial office market globally will continue to adversely impact our performance and demand for our products.

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 April 21, 2024, the consolidated backlog of unshipped orders was approximately $224.3 million. As disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, backlog was approximately $195.5 million as of February 4, 2024. Disruptions in supply and distribution chains have resulted in delays of construction projects and flooring installations in many regions worldwide, which have also 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 31, 2023, under Part II, Item 7A of that Form 10-K. The discussion here focuses on the three months ended March 31, 2024, 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 31, 2023.

As of March 31, 2024, 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 $11.3 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 $11.9 million.

As of March 31, 2024, 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 decrease in the fair value of our financial instruments of $9.1 million or an increase in the fair value of our financial instruments of $11.1 million, respectively. 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 31, 2023.

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 31, 2023.

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 first quarter ended March 31, 2024:

Period[(1)]	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[(2)]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[(2)]
January 1 – January 28, 2024[(3)]	63,293	$ 12.05	—	$ 82,828,595
January 29 – February 25, 2024	—	—	—	82,858,595
February 26 – March 31, 2024[(3)]	246,578	14.21	—	82,828,595
Total	309,871	$ 13.77	—	

(1) The monthly periods identified above correspond to the Company's fiscal first quarter of 2024, which commenced January 1, 2024 and ended March 31, 2024.

(2) 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. There were no shares repurchased pursuant to this program during the Company's fiscal first quarter of 2024.

(3) 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 March 31, 2024, one of our directors, Daniel T. Hendrix, adopted a Rule 10b5-1 trading arrangement for the potential sale of our common stock in amounts and prices determined in accordance with such plan, as outlined in the table below:

Name and Title	Action	Date Adopted	Expiration Date	Aggregate Number of Securities to be Purchased / Sold
Daniel T. Hendrix, *Director*	Adoption of Rule 10b5-1 Plan[1]	March 6, 2024	February 5, 2025	100,000

[1] Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934.

Transactions in our securities by directors or officers of Interface or its subsidiaries are required to be made in accordance with our Insider Trading Policy, which incorporates applicable U.S. federal securities laws that prohibit trading Interface common stock and other Company securities while aware of material non-public information about Interface.

Except as set forth above, during the three months ended March 31, 2024, no other 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:

Exhibit Number	Description of Exhibit
19.1	Insider Trading Policy
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350.
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 March 31, 2024, 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: May 7, 2024	By:	/s/ Bruce A. Hausmann
		Bruce A. Hausmann Chief Financial Officer (Principal Financial Officer)

Interface

Insider Trading Policy

November 15, 2022

Summary

What is the Policy?	The Policy is Interface's company policy prohibiting company insiders from trading (buying or selling) Interface common stock and other company securities while aware of material nonpublic information about Interface (also known as "inside information").
Who does it apply to?	All associates, officers and directors of Interface and its subsidiaries (also known as "insiders").
What does it require?	• All associates, officers and directors are prohibited at all times from trading Interface securities while aware of inside information. Insiders also cannot "tip" others to trade Interface securities. • Certain insiders are additionally subject to regular quarterly trading "blackout" periods during which they cannot trade Interface securities regardless of whether they are then aware of inside information. The regular blackout periods begin on the 7th of each March, June, September and December, and last until 12:00 noon, U.S. Eastern time, on the second trading day following public announcement of Interface financial results for the fiscal quarters ending after each of those start dates. In the event results are announced in the morning prior to the market's opening, the day of announcement will be considered the first trading day. • The company may additionally impose special blackouts on designated insiders if special, event-driven inside information exists. • Certain insiders (described herein) must preclear all Interface securities trades with Interface's general counsel. • Besides trades, certain other transactions are prohibited, like short sales, hedging, and pledging of company securities.
What is inside information?	The most common type of material nonpublic information is unannounced company financial results or financial guidance, but there are numerous other kinds, such as unannounced pending mergers and acquisitions. Information about other companies learned in the course of an insider's employment may also be inside information. Information is considered publicly disclosed when it has been published in a company SEC filing, press release or announced on a company webcast quarterly earnings conference call. Information that merely appears on the company's website or on company social media platforms is not necessarily public.
Why has Interface adopted the Policy?	Insider trading is illegal and unethical. Violations can lead to civil and criminal liability.
Who should I contact with questions?	Interface's general counsel, David Foshee, is the Compliance Officer for the Policy and can be reached for questions at david.foshee@interface.com or +1 (770) 437-6862.

The preceding is only a summary of some of the material contents of this Policy, and does not contain all details and requirements of the Policy. Please review the full Policy.

