FLEXSTEEL®

Industries

2026
Annual Report

Fiscal Year Ended
June 30, 2026

FLEXSTEEL®

Industries

Dear Shareholders,

Fiscal year 2026 was another year of strong performance and meaningful strategic progress for Flexsteel. Despite a challenging furniture demand environment and significant volatility in trade policy and supply chain costs, we grew sales, expanded adjusted operating margins, generated robust cash flow, and returned significant capital to shareholders while continuing to invest in the capabilities that will drive our long-term growth. More importantly, our performance provides further evidence that our strategy is working. We are building a stronger, more differentiated Flexsteel—one that is increasingly consumer-driven, innovation-led, disciplined in execution, and capable of consistently outperforming the market.

Perspectives on Fiscal Year 2026

Net sales increased 4.1% to approximately $459 million, GAAP operating income expanded to approximately 9.3%, and GAAP net income per diluted share reached a record $6.07. We generated more than $50 million of operating cashflow, repurchased roughly 24% of our outstanding shares, and increased our dividend by 25%. At fiscal year-end, we had $16.7 million in cash and no bank debt.

The quality of this performance is particularly important. Furniture retail sales declined during 10 of the 12 months in our fiscal year, while we also intentionally downsized portions of our homestyles business that no longer aligned with our strategic and financial objectives. Despite those headwinds and deliberate portfolio actions, Flexsteel continued to grow and gain share. We also maintained a disciplined approach to capital allocation. Our strong cash generation and balance sheet enabled us to simultaneously invest in the business, meaningfully reduce our outstanding share count, and increase our dividend. We believe this balanced approach—investing behind attractive opportunities for profitable growth while returning excess capital to shareholders—is an important component of creating sustainable long-term shareholder value.

While I'm pleased with our financial performance, I'm equally encouraged by the progress we made in fiscal 2026 strengthening the capabilities behind those results. At the center of our strategy is a straightforward but powerful operating model: deeply understand our target consumer and their unmet or underserved needs; translate those insights into innovative and differentiated products; and execute exceptionally well across the entire value chain. When we do those things consistently, we create compelling reasons for consumers to choose our products, for retailers to grow their business with Flexsteel, and for shareholders to invest in our company.

During fiscal 2026, we increasingly put this model into practice. Investments in deeper consumer insights helped inform bolder innovation and more differentiated product solutions. We applied these capabilities across several of our key growth initiatives—including strategic accounts, health and wellness, and in-stock sourced seating—with encouraging results. These initiatives contributed to our growth and share gains despite a difficult industry backdrop and reinforced our confidence in the opportunity ahead.

None of this progress happens without talented people working together toward a common purpose. I am extremely proud of the resilience, adaptability, and commitment demonstrated by our team throughout fiscal 2026. They navigated significant external challenges while continuing to serve our customers, improve the business, and build capabilities for the future.

Looking Forward

As we enter fiscal 2027, we expect the furniture demand environment to remain challenging and external conditions to remain uncertain. We cannot control those conditions, but we can control how effectively we compete within them. Our focus is clear: continue strengthening the capabilities that differentiate Flexsteel and apply them across a diversified portfolio of growth opportunities. We intend to deepen our understanding of consumers, raise the ambition of our innovation, use technology and AI responsibly to enable more disciplined execution, and continue investing in the exceptional people and culture that we believe will sustain our progress. At the same time, we will maintain the financial discipline that has been central to our transformation. We intend to remain agile in a changing environment, protect the strength of our balance sheet, invest where we see attractive opportunities to create long-term value, and allocate capital thoughtfully on behalf of our shareholders.

Fiscal 2026 demonstrated what Flexsteel can accomplish even in a difficult environment. We are a stronger company today, with better capabilities, a more focused strategy, and multiple avenues for profitable growth. There is still significant opportunity ahead of us, and we remain focused on executing our strategy, continuing to outperform the market, and building enduring value for our customers, employees, and shareholders.

Thank you for your continued confidence in Flexsteel.

Sincerely,

Derek P. Schmidt
President and Chief Executive Officer

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

FORM 10-K

☑ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended June 30, 2026

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to

Commission file number **0-5151**

FLEXSTEEL INDUSTRIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Incorporated in State of Minnesota	**42-0442319**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Identification No.)

385 BELL STREET
DUBUQUE, IA 52001-0877
(Address of Principal Executive Offices) (Zip Code)

(563) 556-7730
(Registrant's Telephone Number, Including Area Code)

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, $1.00 Par Value	FLXS	The Nasdaq Stock Market, LLC

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

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

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

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

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

Large Accelerated Filer ☐ Accelerated Filer ☑ Non-Accelerated Filer ☐ Smaller Reporting Company ☑ Emerging Growth Company ☐

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

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

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

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

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

Common Stock - $1.00 Par Value	
Shares Outstanding as of August 19, 2026	4,091,741

The aggregate market value of the voting stock held by non-affiliates, computed by reference to the last sales price on December 31, 2025 (which was the last business day of the registrant’s most recently completed second quarter) was $193,381,286.

DOCUMENTS INCORPORATED BY REFERENCE

In Part III, portions of the registrant’s 2026 Proxy Statement to be filed with the Securities and Exchange Commission within 120 days of the Registrant’s fiscal year end.

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PART I

Cautionary Statement Relevant to Forward-Looking Information for the Purpose of "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

The Company and its representatives may from time to time make written or oral forward-looking statements with respect to long-term goals or anticipated results of the Company, including statements contained in the Company's filings with the Securities and Exchange Commission and in its reports to stockholders.

Statements, including those in this Annual Report on Form 10-K, which are not historical or current facts, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are certain important factors that could cause the Company's results to differ materially from those anticipated by some of the statements made herein. Investors are cautioned that all forward-looking statements involve risk and uncertainty. Some of the factors that could affect results are the cyclical nature of the furniture industry, supply chain disruptions, litigation, the effectiveness of new product introductions and distribution channels, the product mix of sales, pricing pressures, the cost of raw materials and fuel, changes in foreign currency values, retention and recruitment of key employees, actions by governments including laws, regulations, taxes and tariffs, the amount of sales generated and the profit margins thereon, competition (both U.S. and foreign), credit exposure with customers, participation in multi-employer pension plans, disruptions or security breaches to business information systems, the impact of any future pandemic, and general economic conditions. For further information regarding these risks and uncertainties, see the "Risk Factors" section in Item 1A of this Annual Report on Form 10-K.

The Company specifically declines to undertake any obligation to publicly revise any forward-looking statements that have been made to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Item 1. Business

General

Flexsteel Industries, Inc. and Subsidiaries (the "Company," "Flexsteel," or "Our") is one of the largest residential furniture manufacturers, importers, and marketers in the U.S. Flexsteel addresses different consumer groups through our core brand, Flexsteel, and several category-specific sub-brands: Zecliner, Statements, Zen, Perfect Match, and Pulse, all of which have unique value propositions tailored to specific consumer needs. We offer a wide assortment of product solutions for different areas within the home including stationary and motion sofas, loveseats, chairs, and sectionals, as well as bedroom furniture, dining tables and chairs, occasional and entertainment tables, and kitchen storage. For more than 130 years, Flexsteel has strived to create strong consumer value with unmatched quality, comfort, and durability, backed by innovation and highlighted by its patented Blue Steel Spring technology, designed to deliver lasting comfort and support. Today, Flexsteel products are available nationwide through retail partners and online channels.

The Company operates in one reportable segment, furniture products. The Company's furniture products business involves the distribution of manufactured and imported products consisting of a broad line of furniture for the residential market.

Manufacturing and Offshore Sourcing

During the fiscal year ended June 30, 2026, the Company operated manufacturing facilities located in Juarez, Mexico. This ongoing manufacturing operation is integral to the Company's product offerings and distribution strategy by offering smaller and more frequent product runs of a wider product selection. The Company identifies and eliminates manufacturing inefficiencies and adjusts manufacturing schedules frequently to meet customer requirements. The Company has established relationships with key suppliers to ensure prompt delivery of quality component parts. The Company's production includes the use of selected component parts sourced offshore to enhance value in the marketplace.

The Company integrates manufactured products with finished products acquired from offshore suppliers who can meet quality specifications and lead-time requirements. The Company will continue to pursue and refine this blended product offering and supply chain strategy, offering customers the requisite amount of choice of made-to-order manufactured goods, and ready-to-deliver imported products. This blended focus on products allows the Company to provide a wide range of price points, styles and product categories to satisfy customer requirements.

Competition

The furniture industry is highly competitive and includes a large number of U.S. and foreign manufacturers and distributors, none of which dominate the market. The Company competes in markets with a large number of relatively small manufacturers; however, certain competitors have substantially greater sales volumes than the Company. The Company's products compete based on style, quality, comfort, functionality, price, delivery, service and durability. The Company believes its patented, guaranteed-for-life Blue

Steel Spring, manufacturing and sourcing capabilities, facility locations, commitment to customers, product quality, consumer insights, innovation, delivery, service, value and experienced production, sales, marketing and management teams, are some of its competitive advantages.

Seasonality

The Company's overall business is not considered materially seasonal.

Foreign Operations

The Company has minimal export sales. On June 30, 2026, the Company had approximately 30 employees located in Asia to ensure Flexsteel's quality standards are met and to coordinate the delivery of products acquired from overseas suppliers. The Company leases and operates three manufacturing facilities in Juarez, Mexico and leases one manufacturing facility in Mexicali, Mexico. The Company had approximately 900 employees located in Mexico on June 30, 2026. The four Mexico facilities total 1,061,000 square feet. As of June 30, 2026, the Company has not begun operations in the Mexicali facility and expects to sublease the facility until such time that demand necessitates the additional capacity. See "Risk Factors" in Item 1A and Note 2, *Leases,* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for further discussion of the leased assets.

Customer Backlog

The approximate backlog of customer orders believed to be firm as of the end of the current fiscal year and the prior two fiscal years were as follows (in thousands):

June 30, 2026	June 30, 2025	June 30, 2024
$ 70,105	$ 66,465	$ 59,543

Raw Materials

The Company utilizes various types of wood, fabric, leather, filling material, high carbon spring steel, bar and wire stock, polyurethane foam and other raw materials in manufacturing furniture. The Company purchases these materials from numerous outside suppliers, both U.S. and foreign, and is not dependent upon any single source of supply. The costs of certain raw materials fluctuate, but all continue to be readily available within supplier lead-times; however, we could experience supply-chain disruptions at any time, which could impact the availability of materials.

Artificial Intelligence ("AI")

The Company is leveraging AI to strengthen the efficiency and effectiveness of its operational execution.

Industry Factors

The Company has exposure to actions by governments, including tariffs, see "Risk Factors" in Item 1A of this Annual Report on Form 10-K.

Government Regulations

The Company is subject to various local, state, and federal laws, regulations and agencies that affect businesses generally, see "Risk Factors" in Item 1A of this Annual Report on Form 10-K. Our compliance with federal, state and local laws and regulations did not have a material effect upon our capital expenditures, earnings or competitive position during the fiscal year ended June 30, 2026.

Environmental Matters

All of Flexsteel's stakeholders have a responsibility to protect our employees and our environment. The officers of Flexsteel and its subsidiaries will use our role as business and community leaders to set the tone at the top to guide our management teams in their efforts to improve the workplace and the environment we directly impact. Because we are committed to sustainable business practices, to our people, and to our communities, we will continue to grow and expand the scope of our dedications to the stewardship of our valued resources. The Company is subject to environmental laws and regulations with respect to product content and industrial waste. Further discussion is included in "Risk Factors" in Item 1A of this Annual Report on Form 10-K.

Trademarks and Patents

The Company relies on patents, trademarks, trade secrets, proprietary know-how and other intellectual property in connection with its products and brands, including improvement patents on its Blue Steel Spring, and registered trademarks. In addition, our furniture

products are designed by the Company's own design staff and through the services of third-party designers. New models and designs of furniture, as well as new fabrics, are introduced continuously. We evaluate each new model or design for patentability and file patent applications for the United States on inventions, designs and improvements that we deem valuable, but these patents do expire at various times.

Employees

The Company had approximately 1,200 employees on June 30, 2026, including 6 employees who are covered by collective bargaining agreements. Substantially all of the Company's employees are full-time. Management believes it has good relations with employees.

Available Information

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website (www.flexsteel.com) as soon as reasonably practicable after we electronically file the material with or furnish it to the U.S. Securities and Exchange Commission (SEC). Additionally, the SEC maintains an internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Information on our website or linked to our website is not incorporated by reference into this Annual Report.

Item 1A. Risk Factors

The Company is subject to a variety of risks. You should carefully consider the risk factors detailed below in conjunction with the other information contained in this Annual Report on Form 10-K. Should any of these risks materialize the Company's business, financial condition, and future prospects could be negatively impacted. There may be additional factors that are presently unknown to the Company or that the Company currently believes to be immaterial that could affect its business.

Risks related to our industry:

Changes in U.S. trade policy, including the imposition of tariffs and other trade restrictions, could materially adversely affect our business, financial condition and results of operations.

We source certain finished products from foreign suppliers, primarily in Vietnam, and have significant manufacturing operations in Mexico. As a result, tariffs and other trade restrictions imposed by the United States can materially increase the cost of products we import into the United States. U.S. trade policy has changed significantly in recent years and remains subject to ongoing legal, political, and regulatory developments. Existing tariffs may be increased, extended, modified or replaced, scheduled tariff increases may take effect, and additional tariffs or trade restrictions may be imposed on products or countries that affect our business.

Increases in tariffs or other trade restrictions could increase our cost of goods sold, require price increases, disrupt our sourcing and manufacturing strategies, reduce our competitiveness, and adversely affect our relationships with suppliers and retail partners. Although we may seek to mitigate these impacts through pricing actions, supplier negotiations, sourcing adjustments or other measures, such efforts may not fully offset increased costs.

