

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 15, 2020

FLEXSTEEL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of incorporation)

0-5151
(Commission File Number)

42-0442319
(IRS Employer Identification No.)

385 Bell Street, Dubuque, Iowa 52001-0877
(Address of principal executive offices, including zip code)

563-556-7730
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Emerging growth company

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

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

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Derek P. Schmidt as Chief Financial Officer and Chief Operating Officer and Principal Financial and Accounting Officer

On March 18, 2020, Flexsteel Industries, Inc. (the “Company”) announced that Derek P. Schmidt will join the Company and assume the role of Chief Financial Officer and Chief Operating Officer on April 6, 2020. Mr. Schmidt will serve as the Company’s Principal Financial and Accounting Officer.

Previously, Mr. Schmidt, age 47, was the Senior Vice President, Chief Financial Officer for Crescent Electric Supply Co., one of the nation’s largest electrical distributors. Before joining Crescent Electric Supply Co., Mr. Schmidt held multiple executive positions with HNI Corporation (HNI) a leading global office furniture manufacturer. From 2016 to 2018, Schmidt held the position of Vice President & General Manager, Transactional - The HON Company, an HNI operating company. From 2014 to 2016, Mr. Schmidt held the position of Vice President, Finance for The HON Company and had executive responsibility for strategic & financial planning, M&A, accounting, credit, contract, IT and pricing. From 2013 to 2014, Mr. Schmidt held the position of Vice President, Finance – HNI Leveraged Furniture Operations and had financial oversight for manufacturing, distribution and global sourcing operations. From 2011 to 2013, Mr. Schmidt held the position of Treasurer and Vice President, Corporate Finance—HNI Corporation and led M&A, treasury, investor relations and corporate planning. Mr. Schmidt received an MBA, Finance and Strategic Management from Carlson School of Management – University of Minnesota and a BBA, Accounting and Finance from the University of Wisconsin. He is a Certified Public Accountant (CPA) - Inactive, Certified Management Accountant (CMA) and Certified Financial Manager (CFM).

In connection with Mr. Schmidt’s appointment to the positions of Chief Operating Officer and Chief Financial Officer, the Company entered into a letter agreement with Mr. Schmidt, dated March 10, 2020, to become effective April 6, 2020 (the “Letter Agreement”). Pursuant to the Letter Agreement, Mr. Schmidt will serve as the Company’s Chief Operating Officer and Chief Financial Officer and will receive an annual base salary of \$420,000. In addition to his base compensation, Mr. Schmidt will be entitled to additional compensation as described below.

1. Mr. Schmidt will receive a sign-on bonus of \$50,000.
2. Mr. Schmidt will be eligible to participate in the Company’s Cash Incentive Plan with his initial participation set at 75% of his base salary at target performance with a maximum funding of 200% of target performance. Mr. Schmidt’s participation for fiscal year 2020 will be prorated for days employed and the prorated amount of the award will be guaranteed at the target level and subject to increase if the target level is exceeded.
3. Mr. Schmidt will be eligible to participate in the Company’s Long-Term Incentive Plan beginning with the July 1, 2019 through June 30, 2022 performance period, prorated for days employed, with his participation set at 65% of his base salary and paid in shares.
4. Pursuant to the Company’s 2013 Omnibus Stock Plan, Mr. Schmidt will be awarded a number of Restricted Stock Units (“RSUs”) equal to \$334,000 based upon the average of the previous 10 trading days closing stock price to the grant date (his first date of employment). One half of the awarded RSU’s will vest on July 1, 2020 and the second half will vest on January 1, 2021.
5. Pursuant to the Company’s 2013 Omnibus Stock Plan, Mr. Schmidt will be awarded an option with a value of \$122,000 with the number of option shares based on the black scholes calculation method. The option will be subject to a 3-year vesting schedule.

Mr. Schmidt will be entitled to participate in such life insurance, disability, medical, dental, retirement plans, paid time off benefits and other employee benefits and policies made available by the Company to its officers and/or executive employees generally, as they may change from time to time.

Mr. Schmidt will be reimbursed reasonable and customary closing and realtor costs for the sale of his Bettendorf, IA home. In addition, the Company will reimburse Mr. Schmidt a monthly amount equal to the lesser of his two mortgages for the shorter of the following: until his Bettendorf, IA home sells or for up to six months after his start date. If Mr. Schmidt terminates his employment prior to April 6, 2022, all relocation benefits/expenses (prorated for length of service within the 2 years) will be immediately reimbursed to the Company.

Under the Company's Severance Plan for Management Employees, if the Company terminates Mr. Schmidt for other than cause, death, or disability, the Company will pay Mr. Schmidt an amount equivalent to twelve (12) months base salary plus an amount equal to the value of the cash incentive plan payment at target performance in the year of termination. The Company will also pay Mr. Schmidt a lump sum equal to twelve (12) months of COBRA premiums.

The Letter Agreement is attached hereto as Exhibit 10.1 and incorporated by reference in response to this Item 5.02. The foregoing description of such agreement is qualified in its entirety by reference to the full text of such agreement.