Table of Contents

Purpose

This Insider Trading Policy (the "***Policy***") establishes rules with respect to transactions in the securities of Interface, Inc. (the "***Company***") and the handling of material nonpublic information about the Company and the companies with which the Company does business. The Company's Board of Directors has adopted this Policy to promote compliance with laws that prohibit certain persons who are aware of material nonpublic information about a company from (1) trading in securities of that company or
(2) providing material nonpublic information to other persons who may trade on the basis of that information.

Persons Subject to the Policy

This Policy applies to all associates, officers and members of the Board of Directors of the Company and its subsidiaries. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to material nonpublic information. This Policy also applies to family members, other members of a person's household and entities controlled by a person covered by this Policy, as described below.

Transactions Subject to the Policy

This Policy applies to transactions in the Company's securities (collectively referred to in this Policy as "***Company Securities***"), including the Company's common stock, options to purchase common stock, bonds/debt securities or any other type of securities that the Company may issue, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company's Securities.

Statement of Policy

It is the policy of the Company that no associate, officer or director of the Company or its subsidiaries (or any other person designated by this Policy or by the Compliance Officer as subject to this Policy) who is aware of material nonpublic information relating to the Company may, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy under the headings "**Transactions Under Company Plans**" and "**Rule 10b5-1 Plans**;"
2. Recommend the purchase or sale of any Company Securities;
3. Disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and expert consulting firms, unless any such disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
4. Assist anyone engaged in the above activities.

In addition, it is the policy of the Company that no person covered by this Policy who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities or the securities of another publicly traded company whose price may be affected by such information, until the information becomes public or is no longer material.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Definition of Material Nonpublic Information

Material Information. Information is considered "material" if a reasonable investor would consider that information important in making a decision to buy, hold, sell or vote securities, or if the information would affect the "total mix" of information about the Company available to the public. Any information that could be expected to affect a company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material if nonpublic are:

- Historical financial results;
- Projections of future earnings or losses, or other earnings guidance;
- Changes to previously announced earnings guidance, or the decision to suspend earnings guidance;
- Changes in the Company's executive leadership team;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of significant assets (for example, a manufacturing property);
- A pending or proposed significant joint venture;
- Significant related party transactions;
- A change in dividend policy, the declaration of a stock split, or an offering of securities;
- Bank borrowings or other financing transactions out of the ordinary course;
- The establishment, termination or significant amendment of a repurchase program for Company Securities;

- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- Pending or threatened significant litigation or government investigations, or the resolution of such matters;
- A significant Company restructuring or asset impairment, impending bankruptcy or the existence of severe liquidity problems;
- The gain or loss of a significant customer or supplier;
- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure; or
- The imposition of an event-specific restriction on trading in Company Securities or the securities of another company or the extension or termination of such restriction.

When Information is Considered Public. Information that has not been widely disseminated to the public is generally considered to be nonpublic information. Information generally would be considered widely disseminated if it has been disclosed through newswire services, a quarterly Company webcast earnings conference call, a broadcast on widely available radio or television programs, publication in a widely available newspaper, magazine or news website, or public disclosure documents filed with the SEC that are available on the SEC's website.

By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Information that is merely published on the Company's website or its social medial platforms should not be considered widely disseminated.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. For purposes of this Policy, information should not be considered fully absorbed by the marketplace until 12:00 noon, U.S. Eastern time, of the second trading day after the day on which the information is released. In the event information is released in the morning prior to the market's opening, the day of release will be considered the first trading day and the next trading day will be the second. Stock markets in the U.S. generally open at 9:30 a.m., U.S. Eastern time.

If, for example, the Company were to make an announcement prior to market open on a Monday, you should not trade in Company Securities until 12:00 noon, U.S. Eastern time, Tuesday (assuming both are trading days).

Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material nonpublic information.

“Blackout Periods”—Regular Quarterly Trading Restrictions Applicable to Certain Personnel

This portion of the policy applies to the following persons (the “**Blackout Group**”):

- Members of the Board of Directors of the Company;
- Officers of the Company;
- Direct reports to the Officers of the Company, unless otherwise determined by the Compliance Officer;
- Financial reporting and other personnel who have knowledge of or access to the Company’s consolidated financial results, or material portions thereof, unless otherwise determined by the Compliance Officer;
- Persons who receive copies of the financial update in the final month of a fiscal quarter that show the Company’s interim consolidated financial results for the first two months of such fiscal quarter (the “Interim Financial Update”), unless otherwise determined by the Compliance Officer; and
- Other persons or groups who may be designated from time to time by the Compliance Officer.