Tariffs and trade restrictions may also contribute to inflation, economic uncertainty, commodity price volatility and reduced consumer confidence. Because furniture purchases are generally discretionary such conditions may reduce consumer demand for our products.

Accordingly, changes in tariffs or other trade policies could materially adversely affect our net sales, profitability, cash flows and results of operations.

Claims relating to tariff refunds we have received could adversely affect our financial results.

Following the invalidation of certain tariffs previously imposed under the International Emergency Economic Powers Act, we became entitled to refunds of tariffs previously paid on certain imported products. As of June 30, 2026, we had received substantially all of our eligible refund claims.

Retail partners, suppliers, distributors or other parties may assert claims seeking reimbursement, credits or other payments relating to some or all of these tariff refunds. Any amounts we are required to pay, credit or otherwise settle in connection with such claims could reduce the benefit of the refunds received and adversely affect our financial condition, results of operations and cash flows.

Inflation and changes in foreign currency may impact our profitability.

Cost inflation, including significant increases in ocean container rates, tariffs, raw materials prices, labor rates, and domestic transportation costs, has and could continue to impact profitability. Imbalances between supply and demand for these resources may continue to exert upward pressure on costs.

The Company purchases raw materials, component parts, and certain finished goods from foreign external suppliers. Prices for these purchases are primarily negotiated in U.S. dollars on a purchase order basis. A negative shift in the U.S. dollar relative to the local currency of our supplier could result in price increases and negatively impact our cost structure. In addition, our manufactured products are produced in Mexico. The wages of our employees and certain other employee benefit and indirect costs are made in pesos. A negative shift in the value of the U.S. dollar against the peso could increase the cost of manufacturing. In addition, the Company has certain assets and liabilities related to our manufacturing operations which are denominated in pesos, primarily our VAT receivable for recoverable VAT paid in Mexico. A negative shift in the value of the peso against the U.S. dollar could result in the value of our receivable decreasing which may impact our earnings.

Our ability to recover these cost increases through price increases may lag the cost increases, resulting in downward pressure on margins. In addition, price increases to offset rising costs could negatively impact demand for our products.

The Company's products are considered deferrable purchases for consumers during economic downturns. Prolonged negative economic conditions could impact the business.

Economic downturns and prolonged negative economic conditions could affect consumer spending habits by decreasing the overall demand for home furnishing products. These events could impact retailers resulting in an impact on the Company's business. A recovery in the Company's sales could lag significantly behind a general economic recovery due to the deferrable nature and relatively significant cost of purchasing home furnishing products.

Future success depends on the Company's ability to manage its global supply chain.

The Company acquires raw materials, component parts, and certain finished products from external suppliers, both U.S. and foreign. Many of these suppliers are dependent upon other suppliers in countries other than where they are located. This global interdependence within the Company's supply chain is subject to delays in delivery, availability, quality, and pricing. Changes in international trade policies including tariffs, access to ports and border crossings, or railways could disrupt the supply chain, increase cost and reduce competitiveness. The delivery of goods from these suppliers has been and may continue to be delayed by customs, labor issues, availability of third-party transportation and equipment, geopolitical pressures, changes in political, economic, and social conditions, weather, laws, and regulations. Unfavorable fluctuations in price, international trade policies, quality, delivery, and availability of these products could continue to adversely affect the Company's ability to meet demands of customers and cause negative impacts to the Company's cost structure, profitability, and its cash flow.

Enacted tariffs and potential future increases in tariffs on manufactured goods imported from various other countries could adversely affect our business. Inability to reduce acquisition costs or pass-through price increases may have an adverse impact on sales volume, earnings, and liquidity. Similarly, increases in pricing may have an adverse impact on the competitiveness of the Company's products relative to other furniture manufacturers with less exposure to the tariff and could also lead to adverse impacts on volume, earnings, and liquidity.

Additionally, a disruption in supply from foreign countries could adversely affect our ability to timely fill customer orders for those products and decrease our sales, earnings, and liquidity. The main foreign countries we source finished goods from are Vietnam and Mexico. Additionally, China and Italy are key sources of raw materials and components used in the manufacturing of finished goods. If we were unsuccessful in obtaining those products from other sources or at comparable cost, a disruption in our supply chain could adversely affect our sales, earnings, financial condition, and liquidity.

Finally, the Company relies on third parties to deliver customer orders. The capacity of these third parties or cost of this service could be impacted by labor disputes, cost inflation (particularly fuel), and availability of drivers which could increase cost and have negative impacts on our earnings.

Competition from U.S. and foreign finished product manufacturers may adversely affect the business, operating results or financial condition.

The furniture industry is very competitive and fragmented. The Company competes with U.S. and foreign manufacturers and distributors. As a result, the Company may not be able to maintain or raise the prices of its products in response to competitive pressures or increasing costs. Also, due to the large number of competitors and their wide range of product offerings, the Company

may not be able to significantly differentiate its products (through function, value, technology integration, styling, finish, and other construction techniques) from those of its competitors.

Additionally, most of our sales are to distribution channels that rely on physical stores to merchandise and sell our products and an involuntary shut down of those or a significant shift in consumer preference toward purchasing products online could have a materially adverse impact on our sales and operating margin.

These and other competitive pressures could cause us to lose market share, revenues, and customers, increase expenditures or reduce prices, any of which could have a material adverse effect on our results of operations or liquidity.

Future costs of complying with various laws and regulations may adversely impact future operating results.

The Company's business is subject to various laws and regulations which could have a significant impact on operations and the cost to comply with such laws and regulations could adversely impact the Company's financial position, results of operations and cash flows. In addition, inadvertently failing to comply with such laws and regulations could produce negative consequences which could adversely impact the Company's operations.

Failure to anticipate or respond to changes in consumer or designer tastes and fashions in a timely manner could adversely affect the Company's business and decrease sales and earnings.

Furniture is a styled product and is subject to rapidly changing consumer and end-user trends and tastes and is highly fashion oriented. If the Company is not able to acquire sufficient cover variety or if the Company is unable to predict or respond to changes in fashion trends, it may lose sales and have to sell excess inventory at reduced prices.

Use of social media to disseminate negative commentary may adversely impact the Company's reputation and business.

There has been a substantial increase in the use of social media platforms, including blogs, social media websites, and other forms of internet-based communications, which allow individuals to access a broad audience of consumers and other interested people. Negative commentary regarding the Company or its products may be posted on social media platforms at any time and may have an adverse impact on its reputation, business, or relationships with third parties, including suppliers, customers, investors, and lenders. Consumers value readily available information and often act on such information without further investigation and without regard to its accuracy or context. The harm may be immediate without affording the Company an opportunity for redress or correction.

Public health events could have a materially adverse effect on our ability to operate, our ability to keep employees safe from a pandemic, our results of operations, and financial condition.

During the initial height of the COVID-19 pandemic, purchases of home furnishings were heavily impacted as they are largely deferrable and heavily influenced by consumer sentiment. Public health organizations recommended, and many governments implemented, measures from time-to-time to slow and limit the transmission of the virus, including certain business shutdowns and shelter-in-place and social distancing requirements. Such preventive measures, or others we may voluntarily put in place, may have a material adverse effect on our business for an indefinite period of time, such as the potential shutdown of certain locations, decreased employee availability, potential border closures, and disruptions to the businesses of our selling channel partners, and others.

Our suppliers and customers may also face these and other challenges, which have led and could lead to a future disruption in our supply chain, raw material inflation or the inability to get the raw materials necessary to produce our products, increased shipping and transportation costs, as well as decreased consumer spending and decreased demand for our products.

Risks related to our operations:

Business information systems could be impacted by disruptions and security breaches.

The Company employs information technology systems to support its global business. Security breaches and other disruptions to the Company's information technology infrastructure could interfere with operations, compromise information belonging to the Company and its customers or suppliers and expose the Company to liability which could adversely impact the Company's business and reputation. In the ordinary course of business, the Company relies on information technology networks and systems to process, transmit and store electronic information, and to manage or support a variety of business processes and activities. Additionally, the Company collects and stores certain data, including proprietary business information, and may have access to confidential or personal information in certain areas of its businesses that is subject to privacy and security laws, regulations, and customer-imposed controls. While security breaches and other disruptions to the Company's information technology networks and infrastructure could happen, none have occurred to date that has had a material impact on the Company. Any such events could result in legal claims or

proceedings, liability or penalties under privacy laws, disruption in operations, and damage to the Company's reputation, which could adversely affect the Company's business.

In addition, in response to shifts in employee workplace preferences, we have allowed certain of our employees the option of a hybrid work schedule where they may choose to work partially from home. Although we continue to implement strong physical and cyber security measures to ensure that our business operations remain functional and to ensure uninterrupted service to our customers, our systems and our operations remain vulnerable to cyber attacks and other disruptions because a material portion of our employees work remotely either full or part-time, and we cannot be certain that our mitigation efforts will be effective.

The use of AI technologies may present risks, including inaccurate or unreliable outputs, data privacy and cybersecurity concerns, and potential regulatory or legal requirements that may evolve over time

We are evaluating and may use artificial intelligence ("AI") technologies in targeted circumstances to support certain business functions, including administrative, customer service, marketing, and operational activities. We have implemented an AI governance framework including Company policies, investment approvals, risk assessments, and Board oversight. Although we seek to use AI responsibly and maintain appropriate oversight of any AI-enabled tools, these technologies are rapidly developing and may not always perform as intended. Any failure to effectively manage risks associated with AI, including risks related to third-party AI service providers, could result in operational inefficiencies, increased costs, legal or regulatory exposure, or reputational harm. In addition, if competitors adopt AI technologies more effectively than we do, they may gain operational or competitive advantages. Any of these factors could adversely affect our business, financial condition, or results of operations.

The implementation of a new business information system could disrupt the business.

The Company continues to modernize our ERP systems. The Company takes great care in the planning and execution of these updates, however, implementation issues related to the transition could arise and may result in the following:

- Disruption of the Company's domestic and international supply chain;
- Inability to fill customer orders accurately and on a timely basis;
- Negative impact on financial results;
- Inability to fulfill federal, state and local tax filing requirements in a timely and accurate manner; and
- Increased demands of management and associates to the detriment of other corporate initiatives.

The Company's participation in a multi-employer pension plan may have exposure under the plan that could extend beyond what its obligations would be with respect to its employees.

The Company participates in, and makes periodic contributions to, one multi-employer pension plan that covers union employees. Multi-employer pension plans are managed by trustee boards comprised of participating employer and labor union representatives, and the employers participating in a multi-employer pension plan are jointly responsible for maintaining the plan's funding requirements. Based on the most recent information available to the Company, the present value of actuarially accrued liabilities of the multi-employer pension plan substantially exceeds the value of the assets held in trust to pay benefits. As a result of the Company's participation, it could experience greater volatility in the overall pension funding obligations. The Company's obligations may be impacted by the funded status of the plans, the plans' investment performance, changes in the participant demographics, financial stability of contributing employers and changes in actuarial assumptions. See Note 13, *Benefit and Retirement Plans,* of Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for more information.

Future results may be affected by various legal proceedings and compliance risk, including those involving product liability, environmental, or other matters.

The Company faces the risk of exposure to product liability claims in the event the use of any of its products results in personal injury or property damage. In the event any of the Company's products prove to be defective, it may be required to recall or redesign such products. The Company is also subject to various laws and regulations relating to environmental protection and the discharge of materials into the environment. The Company could incur substantial costs, including legal expenses, as a result of the noncompliance with, or liability for cleanup or other costs or damages under, environmental laws. Given the inherent uncertainty of litigation, these various legal proceedings and compliance matters could have a material impact on the business, operating results, and financial condition. See Note 14, *Commitments and Contingencies,* of Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for more information.

We may experience impairment of our long-lived assets, which would decrease our earnings and net worth.

At June 30, 2026, we had $36.0 million in property, plant and equipment and $35.7 million in right-of-use assets associated with leased facilities. These long-lived assets are tested for impairment whenever events or circumstances indicate that the carrying amount

of the asset may not be recoverable. The outcome of impairment testing could result in the write-down of all or a portion of the value of these assets. A write-down of our assets would, in turn, reduce our earnings and net worth. During the quarter ended March 31, 2025, the Company determined that the right of use asset related to our leased Mexicali, Mexico facility was not fully recoverable and recorded a pre-tax non-cash asset impairment charge of $14.1 million due to substantial changes in U.S. trade policy in early 2025 that created significant uncertainty in U.S.-Mexico trade relations, slowed foreign direct investment in Mexico, and greatly diminished tenant interest in subleasing the Mexicali facility. If capacity requirements do not necessitate the utilization of our leased Mexicali facility and we are unsuccessful at subleasing the facility in the future, the remaining carrying amount of the right of use asset associated with that lease may not be recoverable. A write-down of all or a portion of the remaining value of the Mexicali right of use asset could have a material impact on our earnings in the period of impairment. At June 30, 2026, the Company does not believe any further impairment indicators exist, but impairment assessment involves the use of considerable judgement and any change in future market or economic conditions could cause actual results to differ from estimates.

The Company's success depends on its ability to recruit and retain key employees and highly skilled workers in a competitive labor market.

If the Company is not successful in recruiting and retaining key employees and highly skilled workers or experiences the unexpected loss of those employees, the operations may be negatively impacted.

Additionally, we are and will continue to be dependent upon our senior management team and other key personnel. Losing the services of one or more key members of our management team or other key personnel could adversely affect our operations. Ongoing or future communicable diseases increase the risk that certain senior executive officers or a member of the board of directors could become ill, causing them to be incapacitated or otherwise unable to perform their duties for an extended absence. This could negatively impact the efficiency and effectiveness of processes and internal controls throughout the Company and our ability to service customers.

We may not be able to collect amounts owed to us.