The Blackout Group, including their Family Members or Controlled Entities (each as defined below), may not conduct any transactions involving the Company’s Securities (other than as specified by this Policy), during a “**Blackout Period**” beginning on the 7th of each March, June, September and December and ending at 12:00 noon, U.S. Eastern time, on the second trading day following the date of the public release of the Company’s earnings results for the fiscal quarter ending after such start date. In the event earnings are released in the morning prior to the market’s opening, the day of release will be considered the first trading day and the next trading day will be the second.

In other words, these persons may only conduct transactions in Company Securities during the “open window period” beginning at 12:00 noon, U.S. Eastern time, on the second trading day following the public release of the Company’s quarterly earnings and ending on the 6th of the last month (March, June, September or December, as applicable) of the then current fiscal quarter.

For instance, for the fiscal quarter ending April 2, 2023, the Blackout Period commences on March 7, 2023. If the Company announces its earnings results for the completed fiscal quarter the morning of Friday, May 5, 2023 prior to market open, the Blackout Period ends at 12:00 noon, U.S. Eastern time, on Monday, May 8, 2023. If earnings are instead released *after* market open on May 5th (i.e., after 9:30 a.m., U.S. Eastern time), the Blackout Period ends at 12:00 noon, U.S. Eastern time, on Tuesday, May 9, 2023. The Blackout Group may resume trading at the time the Blackout Period expires and may continue trading through June 6, 2023 (assuming they are not aware of material nonpublic information when trading).

The Blackout Group is subject to these restrictions even if they are not aware of any material nonpublic information during the Blackout Period.

Trading in the Company's securities during the open window period should not be considered a "safe harbor"—as a reminder, trading is prohibited *anytime* any associate, officer or director (whether in the Blackout Group or not) is aware of material nonpublic information.

Interim Financial Updates. If the Interim Financial Update is distributed before the 7th day of the last month of a fiscal quarter, the Compliance Officer may inform the Blackout Group that the Blackout Period for that particular quarter will begin earlier than the 7th—that is, upon the circulation of the Interim Financial Update.

Event-Specific Blackouts

From time to time, an event may occur that is material to the Company and is known by only a few personnel. An example may be a pending merger or acquisition. So long as the event remains material and nonpublic, the persons designated by the Compliance Officer may not trade Company Securities. The existence of an event- specific trading restriction period will not be announced to the Company as a whole and should not be communicated to any other person. Even if the Compliance Officer has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material nonpublic information.

Preclearance Procedures

The officers and members of the Board of Directors of the Company subject to Section 16 of the Securities Exchange Act of 1934 as well as other persons specifically designated from time to time by the Compliance Officer as being subject to these procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Company Securities without first obtaining preclearance of the transaction from the Compliance Officer. The Compliance Officer is under no obligation to approve a transaction submitted for preclearance and may determine not to permit the transaction. If a person seeks preclearance and permission to engage in the transaction is denied, then he or she should refrain from initiating any transaction in Company Securities.

When a request for preclearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company and should describe fully those circumstances to the Compliance Officer. The requestor should also indicate whether he or she has effected any non-exempt "opposite-way" transactions within the past six months and should be prepared to report the proposed transaction in order to permit the Company to timely file a Form 4 on the requestor's behalf (due within two business days of the trade date). The requestor should also be prepared to comply with SEC Rule 144 and arrange for Form 144 to be filed, if necessary, at the time of any sale.

Exceptions to Blackouts and Preclearance

The quarterly and event-specific blackouts do not apply to those transactions described under the heading "**Transactions Under Company Plans**" below. Further, the requirement for preclearance and quarterly or event-specific blackouts do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading "**Rule 10b5-1 Plans**" below.

Individual Responsibility

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while aware of material nonpublic information. Persons subject to this policy must not engage in illegal trading and should avoid the appearance of improper trading. Each individual is responsible for making sure that he or she complies with this Policy, and that any Family Member or Controlled Entity, as discussed below, also comply with this Policy. In all cases, the responsibility for determining whether an individual is aware of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading "**Consequences of Violations**" below.

Transactions by Family Members and Others

This Policy applies to your family members who reside with you (such as a spouse or domestic partner, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities (collectively referred to as "***Family Members***"). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Company Securities, and you should treat all such transactions for the purposes of this Policy and applicable laws as if the transactions were for your own account.