We generally grant payment terms between 10 and 60 days to customers, often without requiring collateral. Some of our customers have experienced, and may in the future experience, cash flow and credit-related issues. In the event of negative economic events such as economic recession or significant decline in consumer demand, supply chain disruptions, weather events or natural disasters, public health events or other unforeseen issues with negative economic impact to our customers, which have occurred in the past, we may not be able to collect amounts owed to us. While we perform credit evaluations of our customers, those evaluations may not prevent uncollectible trade accounts receivable. Credit evaluations involve significant management diligence and judgment, especially in the current environment. Should customers experience liquidity issues beyond what we anticipate, if payment is not received on a timely basis, or if a customer declares bankruptcy or closes stores, we may have difficulty collecting amounts owed to us by these customers, which could adversely affect our sales, earnings, financial condition, and liquidity. In addition, we have receivables for recoverable value added tax paid under such regimes in foreign jurisdictions, primarily Mexico. The collection of these amounts is subject to approval by foreign governmental agencies who evaluate the claims. Any actions taken by those agencies to delay, limit or deny the amounts submitted or retroactive changes in legislation surrounding these regimes may impact our ability to recover these amounts.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

The Company's cybersecurity risk management program is integrated into the overall risk management framework, including risk identification, assessment, and mitigation across all areas of the business. The cybersecurity risk management program is designed to align with industry best practices and has adopted the framework and measurement practices developed by the National Institute of Standards and Technology (NIST). In addition, the Company has implemented a cross-functional cybersecurity steering team to facilitate coordination across key departments and assists in defining policies, procedures, and mitigation strategies, and will be called on to assist in risk assessment of any threat or incident.

The Company has a written Emergency Action Plan that includes the handling of material cybersecurity incidents and business continuity if there is a disruption in operations. The Company utilizes a third-party cybersecurity partner to assist in monitoring our systems 24 hours a day, and to structure the technical handling of cybersecurity threats and incidents. In addition, the partner is utilized to regularly conduct formal penetration testing and tabletop exercises used to further prepare the organization. This partner

also provides ongoing insights and advisory services in order to better align our program with current best practices. The Company uses a variety of processes to address risk associated with the use of third-party service providers. All employees, including anyone with access to Company-provided email accounts, must engage in quarterly cybersecurity awareness training and are tested internally on a regular basis. Additionally, we maintain cyber insurance coverage, including protection to further mitigate potential financial losses from cybersecurity incidents.

As of the date of this Annual Report on Form 10-K we are not aware of any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business, results of operations or financial condition. However, despite our best efforts, we cannot eliminate all risks from cybersecurity threats or provide assurances that we have not experienced undetected cybersecurity incidents. See "Risk Factors" in Item 1A in this Annual Report on Form 10-K for further discussion.

Governance

The Board of Directors is responsible for the oversight of our cybersecurity risk management program. On a quarterly basis, our Chief Information Officer (CIO) provides a cybersecurity status report and update to the Board of Directors, which includes a scorecard of cybersecurity threats, updates on key initiatives, and any changes in trends that may impact the Company. The CIO reports directly to the President and Chief Executive Officer (CEO) and meets regularly with him, the Chief Financial Officer, and other members of the Executive Leadership Team. The CIO has over 25 years of experience in IT Operations and is supported by a 3rd party cybersecurity firm for managed cyber security services and comprehensive focus on the program.

The Emergency Action Plan defines the handling of cyber related incidents with support of the cross-functional steering team to assess the potential materiality of cybersecurity events and to report on the detection, analysis, and containment from such events. As the severity of events meet certain levels as specified by the Incident Response Plan, those events are escalated to senior levels of management and reported to the Board of Directors. Our Board of Directors is responsible for the oversight of controls and procedures related to the public disclosure of material cybersecurity incidents.

Item 2. Properties

The Company owns the following facilities as of June 30, 2026:

Location	Approximate Size (square feet)	Principal Operations
Edgerton, Kansas	500,000	Distribution
Huntingburg, Indiana	337,000	Distribution
Dubuque, Iowa	40,000	Corporate Office

The Company leases the following facilities as of June 30, 2026:

Location	Approximate Size (square feet)	Principal Operations
Mexicali, Mexico	508,000	Manufacturing
Greencastle, Pennsylvania	206,000	Distribution
Juarez, Mexico	225,000	Manufacturing
Juarez, Mexico	197,000	Manufacturing
Juarez, Mexico	131,000	Manufacturing
High Point, North Carolina	60,000	Showroom
El Paso, Texas	38,000	Warehouse
High Point, North Carolina	15,000	Design and Engineering Center
Las Vegas, NV	10,000	Showroom
Shenzhen, China	2,000	Office
Bangkok, Thailand	1,000	Office
Binh Duong, Vietnam	1,000	Office

See Note 2, *Leases,* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for further discussion of the leased assets.

Item 3. Legal Proceedings

See Note 14, *Commitments and Contingencies,* of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for discussion of legal proceedings.

Item 4. Mine Safety Disclosures

None.

PART II

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

Market Information

The Company's common stock is traded on the NASDAQ Global Select Market under the trading symbol FLXS.

Holders of Record

The Company had 187 registered holders of common stock and estimates there were approximately 3,000 beneficial holders of common stock of the Company as of June 30, 2026. The payment of future cash dividends is within the discretion of the Company's Board of Directors and will depend, among other factors, on its earnings, capital requirements and operating and financial condition.

Purchases of Equity Securities

On December 11, 2024, the Board of Directors approved a share repurchase program authorizing the Company to purchase up to $30 million of the Company's common stock.

The following table details shares repurchased by the Company during the three months ended June 30, 2026.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Plan	Approximate Dollar Value of Shares that May Yet Be Purchased
April 1, 2026, to April 30, 2026	1,279,870 [1]	$ 47.00 [1]	31,026	$ 28,868,691
May 1, 2026, to May 31, 2026	—	—	31,026	28,868,691
June 1, 2026, to June 30, 2026	4,259	66.72	35,285	28,584,297
As of June 30, 2026	1,284,129	$ 66.72	35,285	$ 28,584,297

[1] On April 26, 2026, the Company entered into a stock repurchase agreement for the purchase by the Company of 1,279,870 shares of the Company's common stock in a privately-negotiated transaction at a purchase price of $47.00 per share and for a total purchase price of approximately $60.2 million.

Item 6. [Reserved]

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

General

The following analysis of the results of operations and financial condition of the Company should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Results of Operations

The following table has been prepared as an aid in understanding the Company's results of operations on a comparative basis for the fiscal years ended June 30, 2026, 2025, and 2024. Amounts presented are percentages of the Company's net sales.

	For the years ended June 30,		
	2026	2025	2024
Net sales	100.0 %	100.0 %	100.0 %
Cost of goods sold	75.3	77.8	78.9
Gross margin	24.7	22.2	21.1
Selling, general and administrative expenses	15.4	15.1	17.1
Restructuring expense	—	—	0.7
Right-of-use asset impairment	—	3.2	—
(Gain) on sale of real estate	—	(0.2)	—
(Gain) on disposal of assets held for sale	—	(2.0)	(0.8)
Operating income	9.3	6.0	4.1
Interest income	0.3	0.1	0.0
Interest (expense)	—	—	(0.4)
Income before income taxes	9.5	6.1	3.8
Income tax provision	2.3	1.5	1.2
Net income and comprehensive income	7.2 %	4.6 %	2.6 %

Fiscal 2026 Compared to Fiscal 2025

Net sales were $459.2 million for the year ended June 30, 2026, compared to net sales of $441.1 million in the prior year, an increase of $18.1 million or 4.1%. The increase in sales was primarily driven by $28.0 million of growth in soft seating products, partially offset by a $9.0 million decline in homestyles branded ready-to-assemble product sales and $0.9 million decline in Flexsteel branded casegoods.

Gross margin for the year ended June 30, 2026, was 24.7%, compared to 22.2% for the prior fiscal year, an increase of 250 basis points ("bps"). The 250-bps increase was primarily driven by a 200-bps benefit from the International Emergency Economic Powers Act ("IEEPA") Tariff Refunds received and to a lesser extent favorable mix driven by product and customer portfolio optimization initiatives.

Selling, general, and administrative ("SG&A") expenses increased by $4.2 million in the year ended June 30, 2026, compared to the prior fiscal year. As a percentage of net sales, SG&A expense was 15.4% in fiscal year 2026 compared to 15.1% of net sales in the prior fiscal year. The increase of 30-bps is primarily due to a 70-bps benefit from fixed cost leverage on higher sales volume offset by 70-bps increase in investments in consumer insights, new products and marketing to execute our growth strategy and a 30-bps increase from higher incentive compensation expense.

Income tax expense was $10.7 million, or an effective rate of 24.4%, for the year ended June 30, 2026, compared to income tax expense of $6.8 million in the prior year, or an effective tax rate of 25.3%. The current year effective tax rate was primarily impacted by lower non-deductible compensation, effect of state and foreign taxes, partially offset by stock-based compensation and a research and development credit benefit. The prior year tax rate was primarily impacted by the effect of state and foreign taxes, offset by a research and development credit benefit. The Company adjusted its provision for income tax and measurement of deferred tax assets in accordance with the One Big Beautiful Act ("OBBBA"). See Note 10, Income Taxes, of the Notes to Consolidated Financial Statements, included in this Annual Report on Form 10-K for more information.

Net income was $33.1 million, or $6.07 per diluted share for the year ended June 30, 2026, compared to net income of $20.2 million, or $3.55 per diluted share in the prior year.

On July 31, 2025, the President of the United States issued an executive order intended to clarify certain matters related to previously issued executive orders on tariffs. This executive order included, among other things, an increase in the country specific tariff from 10% to 20% on goods imported from Vietnam. Accordingly, both our seating and case goods products sourced from Vietnam were subject to tariffs under IEEPA during this period. In addition, beginning in October 2025, substantially all of the seating products we source from Vietnam and manufacture in Mexico became subject to a 25% tariff under Section 232 of the Trade Expansion Act of 1962 pursuant to the Presidential Proclamation Adjusting Imports of Timber, Lumber, and their Derivative Products into the United States. For these seating products, the Section 232 tariff superseded the previously applicable IEEPA tariffs. Our case goods products sourced from Vietnam continued to be subject to the applicable IEEPA tariffs until February 2026, when the U.S. Supreme Court held that the tariffs imposed under IEEPA exceeded the authority granted under that statute. Following the Supreme Court's decision, a temporary 10% global import surcharge was imposed under Section 122 of the Trade Act of 1974 and became applicable to our case goods products sourced from Vietnam. On July 24, 2026, the U.S. implemented a new tariff framework under Section 301 of the Trade Act of 1974. The new framework imposes tariffs of either 10% or 12.5% on imports from certain trading partners, including Vietnam. This Section 301 tariff applies to bedroom, dining and occasional casegood products we source from Vietnam. The majority of our seating products sourced from Vietnam and manufactured in Mexico remain subject to the 25% Section 232 tariffs which, under the existing proclamation, is scheduled to increase to 30% effective January 1, 2027, unless modified prior to that date, and are generally not subject to the additional Section 301 tariffs. In addition, as a result of the U.S. Supreme Court's February 2026 decision regarding the IEEPA tariff program, the U.S. Court of International Trade ordered the U.S. government to process refunds of tariffs collected under the IEEPA tariff program. These refunds relate only to tariffs imposed under the IEEPA authority and do not affect the Section 232 tariffs that continue to apply to the majority of the Company's upholstered seating products.

Fiscal 2025 Compared to Fiscal 2024

Net sales were $441.1 million for the year ended June 30, 2025, compared to net sales of $412.8 million in the prior year, an increase of $28.3 million or 6.9%. The increase in sales was primarily driven by unit volume in our soft seating products, offset by a decline in our homestyles ready-to-assemble product line.

Gross margin for the year ended June 30, 2025, was 22.2%, compared to 21.1% for the prior fiscal year, an increase of 110 basis points (“bps”). The 110-bps increase was primarily driven by fixed cost leverage on higher sales, supply chain cost savings, and product portfolio management.

Selling, general, and administrative (“SG&A”) expenses decreased by $3.7 million in the year ended June 30, 2025, compared to the prior fiscal year. As a percentage of net sales, SG&A expense was 15.1% in fiscal year 2025 compared to 17.1% of net sales in the prior fiscal year. The decrease of 200-bps is primarily due to fixed cost leverage on higher sales volume and structural cost savings partially offset by investments in growth initiatives. The prior year SG&A expense also included a $1.5 million expense due to CEO transition costs associated with the revaluation of previously awarded equity awards which did not recur in the year ended June 30, 2025.

In July 2022, Flexsteel commenced a 12-year lease for a manufacturing facility in Mexicali, Mexico to support strong demand growth which was elevated due to pandemic-driven buying at that time. Subsequently, U.S. furniture demand reverted to pre-pandemic norms, and the Company’s plan for the facility pivoted to subleasing the space short-term while maintaining the option to utilize it longer term to support growth. While the Company secured multiple short-term sublease tenants at the beginning of the lease term, substantial changes in U.S. trade policy in early 2025 created significant uncertainty in US-Mexico trade relations, slowed foreign direct investment in Mexico, and greatly diminished tenant interest in subleasing the Mexicali facility. As a result, management concluded that the right of use asset related to this lease was not fully recoverable and recorded a pre-tax non-cash asset impairment charge of $14.1 million during the quarter ended March 31, 2025. See Note 2, Leases, of the Notes to Consolidated Financial Statements, included in this Annual Report on Form 10-K for more information.

During the year ended June 30, 2025, the Company completed the sale of its Dublin, Georgia facility which had been previously recorded as held for sale. The Company recorded a pre-tax gain of $5.0 million related to the sale. See Note 6, *Assets Held For Sale*, of the Notes to Consolidated Financial Statements, included in this Annual Report on Form 10-K for more information.

During the year ended June 30, 2025, the Company completed the sale of 2 separate ancillary buildings, formerly part of its Huntingburg, Indiana distribution center complex. The Company received proceeds of $0.8 million and recorded a pre-tax gain of $0.7 million related to the first sale. The Company received proceeds of $4.0 million and recorded a pre-tax gain of $3.7 million related to the second sale. The Company has adequate distribution capacity to support our growth as we continue to optimize our distribution and logistics network. See Note 6, *Assets Held For Sale*, of the Notes to Consolidated Financial Statements, included in this Annual Report on Form 10-K for more information.

Income tax expense was $6.8 million, or an effective rate of 25.3%, for the year ended June 30, 2025, compared to income tax expense of $5.0 million in the prior year, or an effective tax rate of 32.3%. The current year effective tax rate was primarily impacted by the effect of state and foreign taxes, offset by a research and development credit benefit. The prior year tax rate was impacted by the effect of state taxes, nondeductible stock compensation, and foreign taxes, offset by a research and development credit benefit. See Note 10, *Income Taxes*, of the Notes to Consolidated Financial Statements, included in this Annual Report on Form 10-K for more information.

Net income was $20.2 million, or $3.55 per diluted share for the year ended June 30, 2025, compared to net income of $5.5 million, or $1.91 per diluted share in the prior year.

Liquidity and Capital Resources

Working capital (current assets less current liabilities) on June 30, 2026, was $82.7 million compared to $110.4 million on June 30, 2025. The $27.7 million decrease in working capital is primarily due to an increase in trade receivables of $7.4 million, an increase in inventories of $1.5 million, an increase in other current assets of $0.4 million, a decrease in other current liabilities of $1.4 million, and a decrease of insurance costs of $0.5 million partially offset by a decrease in cash of $23.3 million, an increase in accounts payable of $10.6 million, an increase in sales and advertising of $2.2 million, an increase in payroll and related items of $2.2 million and an increase in operating lease of $0.6 million. Capital expenditures were $3.9 million for the fiscal year ended June 30, 2026.

A summary of operating, investing, and financing cash flow is shown in the following table:

	For the years ended June 30,	
(in thousands)	**2026**	**2025**
Net cash provided by operating activities	$ 51,517	$ 36,979
Net cash (used in) provided by investing activities	(3,920)	9,432
Net cash (used in) financing activities	(70,925)	(11,166)
(Decrease) increase in cash and cash equivalents	$ (23,328)	$ 35,245

Net cash provided by operating activities

For the year ended June 30, 2026, cash provided by operating activities was $51.5 million, which primarily consisted of net income of $33.1 million, adjusted for non-cash items including stock-based compensation of $4.6 million, deferred income taxes of $4.5 million, depreciation of $3.8 million and provision for credit losses of $0.2 million. Net cash provided by operating assets and liabilities was $5.3 million and was primarily due to an increase in accounts payable of $10.9 million due to timing of inventory purchases, a decrease in other assets of $3.5 million primarily driven by collections of VAT receivables, partially offset by an increase in trade receivables of $7.6 million due to timing of shipments and an increase in inventories of $1.5 million.

For the year ended June 30, 2025, cash provided by operating activities was $37.0 million, which primarily consisted of net income of $20.2 million, adjusted for non-cash items including an impairment of our Mexicali facility right-of-use asset of $14.1 million, stock-based compensation expense of $3.9 million, and depreciation expense of $3.7 million, offset by gain on disposition of property, plant and equipment of $9.5 million, $3.8 million in deferred income tax benefit, and accounts receivable allowance benefit of $0.2 million. Net cash provided by operating assets and liabilities was $8.7 million and was primarily due to a decrease in trade receivables of $9.3 million and a decrease in inventory of $7.4 million due to inventory optimization initiatives, offset by an increase in other assets of $7.6 million primarily related to our receivable for recoverable VAT paid in Mexico.

Net cash (used in) provided by investing activities

For the year ended June 30, 2026, net cash used in investing activities was $3.9 million, due to capital expenditures.

For the year ended June 30, 2025, net cash provided by investing activities was $9.4 million, primarily due to proceeds of $11.6 million from the sales of property, plant and equipment, and corporate owned life insurance proceeds of $1.2 million, offset by capital expenditures of $3.3 million.

Net cash (used in) financing activities

For the year ended June 30, 2026, net cash used in financing activities was $70.9 million, primarily due to common stock repurchases of $63.7 million, dividends paid of $4.4 million and $2.8 million for tax payments on employee vested restricted shares netted with proceeds from the issuance of common stock.

For the year ended June 30, 2025, net cash used in financing activities was $11.2 million, primarily due to proceeds from lines of credit of $202.3 million, offset by payments on lines of credit of $207.3 million, dividends paid of $3.6 million, and $2.8 million for tax payments on employee vested restricted shares netted with proceeds from the issuance of common stock.

Financing Arrangements

Line of Credit

On September 8, 2021, the Company, as the borrower, entered into a credit agreement (the "Credit Agreement") with Wells Fargo Bank, National Association (the "Lender"), and the other lenders party thereto. The Credit Agreement has a five-year term and provides for up to an $85 million revolving line of credit. Subject to certain conditions, the Credit Agreement also provides for the issuance of letters of credit in an aggregate amount up to $5 million which, upon issuance, would be deemed advances under the revolving line of credit. Proceeds of borrowings were used to refinance all indebtedness owed to a prior lender and for working capital purposes. The Company's obligations under the Credit Agreement are secured by substantially all its assets, excluding real property. The Credit Agreement contains customary representations, warranties, and covenants, including a financial covenant to maintain a fixed coverage ratio of not less than 1.00 to 1.00. In addition, the Credit Agreement places restrictions on the Company's ability to incur additional indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets, and to merge or consolidate with other entities.

On April 18, 2022, the Company, as the borrower, entered into a first amendment to the Credit Agreement ("First Amendment to the Credit Agreement"), with the Lender and the lenders thereto. The amendment to the Credit Agreement changed the definition of the term 'Payment Conditions' and further defined default or event of default and the calculation of the Fixed Charge Coverage Ratio.

Subject to certain conditions, borrowings under the Credit Agreement initially bore interest at LIBOR plus 1.25% or 1.50% per annum. On May 24, 2023, the Company entered into a second amendment to the Credit Agreement ("Second Amendment to the Credit Agreement") with the Lender to transition the applicable interest rate from LIBOR to Secured Overnight Financing Rate ("SOFR"). Effective as of the date of the Second Amendment to the Credit Agreement, borrowings under the amended Credit Agreement bear interest at SOFR plus 1.36% to 1.61% or an effective interest rate of 4.98% on June 30, 2026.

On June 3, 2025, the Company, at the borrower, entered into a third amendment to its Credit Agreement ("Third Amendment to the Credit Agreement") with Wells Fargo Bank, NA. The amendment reduced the maximum revolving line of credit amount to $55 million and modified certain definitions in the Credit Agreement which included dollar figures derived from the maximum revolver amount. The Company initiated the amendment to better align with current and projected borrowing availability under the Credit Agreement.

As of June 30, 2026, there were no outstanding borrowings under the Credit Agreement, exclusive of fees and letters of credit.

Letters of credit outstanding at the Lender as of June 30, 2026, totaled $0.9 million.

Subsequent to fiscal year end, on August 18, 2026 the Company, as the borrower, entered into a new $30.0 million secured revolving credit facility that replaces the Credit Agreement. The new facility reduces the Company's maximum borrowing capacity from $55.0 million to $30.0 million but extends availability with a new maturity date of August 18, 2029 and is expected to better align with current needs and adequately support the Company's anticipated future requirements for working capital and general corporate purposes.

See Note 9, *Credit Arrangements,* of Notes to Consolidated Financial Statements of this Annual Report on Form 10-K.

Contractual Obligations

The following table summarizes our contractual obligations on June 30, 2026, and the effect these obligations are expected to have on our liquidity and cash flow in the future (in thousands):

	Total	1 Year	2-3 Years	4-5 Years	More than 5 Years
Operating lease obligations	$ 58,342	$ 10,255	$ 18,974	$ 15,798	$ 13,315
Warehouse management obligation	1,735	1,388	347	—	—

Outlook

Our focus for fiscal year 2027 will be to continue to operate with agility, maintain disciplined cost control, protect our financial position, and invest in the capabilities that we believe will drive long-term growth and shareholder value creation.

Critical Accounting Policies

The discussion and analysis of our consolidated financial statements and results of operations are based on our consolidated financial statements prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. Preparation of these consolidated financial statements requires the use of estimates and judgments that affect the reported results. We use estimates based on the best information available in recording transactions and balances resulting from business operations. Estimates are used for such items as the collectability of trade accounts receivable and inventory valuation. Ultimate results may differ from these estimates under different assumptions or conditions.

Allowance for Credit Losses – We establish an allowance for expected credit losses to reduce trade accounts receivable to an amount that reasonably approximates their net realizable value. The allowance is established through a review of open accounts, historical collection, and historical write-off amounts. The amount ultimately realized from trade accounts receivable may differ from the amount estimated in the consolidated financial statements.

Inventories – We value inventory at the lower of cost or net realizable value. Cost of manufactured inventory includes materials, labor and overhead. In addition, finished goods inventory includes capitalized freight, import duties, and warehousing costs. Our inventory valuation reflects markdowns for the excess of the cost over the amount expected to be realized and considers obsolete and excess inventory. Markdowns establish a new cost basis for the Company's inventory. Subsequent changes in facts or circumstances do not result in the reversal of previously recorded markdowns or an increase in that newly established cost basis.

Valuation of Long-Lived Assets – We periodically review the carrying value of long-lived assets and estimated depreciable or amortizable lives for continued appropriateness. This review is based upon projections of anticipated future cash flows and is performed whenever events or changes in circumstances indicate that asset carrying values may not be recoverable or that the estimated depreciable or amortizable lives may have changed. For long-lived assets, including right-of-use lease assets, if the net book value of the asset is greater than its estimated fair value less cost to sell, an impairment is recorded for the excess of net book value over estimated fair value less cost to sell. We recorded $14.1 million of impairments in the fiscal year 2025 related to our Mexicali facility lease right-of-use asset. See Note 2, Leases, for the Company's lease disclosures. No impairments were recorded in fiscal years 2026 and 2024.

Income Taxes - In determining taxable income for financial statement purposes, we must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating our ability to recover our deferred tax assets we consider all available positive and negative evidence including our past operating results, the existence of cumulative losses in the most recent years, and our forecast of future taxable income. In estimating future taxable income, we develop assumptions including the amount of future pre-tax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses.

At June 30, 2026, the Company determined that based on the weight of available evidence, we will be able to recover our deferred tax assets. The realization of our deferred tax assets is primarily dependent on future taxable income in the appropriate jurisdiction. Any reduction in future taxable income, including but not limited to any future restructuring activities may require that we establish a valuation allowance against our deferred tax assets. Establishing a valuation allowance or an increase in the valuation allowance could result in additional income tax expense in such a period and could have a significant impact on our future earnings. Refer to Note 10, *Income Taxes,* of Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for more information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

General – Market risk represents the risk of changes in the value of a financial instrument, derivative or non-derivative, caused by fluctuations in interest rates, foreign exchange rates and equity prices. As discussed below, management of the Company does not believe that changes in these factors could cause material fluctuations in the Company's results of operations or cash flows. The ability to import furniture products can be adversely affected by political issues in the countries where suppliers are located, as well as disruptions associated with shipping distances and negotiations with port employees. Other risks related to furniture product importation include government imposition of regulations and/or quotas; duties, taxes or tariffs on imports; and significant fluctuation in the value of the U.S. dollar against foreign currencies. Any of these factors could interrupt supply, increase costs, decrease demand, and decrease earnings.

Foreign Currency Risk – During fiscal years 2026, 2025, and 2024, the Company did not have sales but had purchases and other expenses denominated in foreign currencies, primarily the Mexican peso. The wages of our employees and certain other employee benefits and indirect costs related to our operations in Mexico are made in pesos and subject to foreign currency fluctuation with the

U.S. dollar. The Company does not employ any foreign currency hedges against this operating expense exposure. A negative shift in the value of the U.S. dollar against the peso could increase the cost of our manufactured product. In addition, the Company has certain asset and liabilities related to our manufacturing operations which are denominated in pesos, primarily our VAT receivable for recoverable VAT paid in Mexico. A negative shift in the value of the peso against the U.S. dollar could result in the value of our receivable decreasing which may impact our earnings. During the third quarter of fiscal year 2025, we utilized a derivative instrument to reduce our exposure to foreign currency risk from changes in the peso's exchange rate for this exposure. This instrument expired on March 31, 2025, without being utilized and the Company does not currently hedge foreign currency risk. See "Risk Factors" in Item 1A in this Annual Report on Form 10-K for further discussion.

Interest Rate Risk – The Company's primary market risk exposure regarding financial instruments is changes in interest rates. On June 30, 2026, the Company had no outstanding balance on its line of credit.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Flexsteel Industries, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Flexsteel Industries, Inc. and subsidiaries (the "Company") as of June 30, 2026 and June 30, 2025, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended June 30, 2026, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and June 30, 2025, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2026, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 19, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

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

Inventories — Refer to Notes 1 and 3 to the financial statements

Critical Audit Matter Description

The Company has inventories of $90.6 million as of June 30, 2026. The Company records inventories at the lower of cost or net realizable value utilizing the first-in, first-out (“FIFO”) method. The Company’s inventory valuation reflects markdowns for the excess of the cost over the amount expected to be realized. Markdowns establish a new cost basis for the Company’s inventories. Subsequent changes in facts or circumstances do not result in the reversal of previously recorded markdowns or an increase in that newly established cost basis.

Given the quantitative and qualitative materiality of the balance, coupled with the judgments and subjectivity involved to estimate the markdowns to the net realizable value of inventories, auditing management's estimates of net realizable value required subjective auditor judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to estimated net realizable value of inventories included the following, among others:

- We tested the design and operating effectiveness of internal controls over the inventory valuation process, including controls over the inputs that are used in management's inventory markdown for the excess of the cost over the amount expected to be realized.
- We tested management's methodology to determine the markdowns to net realizable value of inventory through inquiries of management, and evaluation of accounting policies and process documentation.
- We tested the accuracy and completeness of the Company's measurement of inventory markdowns using a sampling approach. We evaluated the appropriateness of methodologies and assumptions used by management to estimate inventory markdowns including inventory quantities on-hand, historical sales activity, and other assumptions used by management.
- We evaluated management's measurement of the inventory markdowns and net realizable value by testing the mathematical accuracy of the Company's calculation.
- We performed retrospective reviews of actual products sold in the current year against prior year inventory markdowns to net realizable value.