Transactions by Entities that You Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "***Controlled Entities***"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable laws as if they were for your own account.

Transactions Under Company Plans

This Policy does *not* apply in the case of the following transactions, except as specifically noted:

Stock Option Exercises. This Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company's plans, or to the Company's withholding of shares subject to an option to satisfy tax withholding requirements. <u>This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option</u>.

Restricted Stock or Performance Share Awards. This Policy does not apply to the vesting of restricted stock or performance share awards (or similar awards under the

Company's plans), or the withholding by the Company of shares of stock to satisfy tax withholding requirements upon the vesting of any such awards. The Policy does apply, however, to any market sale of vested stock.

Other Prohibited Transactions

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if certain persons subject to this Policy engage in certain types of transactions. It therefore is the Company's policy that the persons specified below may not engage in the following transactions, or should otherwise consider the Company's preferences as described below:

Prohibitions Applicable to All Persons Covered by this Policy:

Short Sales. Short sales of Company Securities (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. In addition, short sales may reduce a seller's incentive to seek to improve the Company's performance. For these reasons, all associates, officers and directors are prohibited from engaging in short sales of Company Securities. In addition, Section 16(c) of the Securities Exchange Act prohibits officers and directors from engaging in short sales. (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned "**Hedging Transactions**.")

Publicly Traded Options. Given the relatively short term of publicly traded options, transactions in options may create the appearance that the option holder is trading based on material nonpublic information and focus that person's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, all associates, officers and directors are prohibited from engaging in transactions in put options, call options or other derivative securities, on an exchange or in any other organized market. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit an associate, officer or director to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as the Company's other shareholders. Therefore, all associates, officers and directors are prohibited from engaging in any such transactions.

Prohibition Applicable to Company Officers and Directors:

Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, officers and directors of the Company are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan. (Pledges of Company Securities arising from certain types of hedging transactions are governed by the paragraph above captioned "**Hedging Transactions**.")

All Persons Discouraged from the Following Transactions:

Standing and Limit Orders. Standing and limit orders (except standing and limit orders that comply with Exchange Act Rule 10b5-1, described below) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when an associate, officer or director is in possession of material nonpublic information. The Company therefore discourages placing standing or limit orders on Company Securities.

Rule 10b5-1 Plans

Rule 10b5-1 under the Securities Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in the Rule (a "***Rule 10b5-1 Plan***"). If the plan meets the requirements of Rule 10b5-1, Company Securities may be purchased or sold without regard to certain insider trading restrictions. To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval to the Compliance Officer prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to an approved Rule 10b5-1 Plan will be required.

Post-Termination Transactions

If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer material.

Consequences of Violations

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in the Company's Securities, is prohibited by law. Insider trading violations are pursued vigorously by the U.S. Securities and Exchange Commission (SEC) and U.S. Department of Justice. Punishment for insider trading violations is severe and could include significant fines and imprisonment.

While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other “controlling persons” if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual’s failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the employee’s failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person’s reputation and irreparably damage a career.

Administration of the Policy | Questions

The Company’s general counsel, David Foshee, is the Compliance Officer for the purposes of this Policy. The Compliance Officer has the authority to interpret this Policy, including to grant exceptions where applicable. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

Any person who has a question about this Policy or its application to any proposed transaction may obtain guidance from the Compliance Officer, who can be reached by email at david.foshee@interface.com or by telephone at +1 (770) 437-6862.

In Mr. Foshee’s absence, please contact another member of the Company’s legal department.

Certification | Training

All persons subject to this Policy must certify their understanding of, and intent to comply with, this Policy, at such intervals as determined by the Compliance Officer. Persons subject to this Policy may also be required to undergo training to comply with the Policy and law.

CERTIFICATION

I certify that:

1. I have read and understand the Company’s Insider Trading Policy (the “Policy”). I understand that the Compliance Officer is available to answer any questions I have regarding the Policy.

2. Since I have been a member of the Board of Directors of, employee of, or other service provider to the Company, I have complied with the Policy.

3. I will continue to comply with the Policy for as long as I am subject to the Policy.

Print name: Signature: Date:

Exhibit 31.1

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: 5/7/2024

/s/ Laurel M. Hurd

Laurel M. Hurd
Chief Executive Officer

Exhibit 31.2

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: 5/7/2024

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

Exhibit 32.1

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 March 31, 2024 (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: 5/7/2024

/s/ Laurel M. Hurd
Laurel M. Hurd
Chief Executive Officer

Exhibit 32.2

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 March 31, 2024 (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: 5/7/2024

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