/s/ Deloitte & Touche LLP

Minneapolis, MN
August 19, 2026

We have served as the Company's auditor since 1965.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Flexsteel Industries, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Flexsteel Industries, Inc. and subsidiaries (the "Company") as of June 30, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended June 30, 2026, of the Company and our report dated August 19, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Deloitte & Touche LLP

Minneapolis, MN
August 19, 2026

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	June 30,	
	2026	2025
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,678	$ 40,006
Trade receivables - less allowances: June 30, 2026, $2,040, June 30, 2025, $1,790	42,658	35,229
Inventories	90,593	89,135
Other	8,444	8,002
Total current assets	158,373	172,372
NONCURRENT ASSETS:		
Property, plant and equipment, net	35,972	36,212
Operating lease right-of-use assets	35,672	41,545
Deferred income taxes	7,928	12,444
Other assets	16,064	19,913
TOTAL	$ 254,009	$ 282,486
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade	$ 36,238	$ 25,617
Current portion of operating lease liabilities	8,397	7,809
Accrued liabilities:		
Payroll and related items	13,411	11,260
Insurance	1,414	1,950
Sales and advertising related items	10,241	8,061
Other	5,964	7,317
Total current liabilities	75,665	62,014
LONG-TERM LIABILITIES:		
Operating lease liabilities, less current maturities	43,499	51,561
Other liabilities	1,350	1,049
Total liabilities	120,514	114,624
COMMITMENTS AND CONTINGENCIES (Note 14)		
SHAREHOLDERS' EQUITY:		
Common stock - $1 par value; authorized 15,000 shares; 8,629 shares issued and 4,107 shares outstanding as of June 30, 2026; 8,514 shares issued and 5,307 shares outstanding as of June 30, 2025	8,629	8,514
Additional paid-in capital	41,110	40,644
Treasury stock, at cost; 4,522 shares as of June 30, 2026, and 3,207 as of June 30, 2025	(135,478)	(71,731)
Retained earnings	219,234	190,435
Total shareholders' equity	133,495	167,862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 254,009	$ 282,486

See accompanying Notes to Consolidated Financial Statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Amounts in thousands, except per share data)

	For the years ended June 30,		
	2026	2025	2024
Net sales	$ 459,178	$ 441,073	$ 412,752
Cost of goods sold	345,742	343,129	325,508
Gross profit	113,436	97,944	87,244
Selling, general and administrative expenses	70,886	66,696	70,444
Restructuring expense	—	—	2,982
Right-of-use asset impairment	—	14,079	—
(Gain) on sale of real estate	—	(753)	—
(Gain) on disposal of assets held for sale	—	(8,693)	(3,262)
Operating income	42,550	26,615	17,080
Other income (expense):			
Interest income	1,288	421	20
Interest (expense)	(22)	(70)	(1,550)
Income before income taxes	43,816	26,966	15,550
Income tax provision	10,688	6,812	5,022
Net income and comprehensive income	$ 33,128	$ 20,154	$ 10,528
Weighted average number of common shares outstanding:			
Basic	5,125	5,249	5,170
Diluted	5,456	5,678	5,519
Earnings per share of common stock			
Basic	$ 6.46	$ 3.84	$ 2.04
Diluted	$ 6.07	$ 3.55	$ 1.91

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands)

	Total Par Value of Common Shares ($1 Par)	Capital	Treasury Stock	Retained Earnings	Total
Balance at June 30, 2023	$ 8,292	$ 36,605	$ (70,072)	$ 166,796	$ 141,621
Stock-based compensation	24	4,622	—	—	4,646
Vesting of restricted stock units	88	(1,739)	—	—	(1,651)
Stock options exercised, net	3	85	—	—	88
Treasury stock purchases	—	—	(1,659)	—	(1,659)
Cash dividends declared	—	—	—	(3,206)	(3,206)
Net income	—	—	—	10,528	10,528
Balance at June 30, 2024	$ 8,407	$ 39,573	$ (71,731)	$ 174,118	$ 150,367
Stock-based compensation	14	3,855	—	—	3,869
Vesting of restricted stock units	29	(823)	—	—	(794)
Stock options exercised, net	64	(1,961)	—	—	(1,897)
Cash dividends declared	—	—	—	(3,837)	(3,837)
Net income	—	—	—	20,154	20,154
Balance at June 30, 2025	$ 8,514	$ 40,644	$ (71,731)	$ 190,435	$ 167,862
Stock-based compensation	13	4,539	—	—	4,552
Vesting of restricted stock units	100	(4,141)	—	—	(4,041)
Stock options exercised, net	2	68	—	—	70
Treasury stock purchases	—	—	(63,747)	—	(63,747)
Cash dividends declared	—	—	—	(4,329)	(4,329)
Net income	—	—	—	33,128	33,128
Balance at June 30, 2026	8,629	41,110	(135,478)	219,234	133,495

Cash dividends declared per common share were $0.85, $0.71, and $0.60 for the fiscal years ended June 30, 2026, 2025, and 2024, respectively.

See accompanying Notes to Consolidated Financial Statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For the years ended June 30,		
	2026	2025	2024
OPERATING ACTIVITIES:			
Net income	$ 33,128	$ 20,154	$ 10,528
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	3,827	3,654	3,997
Deferred income taxes	4,516	(3,837)	(1,454)
Stock-based compensation expense	4,552	3,869	4,647
Provision for credit losses	168	(244)	(160)
Right-of-use asset impairment	—	14,079	—
Loss (gain) on disposition of property, plant and equipment	92	(9,446)	(2,839)
Changes in operating assets and liabilities:			
Trade receivables	(7,596)	9,253	(5,910)
Inventories	(1,458)	7,441	25,499
Other current and non-current assets	3,396	(8,548)	(8,199)
Accounts payable - trade	10,862	(579)	1,373
Accrued liabilities	(281)	830	4,177
Other long-term liabilities	311	353	224
Net cash provided by operating activities	51,517	36,979	31,883
INVESTING ACTIVITIES:			
Proceeds from sale of investments	—	1,155	—
Proceeds from sales of property, plant and equipment	21	11,535	4,179
Capital expenditures	(3,941)	(3,258)	(4,772)
Net cash (used in) provided by investing activities	(3,920)	9,432	(593)
FINANCING ACTIVITIES:			
Dividends paid	(4,375)	(3,556)	(3,219)
Treasury stock purchases	(63,746)	—	(1,659)
Proceeds from lines of credit	9,000	202,344	367,818
Payments on lines of credit	(9,000)	(207,262)	(391,270)
Proceeds from issuance of common stock	70	141	88
Shares withheld for tax payments on vested shares and options exercised	(2,874)	(2,833)	(1,652)
Net cash (used in) financing activities	(70,925)	(11,166)	(29,894)
(Decrease) increase in cash and cash equivalents	(23,328)	35,245	1,396
Cash and cash equivalents at beginning of year	40,006	4,761	3,365
Cash and cash equivalents at end of year	$ 16,678	$ 40,006	$ 4,761
SUPPLEMENTAL INFORMATION			
Interest paid	22	107	1,694
Interest received	1,288	421	—
Cash paid for income taxes, net	8,109	9,397	4,296
Capital expenditures in accounts payable	149	390	23

See accompanying Notes to Consolidated Financial Statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS – Flexsteel Industries, Inc. and Subsidiaries (the "Company," "Flexsteel," or "Our") is one of the largest residential furniture manufacturers, importers, and marketers in the U.S. Flexsteel addresses different consumer groups through our core brand, Flexsteel, and several category-specific sub-brands: Zecliner, Statements, Zen, Perfect Match, and Pulse, all of which have unique value propositions tailored to specific consumer needs. We offer a wide assortment of product solutions for different areas within the home including stationary and motion sofas, loveseats, chairs, and sectionals, as well as bedroom furniture, dining tables and chairs, occasional and entertainment tables, and kitchen storage. For more than 130 years, Flexsteel has strived to create strong consumer value with unmatched quality, comfort, and durability, backed by innovation and highlighted by its patented Blue Steel Spring technology, designed to deliver lasting comfort and support. Today, Flexsteel products are available nationwide through retail partners and online channels.

PRINCIPLES OF CONSOLIDATION – The consolidated financial statements include the accounts of Flexsteel Industries, Inc. and its wholly owned subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation. The Company's consolidated financial statements and results of operations are based on consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America.

USE OF ESTIMATES – The preparation of consolidated financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Ultimate results could differ from those estimates.

FAIR VALUE – The Company's cash and cash equivalents, investments, accounts receivable, other current assets, accounts payable and certain accrued liabilities are carried at amounts that approximate their fair value due to their short-term nature. Under GAAP, financial assets and liabilities measured at fair value are classified into one of three levels based on the inputs used in the valuation:: Level 1: Quoted market prices in active markets for identical assets and liabilities; Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data; or Level 3: Unobservable inputs that are not corroborated by market data. The Company has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the period.

ALLOWANCE FOR CREDIT LOSSES – The Company establishes an allowance for credit losses to reduce trade accounts receivable to an amount that reasonably approximates their net realizable value. The Company's allowance for credit losses is established through review of open accounts, historical collection, and historical write-off amounts. The amount ultimately realized from trade accounts receivable may differ from the amount estimated in the consolidated financial statements.

INVENTORIES – Inventories are stated at the lower of cost or net realizable value utilizing the first‑in - first‑out ("FIFO") method. Cost of manufactured inventory includes materials, freight, import duties and tariffs, labor and overhead. In addition, sourced finished goods inventory includes the purchase price of the product and capitalized freight, import duties and tariffs, and warehousing costs. Our inventory valuation reflects markdowns for the excess of the cost over the amount expected to be realized and considers obsolete and excess inventory. Markdowns establish a new cost basis for the Company's inventory. Subsequent changes in facts or circumstances do not result in the reversal of previously recorded markdowns or an increase in that newly established cost basis.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets.

VALUATION OF LONG–LIVED ASSETS – The Company periodically reviews the carrying value of long-lived assets and estimated depreciable or amortizable lives for continued appropriateness. This review is based upon projections of anticipated future cash flows and is performed whenever events or changes in circumstances indicate that asset carrying values may not be recoverable or that the estimated depreciable or amortizable lives may have changed. For long-lived assets, including right-of-use lease assets, if the net book value of the asset is greater than its estimated fair value less cost to sell, an impairment is recorded for the excess of net book value over estimated fair value less cost to sell.

ASSETS HELD FOR SALE – Assets held for sale represent land, buildings, machinery and equipment for locations that have met the criteria of "held for sale" accounting, as specified by Accounting Standards Codification ("ASC") 360, "Property, Plant, and Equipment." Once an asset is classified as held for sale, the Company ceases depreciating the asset. The assets held for sale are being marketed for sale and it is the Company's intention to complete the sale of the assets within the upcoming year.

LEASES – The Company accounts for its leases in accordance with ASC 842, Leases. ASC 842 requires lessees to (i) recognize a right-of-use asset ("ROU asset") and a lease liability that is measured at the present value of the remaining lease payments, on the Consolidated Balance Sheets, (ii) recognize a single lease cost, calculated over the lease term on a straight-line basis and (iii) classify lease-related cash payments within operating and financing activities. The Company made an accounting policy election to not recognize short-term leases on the Consolidated Balance Sheets and all non-lease components, such as common area maintenance, were excluded. See Note 2, *Leases*, for the Company's lease disclosures.

WARRANTY – The Company estimates the amount of warranty claims on sold product that may be incurred based on current and historical data. The actual warranty expense could differ from the estimates made by the Company based on product performance.

REVENUE RECOGNITION – Revenue is recognized when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. We generate revenue primarily by manufacturing and delivering furniture products to independent furniture retailers in the United States. Each unit of furniture is a separate performance obligation. We satisfy our performance obligations when control of our product is passed to our customer, which is the point in time that our customers are able to direct the use of and obtain substantially all of the remaining economic benefit of the goods or services. Net sales consist of product sales and outbound shipping and handling charges for customer deliveries, net of adjustments for returns and allowances. Shipping and handling costs are included in cost of goods sold.

The Company's revenues result from the sale of goods and reflect the consideration to which the Company expects to be entitled. Revenue is reduced by appropriate allowances, estimated returns, price concessions, or similar adjustments as applicable. The Company records revenue based on a five-step model in accordance with ASC 606, *Revenue from Contracts with Customers*. For its customer contracts, typically purchase orders, the Company identifies the performance obligations (goods), determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when the performance obligation is transferred to the customer. A good is transferred when the customer obtains control of that good and risk of loss transfers at a point in time.

Provisions for customer volume rebates, product returns, discounts, and allowances are variable considerations and are recorded as a reduction of revenue in the same period the related sales are recorded. Such provisions are calculated based upon historical data and discount percentages, set with each customer. Consideration given to customers for cooperative advertising is recognized as a reduction of revenue except to the extent there is a distinct good or service and evidence of the fair value of the advertising, in which case the expense is classified as selling, general and administrative expense (SG&A).

The Company has a limited lifetime warranty on all products. The Company does not offer the option to purchase warranties. The Company accounts for warranties under ASC 460, *Guarantees*, and not as variable consideration related to revenue.

Occasionally, the Company receives deposits from customers before it has transferred control of the product to customers, resulting in contract liabilities. These contract liabilities are reported within "Accounts payable - trade" in the consolidated balance sheets. The Company had $0.44 million and $0.25 million of customer deposits as of June 30, 2026 and 2025, respectively.

The Company follows the following practical expedients and policy elections:

- The Company does not adjust contract prices for the effects of a significant financing component, as it expects the period when the goods or services are transferred to the customer and when the customer pays for those goods and services to be less than a year.
- Costs for outbound shipping and handling activities that occur after the product is received in the Company's distribution centers, but before the customer obtains control of the product are accounted for as fulfillment activities. Accordingly, these expenses are recorded at the same time the Company recognizes revenue. Inbound shipping and handling activities incurred to transport product to the Company's distribution centers is expensed when the product is received by the Company, unless there are revenue surcharges to recover such costs, in which case these expenses are recorded at the same time the Company recognizes revenue.
- Incremental costs of obtaining a contract, specifically commissions, are recorded as an SG&A expense when incurred.
- All taxes imposed on and concurrent with revenue-producing transactions and collected by the Company from a customer, including sales, use, excise, and franchise taxes are excluded from the measurement of the transaction price.

ADVERTISING COSTS – are charged to selling, general and administrative expenses in the periods incurred. The Company conducts no direct-response advertising programs and there are no assets related to advertising recorded on the consolidated balance sheets. Advertising expenditures, primarily shared customer advertising in which an identifiable benefit is received and national trade-advertising programs, were approximately $5.5 million, $3.4 million, and $5.9 million in fiscal years 2026, 2025, and 2024, respectively.

DESIGN, RESEARCH, AND DEVELOPMENT COSTS – are charged to selling, general and administrative expenses in the periods incurred. Expenditures for design, research, and development costs were approximately $2.6 million, $2.1 million, and $2.1 million in fiscal years 2026, 2025, and 2024, respectively.

INSURANCE – The Company is self-insured for health care and most workers' compensation up to predetermined amounts above which third-party insurance applies. The Company purchases specific stop-loss insurance for individual health care claims in excess of $175,000 per plan year. For workers' compensation, the Company retains the first $250,000 per claim and purchases excess coverage up to the statutory limits for amounts in excess of the retention limit. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on Company experience. The Company records these insurance accruals within "Accrued liabilities – insurance" on the consolidated balance sheets.

INCOME TAXES – The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company recognizes in its financial statements the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

EARNINGS PER SHARE (EPS) – Basic EPS of common stock is based on the weighted-average number of common shares outstanding during each fiscal year. Diluted EPS of common stock includes the dilutive effect of potential common shares outstanding. The Company's potential common shares outstanding are stock options, shares associated with the long-term management incentive compensation plan and non-vested restricted shares. The Company calculates the dilutive effect of outstanding options using the treasury stock method; all options are anti-dilutive when there is a loss. Anti-dilutive shares are not included in the computation of diluted EPS when their exercise price was greater than the average closing market price of the common shares. The Company calculates the dilutive effect of shares related to the long-term management incentive compensation plan and non-vested shares based on the number of shares, if any, that would be issuable if the end of the fiscal year were the end of the contingency period. In computing EPS, net income as reported for each respective period is divided by the fully diluted weighted average number of shares outstanding:

	June 30,		
(in thousands)	**2026**	**2025**	**2024**
Basic shares	5,125	5,249	5,170
Potential common shares:			
Stock options	101	100	117
Long-term incentive plan	230	329	232
Diluted shares	5,456	5,678	5,519
Anti-dilutive shares	3	6	37

STOCK–BASED COMPENSATION – The Company recognizes compensation expense related to the cost of employee services received in exchange for Company equity interests based on the award's fair value at the date of grant. The Company recognizes long-term incentive compensation plan expenses during the three-year performance periods; stock awards are issued following the end of the performance periods and are subject to verification of results and the Compensation Committee of the Board of Directors approval. See Note 11, *Stock-Based Compensation*.

SEGMENT REPORTING – The Company operates as one operating segment and one reportable segment, furniture products. The Company's operations involve the distribution of manufactured and imported furniture for the residential market. The Company's furniture products are sold primarily throughout the United States by the Company's internal sales force and various independent representatives. The Company has minimal export sales, primarily to Canada or Mexico. No single customer accounted for more than 10% of net sales. See Note 12, *Segment Information*.

TREASURY STOCK – Treasury stock purchases are stated at cost and presented as a reduction of equity on the consolidated balance sheets. As of June 30, 2026, the Company has purchased a total of 4,522,313 shares at a cost of $135.5 million under approved share repurchase programs and has $28.6 million remaining in the share repurchase program approved in December 2024.

RECENT ACCOUNTING STANDARDS PENDING ADOPTION – In November 2024, the FASB issued ASU 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”, which requires disclosure in the notes to the financial statements of specified information about certain costs and expenses. The amendments are effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the disclosure impacts of this ASU on its consolidated financial statements.

RECENTLY ADOPTED ACCOUNTING STANDARDS – In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2023-09, Improvements to Income Tax Disclosures. The amendments in this ASU are intended to increase transparency through enhanced income tax disclosures, primarily related to the rate reconciliation and income taxes paid. The Company adopted this guidance effective as of the end of fiscal 2026. The adoption affected the Company's income tax disclosures but did not have an impact on its financial position, results of operations, or cash flows. See Note 10, Income Taxes, for additional information.

2. LEASES

The Company accounts for its leases in accordance with ASU 842, Leases. ASC 842 requires lessees to (i) recognize a right-of-use asset (“ROU asset”) and a lease liability that is measured at the present value of the remaining lease payments on the Consolidated Balance Sheets, (ii) recognize a single lease cost, calculated over the lease term on a straight-line basis and (iii) classify lease-related cash payments within operating and financing activities. The Company made an accounting policy election to not recognize short-term leases on the Consolidated Balance Sheets and all non-lease components, such as common area maintenance, were excluded. At any given time during the lease term, the lease liability represents the present value of the remaining lease payments, and the ROU asset is measured as the amount of the lease liability, adjusted for pre-paid rent, unamortized initial direct costs, the remaining balance of lease incentives received, and any impairment. Both the lease ROU asset and lease liability are reduced to zero at the end of the lease term.

The Company leases distribution centers and warehouses, manufacturing facilities, showrooms, and office space. At the lease inception date, the Company determines if an arrangement is, or contains, a lease. Some of the Company’s leases include options to renew at similar terms. The Company assesses these options to determine if the Company is reasonably certain of exercising these options based on relevant economic and financial factors. Options that meet these criteria are included in the lease term at the lease commencement date.

For purposes of measuring the Company’s ROU asset and lease liability, the discount rate utilized by the Company was based on the average interest rates effective for the Company’s line of credit. Some of the Company’s leases contain variable rent payments, including common area maintenance and utilities. Due to the variable nature of these costs, they are not included in the measurement of the ROU asset and lease liability.

In July 2022, Flexsteel commenced a 12-year lease for a manufacturing facility in Mexicali, Mexico to support strong demand growth which was elevated due to pandemic-driven buying at that time. Subsequently, U.S. furniture demand reverted to pre-pandemic norms, and the Company’s plan for the facility pivoted to subleasing the space short-term while maintaining the option to utilize it longer term to support growth. While the Company secured multiple short-term sublease tenants at the beginning of the lease term, substantial changes in U.S. trade policy in early 2025 created significant uncertainty in US-Mexico trade relations, slowed foreign direct investment in Mexico, and greatly diminished tenant interest in subleasing the Mexicali facility. As a result, management concluded that the right of use asset related to this lease was not fully recoverable and recorded a pre-tax, non-cash asset impairment charge of $14.1 million during the quarter ended March 31, 2025. The fair value of the right of use asset on March 31, 2025, was estimated under the income approach using a discounted cash flow technique, including assumptions for future sublease rental income and an appropriate discount rate. This technique involves estimates and uncertainties and actual results could differ. The impairment charge is included within operating income in the Consolidated Statements of Income and Comprehensive Income under right-of-use asset impairment.

For the year ended June 30, 2026, the Company evaluated the triggering events described in ASC 360-10-35-21 and considered current operating, market, legal and economic conditions. Based on this evaluation, management concluded that no new events or changes in circumstances occurred during the year that would indicate the carrying amount of the Mexicali ROU asset may not be recoverable. Accordingly, management determined that an additional recoverability test under ASC 360 was not required. The remaining carrying value of the Mexicali ROU asset, after reflecting normal current-year lease accounting activity, lease was $12.4 million as of June 30, 2026. No impairment was recognized during the year.

The components of the Company's leases reflected on the Company's consolidated statements of income were as follows:

(in thousands)	June 30, 2026	June 30, 2025
Operating lease expense	$ 8,438	$ 8,643
Variable lease expense	1,832	1,661
Total lease expense	$ 10,270	$ 10,304

Other information related to leases and future minimum lease payments under non-cancellable operating leases were as follows:

Fiscal year *(in thousands)*	June 30, 2026	June 30, 2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 10,037	$ 9,698
Cash received from subleasing of operating lease:		
Operating cash flows received from subleasing of operating lease	$ —	$ 594
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 456	$ 4,119
Weighted-average remaining lease term (in years):		
Operating leases	6.3	7.2
Weighted-average discount rate:		
Operating leases	3.9%	4.0%

Fiscal year *(in thousands)*	June 30, 2026
Payments in FY2027	$ 10,255
FY2028	10,025
FY2029	8,949
FY2030	8,713
FY2031	7,085
Thereafter	13,315
Total future minimum lease payments	$ 58,342
Less imputed interest	6,446
Lease liability	$ 51,896

3. INVENTORIES

A comparison of inventories is as follows:

	June 30,	
(in thousands)	2026	2025
Raw materials	$ 9,097	$ 11,114
Work in process and finished parts	$ 1,753	2,632
Finished goods	$ 79,743	75,389
Total	$ 90,593	$ 89,135

4. PROPERTY, PLANT AND EQUIPMENT

A comparison of property, plant and equipment is as follows:

(in thousands)	Estimated Life (Years)	June 30, 2026	June 30, 2025
Land		$ 3,175	$ 3,175
Buildings and improvements	5-39	39,067	38,455
Machinery and equipment	3-7	21,079	20,281
Delivery equipment	3-5	2,594	2,241
Furniture and fixtures	3-7	3,173	3,248
Computer software and hardware	3-7	10,040	10,118
Construction in progress		843	3,301
Total		79,971	80,819
Less accumulated depreciation		(43,999)	(44,607)
Net		$ 35,972	$ 36,212

The Company recognized impairment charges of $0.1 million, nil, and $0.1 million for fiscal years 2026, 2025, and 2024, respectively.

5. RESTRUCTURING

Manufacturing Network Optimization
On February 5, 2024, the Company announced its plan to close its Dublin, Georgia manufacturing facility. The closure was completed in the fourth quarter of fiscal year 2024. As a result of the closure the Company incurred cumulative restructuring expense and related costs of $3.0 million as of June 30, 2024. See Note 6, *Assets Held For Sale,* for more information.

The following is a summary of restructuring costs:

(in thousands)	For the years ended June 30, 2026	2025	2024
One-time employee termination benefits	—	—	2,558
Fixed asset impairments	—	—	74
Other associated costs	—	—	350
Total restructuring and related expenses	$ —	$ —	$ 2,982
Reported as:			
Operating expenses	$ —	$ —	$ 2,982

One-time employee termination benefits include costs for employee separation benefits.

During the year ended June 30, 2024, the Company recorded one-time employee termination benefits, fixed asset impairment charges and other associated costs related to the Dublin closure. Other associated costs include legal and professional fees, inventory and equipment transfer costs, and other transition costs.

All expenses related to the manufacturing network optimization restructuring plan were incurred and paid during the year ended June 30, 2024.

6. ASSETS HELD FOR SALE

During fiscal year 2024, the Company committed to a restructuring plan to sell the Company's Dublin, Georgia location. As of December 31, 2024, the Company completed the sale and received proceeds of $6.7 million and recorded a pre-tax gain of $5.0 million.

During the quarter ended March 31, 2025, the Company completed the sale of an ancillary building which was formerly part of the Company's Huntingburg, Indiana distribution center complex. The Company received proceeds of $0.8 million and recorded a pre-tax gain of $0.7 million related to the sale.

During fiscal year 2025, the Company committed to a plan to sell a second ancillary building at the Huntingburg, Indiana distribution center complex. This property was recorded as held for sale at the quarter ended March 31, 2025, and the Company completed the

sale during the quarter ended June 30, 2025. The Company received proceeds of $4.0 million and recorded a pre-tax gain of $3.7 million related to the sale.

There are no assets held for sale as of June 30, 2026.

7. OTHER NONCURRENT ASSETS

	June 30,	
(in thousands)	**2026**	**2025**
VAT receivable	15,121	19,041
Other	943	872
Total	$ 16,064	$ 19,913

8. ACCRUED LIABILITIES – OTHER

	June 30,	
(in thousands)	**2026**	**2025**
Dividends	$ 1,208	$ 1,255
Warranty	1,001	915
Income taxes	—	1,345
Other	3,755	3,802
Total	$ 5,964	$ 7,317

9. CREDIT ARRANGEMENTS

On September 8, 2021, the Company, as the borrower, entered into a credit agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association (the “Lender”), and the other lenders party thereto. The Credit Agreement has a five-year term and provides for up to an $85 million revolving line of credit. Subject to certain conditions, the Credit Agreement also provides for the issuance of letters of credit in an aggregate amount up to $5 million which, upon issuance, would be deemed advances under the revolving line of credit. Proceeds of borrowings were used to refinance all indebtedness owed to a prior lender and for working capital purposes. The Company’s obligations under the Credit Agreement are secured by substantially all its assets, excluding real property. The Credit Agreement contains customary representations, warranties, and covenants, including a financial covenant to maintain a fixed coverage ratio of not less than 1.00 to 1.00. In addition, the Credit Agreement places restrictions on the Company’s ability to incur additional indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets, and to merge or consolidate with other entities. As of June 30, 2026, management believes the Company was in compliance with all covenants.

On April 18, 2022, the Company, as the borrower, entered into a first amendment to the Credit Agreement (“First Amendment to the Credit Agreement”), with the Lender and the lenders thereto. The amendment to the Credit Agreement changed the definition of the term ‘Payment Conditions’ and further defined default or event of default and the calculation of the Fixed Charge Coverage Ratio.

Subject to certain conditions, borrowings under the Credit Agreement initially bore interest at LIBOR plus 1.25% or 1.50% per annum. On May 24, 2023, the Company entered into a second amendment to the Credit Agreement ("Second Amendment to the Credit Agreement") with the Lender to transition the applicable interest rate from LIBOR to Secured Overnight Financing Rate ("SOFR"). Effective as of the date of the Second Amendment to the Credit Agreement, borrowings under the amended Credit Agreement bear interest at SOFR plus 1.36% to 1.61%, or an effective interest rate of 4.98% on June 30, 2026.

On June 3, 2025, the Company entered into a third amendment to its Credit Agreement ("Third Amendment to the Credit Agreement") with Wells Fargo Bank, NA. The amendment reduced the maximum revolving line of credit amount to $55 million and modified certain definitions in the Credit Agreement which include dollar figures derived from the maximum revolver amount. The Company initiated the amendment to better align with current and projected borrowing availability under the Credit Agreement.

As of June 30, 2026, there were no outstanding borrowings under the Credit Agreement, exclusive of fees and letters of credit.

Letters of credit outstanding at the Lender as of June 30, 2026, totaled $0.9 million.

10. INCOME TAXES

The Company recognizes deferred tax assets to the extent that they believe the assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations.

The One Big Beautiful Bill Act ("OBBBA"), enacted into law on July 4, 2025, introduced significant changes to the U.S. federal income tax laws. The OBBBA made permanent certain expiring provisions of the Tax Cuts and Job Act of 2017 (TCJA) and modified other provisions of the TCJA, as well as the Inflation Reduction Act of 2022 (the "IRA"). These changes included the permanent extension of 100% "bonus" depreciation for certain property, the permanent restoration of the tax-basis EBITDA-based limitation on the deductibility of business interest expense subject to certain modifications to the computation of tax-basis EBITDA, and the immediate expensing of qualified domestic research and development expenses. The OBBBA contained various effective dates with certain provisions becoming effective in 2025 and others in 2026 and beyond. The Company has reflected the impact of the OBBBA on current and deferred income taxes in its Consolidated Balance Sheets and Consolidated Statements of Income and Comprehensive Income.

Income tax expense was calculated based upon the following components of income (loss) before income taxes for the years ended June 30:

(in thousands)	2026	2025	2024
United States	$ 41,194	$ 24,028	$ 15,348
Foreign	2,622	2,938	202
Income before income taxes	$ 43,816	$ 26,966	$ 15,550

The income tax provision is as follows for the years ended June 30:

(in thousands)	2026	2025	2024
Current			
Federal	$ 3,685	$ 7,847	$ 4,708
State	1,670	2,061	1,134
Foreign	816	741	634
Deferred			
Federal	4,244	(3,523)	(2,080)
State	273	(314)	626
Foreign	—	—	—
Total	$ 10,688	$ 6,812	$ 5,022

Reconciliation between the U.S. federal statutory tax rate and the effective tax rate in accordance with the guidance in ASU 2023-09 is as follows for the years ended June 30, 2026:

	June 30, 2026	
(in thousands)	Amount	Rate
Federal statutory tax rate	$ 9,201	21.0 %
State and local income taxes, net of federal income tax effect*	1,259	2.9
Foreign tax effects	265	0.6
Effect of cross border tax laws	46	0.1
Tax credits	(287)	(0.7)
Nontaxable or nondeductible items:		
Executive compensation limitation	1,144	2.6
Stock compensation	(1,225)	(2.8)
Other	28	0.1
Changes in uncertain tax positions	260	0.6
Other adjustments	(3)	(0.0)
Total	$ 10,688	24.4 %

*State taxes in Indiana, Pennsylvania, California and Illinois made up the majority of the tax effect in this category.

Reconciliation between the U.S. federal statutory tax rate and the effective tax rate in accordance with the guidance prior to the adoption of ASU 2023-09 for the years ended June 30:

	2025	2024
Federal statutory tax rate	21.0 %	21.0 %
State taxes, net of federal effect	3.5	4.7
Foreign rate differential	0.9	2.1
Uncertain tax positions	0.6	1.1
Stock based compensation	(4.1)	(1.1)
Executive compensation limitation	4.0	4.2
Foreign adjustments	(0.2)	1.7
Expired state credits	-	0.6
Research and development credit	(2.0)	(4.8)
Remeasurement of deferred tax assets and valuation allowance	(0.1)	0.3
State rate change and other state items	1.0	2.1
Other	0.6	0.4
Effective tax rate	25.2 %	32.3 %

A reconciliation of income taxes paid (net of refunds received) by jurisdiction is as follows:

(in thousands)	2026
U.S. federal	$ 5,800
U.S. state and local:	
Kansas	440
Other	1,053
Total U.S. state and local	1,493
Foreign:	
Mexico	816
Other	—
Total foreign	816
Total income taxes paid (net of refunds received)	$ 8,109

The components of the gross liabilities related to unrecognized tax benefits and the related deferred tax assets are as follows:

	June 30,	
(in thousands)	2026	2025
Gross unrecognized tax benefits	$ 942	$ 777
Accrued interest and penalties	358	210
Gross liabilities related to unrecognized tax benefits	$ 1,300	$ 987
Deferred tax assets	238	186
Valuation allowance	—	—
Net deferred tax assets	$ 238	$ 186

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in thousands)	2026	2025	2024
Balance at July 1	$ 777	$ 607	$ 424
Reductions for tax positions of the prior year	(13)	—	—
Additions based on tax positions related to the current year	178	314	183
Lapse of statute of limitations	—	(154)	—
Addition for tax positions of the prior year	—	9	—
Balance at June 30	$ 942	$ 777	$ 607

The Company records interest expense and penalties related to income taxes as income tax expense in the Consolidated Statements of Income and Comprehensive Income. The Company does not expect that there will be any positions for which it is reasonably possible

that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next twelve months. The amount of unrecognized tax benefits as of June 30, 2026, and 2025 that if recognized, would affect the effective tax rate was $0.7 million and $0.6 million respectively.

The primary components of deferred tax assets and (liabilities) are as follows:

	June 30,	
(in thousands)	**2026**	**2025**
Accounts receivable	$ 498	$ 432
Inventory	1,462	2,257
Self-insurance	29	31
Payroll and related	1,377	1,402
Accrued liabilities	489	524
Property, plant, and equipment	(341)	473
Investment tax credit	93	134
Valuation allowance	(29)	(31)
Net operating loss carryover	120	5
Lease assets	(8,699)	(10,042)
Lease liabilities	12,655	14,351
Research and development expenditure	—	2,722
Other	274	186
Total	$ 7,928	$ 12,444

On June 30, 2026, certain state tax attribute carryforwards of $0.3 million were available, with $0.1 million of credits expiring beginning in fiscal years 2026 through 2028, and $0.1 million of state NOLs carryforward. Some of the state NOL carryforwards will have an indefinite carryforward and some will expire in varying amounts between 2035 and 2041.

The Company is subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. Generally, fiscal years 2022 through 2026 remain open to examination by the Internal Revenue Service or other taxing jurisdictions to which the Company is subject.

11. STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation plans in accordance with ASC 718, *Stock Compensation*, which requires the Company to measure all share-based payments at grant date fair value and recognize the cost over the requisite service period. Restricted shares and restricted stock units ("RSUs") generally vest over 1 to 3 years. Stock options are granted at an exercise price equal to the fair value of the Company's common stock price at the grant date and are exercisable for up to 10 years from the date of grant. Stock-based compensation is included in selling, general and administrative expenses on the Consolidated Statements of Income and Comprehensive Income. Forfeitures are recognized as incurred.

Total stock-based compensation expense was $4.6 million, $3.9 million and $4.6 million for fiscal years 2026, 2025, and 2024, respectively.

The Company's shareholders approved the Flexsteel Industries, Inc. 2022 Equity Incentive Plan ("2022 Plan") on December 14, 2022 and approved amendments to the 2022 Plan on December 10, 2025.

The 2022 Plan replaced the Long-Term Incentive Compensation Plan ("LTIP") and the 2013 Omnibus Stock Plan (collectively, the "Prior Plans"). No further awards will be made under either of the Prior Plans, but these Prior Plans will continue to govern awards previously granted under them.

(1) 2022 Equity Incentive Plan

The 2022 Plan is a long-term incentive plan pursuant to which awards may be granted to certain employees, independent contractors and directors of the Company, in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares or other stock-based awards. For periods beginning on or after July 1, 2023, restricted stock units ("RSUs") and performance stock units ("PSUs") granted to officers and key employees as part of long-term compensation programs are issued from the 2022 Plan. RSUs and PSUs awarded from the 2022 Plan are included in the Long-Term Incentive Compensation or Restricted Share and RSUs tables below.

(2) Long-Term Incentive Compensation Plan ("LTIP")

The LTIP provides for PSUs to be awarded to officers and key employees based on performance goals set by the Compensation Committee of the Board of Directors (the "Committee"). In conjunction with each grant of PSUs, the Committee granted RSUs under the 2013 Omnibus Stock Plan that vested at the end of three years. No further awards will be issued under this plan.

(3) 2013 Omnibus Stock Plan

The 2013 Omnibus Stock Plan was for key employees, officers and directors and provides for the granting of incentive and nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and performance units. No further stock units will be granted under this plan.

Long-Term Incentive Compensation

The table below sets forth, as of June 30, 2026, the number of unvested PSUs granted at the target performance level for the 2024-2026, 2025-2027, and 2026-2028 performance periods under the 2022 Plan and the number of unvested RSUs granted in conjunction with the PSUs. For PSUs awarded for the three year performance periods ending June 30, 2026, 2027 and 2028, achievement is based on meeting performance goals set for each year within the three year period. The Committee selected Adjusted Operating Income as the performance metric for the performance periods ending June 30, 2026, 2027, and 2028.

	Time Based Vest		Performance Based Vest		Total	
(shares in thousands)	Shares	Weighted average fair value per share	Shares	Weighted average fair value per share	Shares	Weighted average fair value per share
Unvested as of June 30, 2024	97	$ 17.92	182	$ 22.07	279	$ 20.65
Granted	31	31.66	46	31.66	77	31.66
Vested	—	—	—	—	—	—
Forfeited	—	—	(37)	39.07	(37)	39.07
Unvested as of June 30, 2025	128	$ 21.25	191	$ 21.09	319	$ 21.17
Granted	31	35.94	46	35.94	77	35.94
Vested	(48)	19.23	(72)	19.23	(120)	19.23
Forfeited	(2)	25.89	(4)	25.89	(6)	25.89
Unvested as of June 30, 2026	109	$ 26.23	161	$ 26.05	270	$ 26.14

Total unrecognized stock-based compensation related to the unvested PSUs at the target performance level and the related unvested RSUs was $2.2 million as of June 30, 2026, which is expected to be recognized over a period of 1.0 year.

Restricted Shares and RSUs

A summary of the activity in the Company's unvested restricted shares and unvested RSUs, not granted in conjunction with PSUs, as of June 30, 2026, is presented below:

	Shares (in thousands)	Weighted average fair value per share
Unvested as of June 30, 2024	16	$ 21.96
Granted	4	31.66
Vested	(3)	21.53
Forfeited	—	20.33
Unvested as of June 30, 2025	17	$ 24.32
Granted	6	40.96
Vested	(10)	12.92
Forfeited	(1)	31.12
Unvested as of June 30, 2026	12	$ 41.57

Total unrecognized stock-based compensation related to unvested restricted shares and unvested RSUs (not granted in conjunction with the PSUs) was $0.2 million as of June 30, 2026, which is expected to be recognized over a weighted average period of 1.5 years.

Options

At June 30, 2026, the Company had 59,496 options outstanding under equity incentive plans with a weighted average exercise price of $15.37 and weighted average remaining life of 3.7 years. No options were granted during the period ended June 30, 2026 and there is no remaining unrecognized stock-based compensation expense related to outstanding options as of June 30, 2026.

Stock-based compensation granted outside a plan

During the quarter ended June 30, 2020, the Company awarded its former Chief Financial Officer/Chief Operating Officer (current Chief Executive Officer) 79,000 options outside of any Company stock plans. All 79,000 options remain outstanding as of June 30, 2026, with an exercise price of $9.97 and a remaining life of 4.0 years. There is no remaining unrecognized stock-based compensation expense related to these options.

12. SEGMENT INFORMATION

As disclosed in Note 1, Summary of Significant Accounting Policies, the Company operates as a single operating segment and reportable segment reflecting the integrated nature of its operations across various products, manufacturing platforms and sales channels across the entire United States.

The Company's chief operating decision maker (“CODM”) is its President and Chief Executive Officer, who has final authority over the allocation of resources, assessment of performance, and key operating decisions.

The CODM manages the business on a consolidated basis and measures segment performance using operating income and net income, which the Company believes provide the best analysis of business performance. The CODM analyzes the performance of operating income and net income to provide insight into all aspects of the segment’s operations and overall success for a given period. In addition, the CODM reviews significant segment expenses focused on cost of sales, selling and general administrative expenses, and restructuring charges, net. These costs used to measure segment profitability are the same costs already reported in the accompanying Consolidated Statements of Income and Comprehensive Income. Similarly, segment assets are reported in the accompanying Consolidated Balance Sheets.

The Company has minimal export sales, primarily to Canada or Mexico. The Company leases and operates three manufacturing facilities in Juarez, Mexico and leases one manufacturing facility in Mexicali, Mexico. Long-lived assets, including property, plant and equipment and right-of-use assets related to leases, located in the United States and Mexico totaled $40.3 million and $31.4 million, respectively, at June 30, 2026 and $42.4 million and $35.4 million, respectively, at June 30, 2025.

13. BENEFIT AND RETIREMENT PLANS

Defined Contribution and Retirement Plans

The Company sponsors a defined contribution retirement plan, which covers substantially all employees. The Company’s total matching contribution expense was $1.6 million, $1.6 million, and $1.8 million in fiscal years 2026, 2025, and 2024, respectively.

Multi-employer Pension Plans

The Company contributes to one multi-employer defined benefit pension plan under the terms of collective-bargaining agreements that cover its union-represented employees.

The Company’s participation in the current and previous defined benefit pension plans for the fiscal year ended June 30, 2026, is outlined in the following table. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2026 and 2025 is for the plan’s year-end on December 31, 2025, and 2024, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan’s actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status June 30, 2026	Pension Protection Act Zone Status June 30, 2025	Rehabilitation Plan Status	Company Contributions (in thousands) 2026	Company Contributions (in thousands) 2025	Company Contributions (in thousands) 2024	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement	Number of Company Employees in Plan
Central States SE and SW Areas Pension Fund	366044243	Red	Red	Implemented	$ 111	$ 113	$ 109	No	3/31/2028	6
					$ 111	$ 113	$ 109			

14. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is subject to various other legal proceedings, including lawsuits, which arise out of, and are incidental to, the conduct of the Company’s business. The Company does not consider any of such other proceedings that are currently pending, individually or in the aggregate, to be material to its business or likely to result in a material effect on its consolidated operating results, financial condition, or cash flows.

15. SUBSEQUENT EVENTS

Subsequent to fiscal year end, on August 18, 2026 the Company, as the borrower, entered into a new $30.0 million secured revolving credit facility that replaces the Credit Agreement. The new facility reduces the Company's maximum borrowing capacity from $55.0 million to $30.0 million but extends availability with a new maturity date of August 18, 2029 and is expected to better align with current needs and adequately support the Company’s anticipated future requirements for working capital and general corporate purposes.

16. RELATED PARTY TRANSACTIONS

On April 26, 2026, the Company entered a privately negotiated transaction to repurchase shares of its common stock from a member of the Company's Board of Directors and certain members of the director's immediate family. The aggregate purchase price was $60.2 million for 1,279,870 shares. The transaction was reviewed and approved by the disinterested members of the Board of Directors in accordance with the Company's related party transaction policy. No amounts remained outstanding related to the transaction of June 30, 2026.

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

None.

Item 9A. Controls and Procedures

Evaluation of disclosure controls and procedures – Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, the Company's chief executive officer and chief financial officer have concluded that disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective as of June 30, 2026.

Management's Annual Report on Internal Control Over Financial Reporting – Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) or 15d-15(f) of the Securities Exchange Act of 1934, as amended. The Company performed an evaluation under the supervision and with the participation of its management, including the CEO and CFO, to assess the effectiveness of the design and operation of its disclosure controls and procedures under the Exchange Act as of June 30, 2026. In making this assessment, the Company used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)*. Based on those criteria, management concluded that the internal control over financial reporting is effective as of June 30, 2026.

The effectiveness of the Company's internal control over financial reporting as of June 30, 2026, has been audited by Deloitte & Touche LLP, the Company's independent registered public accounting firm, as stated in their report in Part II, Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 30, 2026, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended June 30, 2026, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as each term is defined in Item 408(a) of Regulation S-K.

Benefit Plan Amendments

Effective August 19, 2025, the Company amended its "Cash Incentive Plan," "Cash Incentive Notification of Award," and "Severance Plan for Management Employees" to align plan terms with current peer and market practices and improve administrative consistency. Revisions include the removal of outdated tax code references and the alignment of key definitions such as "retirement," "change in control," "termination for cause", "disability", and "good reason" across benefit plans. Amendments to the "Severance Plan for Management Employees" also include an increase to the change of control protection period to 24 months after termination and an increase to the chief executive officer severance benefits to twice the severance benefits of other eligible employees. The amended "Cash Incentive Plan," "Cash Incentive Notification of Award," and "Severance Plan for Management Employees" have been attached to this Form 10-K as Exhibits 10.1, 10.2 and 10.11, respectively.

New Line of Credit Agreement

On August 18, 2026, the Company, as borrower, entered into a Credit Agreement (the "New Credit Agreement") with Wells Fargo Bank, National Association (the "Lender"), providing for a secured revolving credit facility in an aggregate principal amount of up to $30.0 million (the "Credit Facility"). The New Credit Agreement replaces the Credit Agreement.

The Company intends to use borrowings under the Credit Facility for working capital and other general corporate purposes.

The Credit Facility matures on August 18, 2029. The Company may prepay outstanding borrowings under the Credit Facility, in whole or in part, at any time without premium or penalty, subject to the terms of the New Credit Agreement.

Amounts outstanding under the Credit Facility bear interest at a rate per annum equal to Daily Simple SOFR plus a margin of 1.25%. Interest is payable monthly in arrears on the first business day of each month. In connection with the New Credit Agreement, the Company paid the Lender a commitment fee of $125,000. The Company is also required to pay a commitment fee equal to 0.30% per

annum on the average daily unused portion of the Credit Facility and letter of credit fees at a rate equal to the then-effective applicable margin for advances under the New Credit Agreement multiplied by the aggregate amount of letters of credit outstanding.

The obligations of the Company under the Credit Facility are secured pursuant to a Security Agreement (the "Security Agreement") entered into with the Lender, pursuant to which the Company granted the Lender a security interest in substantially all of the Company's personal property assets, whether now owned or hereafter acquired, including accounts receivable, deposit accounts, inventory, equipment, general intangibles, software, licenses, payment rights and related proceeds thereof, but excluding the Company's real property.

The New Credit Agreement contains customary affirmative and negative covenants, including covenants that, among other things, limit or restrict the Company's ability to incur indebtedness, grant liens, make investments, loans and advances, provide guarantees, pay dividends, engage in mergers, consolidations and other fundamental changes, and enter into certain transactions. In addition, the New Credit Agreement requires the Company to maintain (i) an Asset Coverage Ratio of not less than 2.00 to 1.00, measured as of the last day of each fiscal quarter, and (ii) EBITDA of not less than $15.0 million, measured on a rolling four-quarter basis as of the end of each fiscal quarter.

The New Credit Agreement contains customary events of default, including, among others, the failure to pay principal, interest or other amounts when due, breaches of covenants, certain bankruptcy or insolvency events, material judgment defaults and certain change of control events. Upon the occurrence and continuation of an event of default, the Lender may terminate its commitments under the Credit Facility and declare all outstanding obligations immediately due and payable.

The foregoing description of the New Credit Agreement, the Security Agreement, the Revolving Line of Credit Note and the other loan documents does not purport to be complete and is qualified in its entirety by reference to the full text of such agreements, copies of which are filed as Exhibits 10.14 through 10.16 to this Annual Report on Form 10-K and incorporated herein by reference.

See Note 9 Credit Arrangements of Notes to Consolidated Financial Statements of this Annual Report on Form 10-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

In accordance with General Instruction G(3) to Form 10-K, the Company intends to file with the SEC the information required by this item not later than 120 days after the end of the fiscal year covered by this Form 10-K.

Item 11. Executive Compensation

In accordance with General Instruction G(3) to Form 10-K, the Company intends to file with the SEC the information required by this item not later than 120 days after the end of the fiscal year covered by this Form 10-K.

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

In accordance with General Instruction G(3) to Form 10-K, the Company intends to file with the SEC the information required by this item not later than 120 days after the end of the fiscal year covered by this Form 10-K.

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

In accordance with General Instruction G(3) to Form 10-K, the Company intends to file with the SEC the information required by this item not later than 120 days after the end of the fiscal year covered by this Form 10-K.

Item 14. Principal Accountant Fees and Services

In accordance with General Instruction G(3) to Form 10-K, the Company intends to file with the SEC the information required by this item not later than 120 days after the end of the fiscal year covered by this Form 10-K.

PART IV

Item 15. Exhibits, Financial Statements and Schedules

Financial Statements and Financial Statement Schedules

See "Index to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report on Form 10-K. Schedule II is included in Part II, Item 8, and all other financial statement schedules have been omitted because they are not required or are not applicable or because the information required in those schedules either is not material or is included in the consolidated financial statements or the accompanying notes.

Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated as part of this Annual Report on Form 10-K.

The following financial statement schedule for the years ended June 30, 2026, 2025, and 2024 is submitted herewith:

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended June 30, 2026, 2025, and 2024

(in thousands) **Description**	**Balance at Beginning of Year**	**(Additions) Reductions to Income**	**Deductions from Reserves**	**Balance at End of Year**
Accounts Receivable Allowances:				
2026	$ 1,790	$ 260	$ (10)	$ 2,040
2025	$ 2,440	$ (244)	$ (406)	$ 1,790
2024	$ 2,600	$ (144)	$ (16)	$ 2,440

Exhibit Index

Exhibit No.	
3.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, as filed with the Securities and Exchange Commission on December 7, 2016).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, as filed with the Securities and Exchange Commission on March 8, 2024).
4.1	Description of the Company's common stock (incorporated by reference to Exhibit No. 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019).
10.1	Amended Cash Incentive Compensation Plan, dated August 19, 2025.*
10.2	Form of Notification of Award for the Cash Incentive Compensation Plan.*
10.3	Form of Notification of Award for the Long-Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.3 to the Company's Form 10-K filed with the Securities and Exchange Commission on September 8, 2021). *
10.4	Form of Notification of Award for incentive stock options issued under the Omnibus Stock Plan (incorporated by reference to Exhibit 10.4 of the Company's Form 10-K filed with the Securities and Exchange Commission on September 8, 2021). *
10.5	Form of Notification of Award for director non-qualified stock options issued under the Omnibus Stock Plan (incorporated by reference to Exhibit 10.5 to the Company's Form 8-K filed with the Securities and Exchange Commission on December 13, 2013). *
10.6	Form of Notification of Award for restricted stock units under the Omnibus Stock Plan (incorporated by reference to Exhibit 10.6 to the Company's Form 10-K filed with the Securities and Exchange Commission on September 8, 2021). *
10.7	Long-Term Incentive Compensation Plan, dated July 1, 2013 (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on October 28, 2013). *
10.8	Form of Notification of Non-Statutory Stock Option Award (incorporated by reference to Exhibit 10.8 to the Company's Form 10-K filed with the Securities and Exchange Commission on September 8, 2021). *
10.9	Amended and Restated Omnibus Stock Plan (incorporated by Reference to the Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on December 15, 2020). *
10.10	Form of Notification of Restricted Stock Award under the Omnibus Stock Plan (incorporated by reference to Exhibit 10.10 to the Company's Form 10-K filed with the Securities and Exchange Commission on September 8, 2021). *
10.11	Amended Severance Plan for Management Employees dated August 19, 2025, including Form of Participation Agreement.*
10.12	Letter Agreement dated March 10, 2020, by and between Flexsteel Industries, Inc. and Derek P. Schmidt (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on March 18, 2020). *
10.13	Employment Agreement between the Company and Derek P. Schmidt dated April 25, 2024 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on April 29, 2024).*
10.14	Credit Agreement between the Company and Wells Fargo Bank, National Association, dated August 18, 2026. †
10.15	Security Agreement: Business Assets by the Company in favor of Wells Fargo Bank, National Association, dated August 18, 2026. †
10.16	Revolving Line of Credit Note by the Company to Wells Fargo Bank, National Association, dated August 18, 2026. †
10.17	Stock Repurchase Agreement by and among the Company. F. Brooks Bertsch and the other entities on Schedule 1 thereto, dates April 26, 2026 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on April 28, 2026).
10.18	Letter Agreement dated January 10, 2024 by and between Flexsteel Industries, Inc. and Michael Ressler (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on January 11, 2024). *
10.19	2022 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the Securities and Exchange Commission on December 16, 2022). *
10.20	Form of Stock Option Agreement under the 2022 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the Securities and Exchange Commission on February 8, 2023). *

10.21	Form of Performance Share Unit Agreement under the 2022 Equity Incentive Plan (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K filed with the Securities and Exchange Commission on August 25, 2023). *
10.22	Form of Restricted Stock Unit Agreement under the 2022 Equity Incentive Plan (incorporated by reference to Exhibit 10.23 to the Company's Form 10-K filed with the Securities and Exchange Commission on August 25, 2023). *
19.1	Flexsteel Industries, Inc. Insider Trading Policy.
21.1	Subsidiaries of the Company. †
23	Consent of Independent Registered Public Accounting Firm. †
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended. †
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended. †
32	Certification by Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †
97.1	Incentive Compensation Clawback Policy adopted October 6, 2023 (incorporated by reference to Exhibit 97.1 to the Company's Form 10-K filed with the Securities and Exchange Commission on August 30, 2024).
*	Management contracts, compensatory plans and arrangements required to be filed as an exhibit to this report.
†	Filed herewith
101.INS	XBRL Instance Document**
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104.Cover Page	Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
**	In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K shall be deemed to be “furnished” and not “filed.”

SIGNATURES

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

FLEXSTEEL INDUSTRIES, INC.

Date: August 19, 2026 By: */s/ Derek P. Schmidt*
Derek P. Schmidt
Chief Executive Officer and Director
(Principal Executive Officer)

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

Date: August 19, 2026 */s/ Derek P. Schmidt*
Derek P. Schmidt
Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 19, 2026 */s/ Michael J. Ressler*
Michael J. Ressler
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Date: August 19, 2026 */s/ Jeanne McGovern*
Jeanne McGovern
Chair of the Board of Directors

Date: August 19, 2026 */s/ William S. Creekmuir*
William S. Creekmuir
Director

Date: August 19, 2026 */s/ Kathryn P. Dickson*
Kathryn P. Dickson
Director

Date: August 19, 2026 */s/ M. Scott Culbreth*
M. Scott Culbreth
Director

Date: August 19, 2026 */s/ Terence P. Calloway*
Terence P. Calloway
Director