Departure of Charlie Eitel as Director

On March 15, 2020, Mr. Charlie Eitel notified the Company that he is resigning from the Board of Directors effective immediately due to accepting an executive position with a competitor of the Company. Mr. Eitel has confirmed to the Company's Board that his resignation is not the result of any disagreement on any matter relating to Company's operations, policies or practices.

Item 7.01 Regulation FD Disclosure

A copy of the press release dated March 18, 2020, announcing the naming of Mr. Schmidt to the Chief Operating Officer and Chief Financial Officer positions, is attached hereto as Exhibit 99.1.

The information in this Item 7.01, including Exhibit 99.1 attached hereto, is intended to be furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

[Exhibit 10.1](#) Letter Agreement, dated March 10, 2020, by and between the Company and Derek P. Schmidt.

[Exhibit 99.1](#) Press Release by Flexsteel Industries, Inc. dated March 18, 2020.

SIGNATURES

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

FLEXSTEEL INDUSTRIES, INC.

(Registrant)

Date: March 18, 2020

By: /s/ Jerald K. Dittmer

Jerald K. Dittmer

Chief Executive Officer

Principal Executive Officer



FLEXSTEEL

Flexsteel Industries, Inc.
385 Bell Street
Dubuque, IA 52001

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www.flexsteel.com

March 10, 2020

Dear Derek:

I am very pleased to extend this offer for the position of Chief Financial Officer and Chief Operating Officer with Flexsteel Industries, Inc. located in Dubuque, IA.

This offer of employment is conditioned upon the satisfactory completion of certain requirements, as more fully explained in the following letter. The key components of our offer are described below.

BASE SALARY

As an exempt employee, your starting salary will be \$420,000 per year. In this position you will be paid semi-monthly with pay dates being on the 15th and last day of each month.

ANNUAL INCENTIVE

You will participate in the Flexsteel Cash Incentive Plan. Annual cash awards under this Plan are based on the Company's success in meeting specific annual goals as approved by the Compensation Committee of the Board of Directors.

Your participation in this Plan will be set at 75% of your base salary at Target Company Performance or "Funding" (i.e., \$315,000 per year). Maximum funding is 200% of Target, or \$630,000 per year. Your participation in the fiscal year 2020 cash incentive plan (July 1, 2019 - June 30, 2020) will be prorated based on your start date and will be guaranteed at target.

LONG-TERM INCENTIVE

You will be eligible to participate in Flexsteel's Long Term Incentive Plan (LTIP). Your participation level in the LTIP will be 65% of base salary (\$273,000) and paid in shares. The LTIP uses overlapping 3-Year performance cycles, and awards are based on the Company's success in meeting specific goals approved by the Compensation Committee of the Board for the performance period. You will be eligible to participate in the three-year performance period ending June 30, 2022 on a prorated basis based on your start date.

SIGN-ON BONUS

You will receive a sign-on bonus of \$50,000, grossed up for tax purposes and payable during your first week of employment.

STOCK OPTIONS

In accordance with the 2013 Omnibus Stock Plan and stock ownership requirements, on your first day of employment you will receive the equivalent of \$122,000 issued in the form of stock options with a 3-year vesting schedule. The options will be determined utilizing the black scholes calculation method.

RESTRICTED STOCK UNITS (RSU's)

In accordance with the 2013 Omnibus Stock Plan and stock ownership requirements, you will be awarded a number of RSU's equal to \$334,000 based upon the average of the previous 10 trading days closing stock price to the grant date (your first date of employment). One half of the awarded RSU's will vest on July 1, 2020 and the second half will vest on January 1, 2021.

BENEFITS

Flexsteel offers a comprehensive benefits package that includes, but is not limited to, health and welfare, retirement and time off benefits.

- Comprehensive Health and Welfare Benefits
 - o Health Insurance: After a one month waiting period, this Company-sponsored plan provides medical, prescription, vision and dental coverage to office employees. This is an 80/20 plan with \$500 single and \$1,000 family deductibles. The employee cost per month is currently \$98 single, \$220 employee plus one, and \$257 family, and is subject to annual review.
 - o The company will reimburse you the cost of one-month COBRA cost to ensure continued coverage through the Flexsteel plan's eligibility period.
- Company Sponsored 401(k) Plan
 - o The plan also matches 100% of the first 5% of gross wages. Based on what you contribute, total potential employer contribution equals 5%. You will be 100% vested in all contributions made by yourself and by Flexsteel.
- Short / Long Term Disability
- Life Insurance = \$150,000
- Four (4) weeks of vacation annually
- Ten paid holidays annually (9 scheduled holidays + 1 floating holiday)

RELOCATION

To aid in your full relocation to the Dubuque, IA area, you will be reimbursed reasonable and customary closing and realtor costs for the sale of your Bettendorf, IA home. In addition, Flexsteel will reimburse you a monthly amount equal to the lesser of your two mortgages for the shorter of the following: until your Bettendorf, IA home sells or for up to six months after your start date. Relocation benefits will be grossed up for tax purposes.

If you leave the company, for any reason, within 2 years of your original start date, all relocation benefits/expenses (prorated for length of service within the 2 years) will be immediately repayable to Flexsteel.

SEVERANCE

You will be eligible to participate in the Flexsteel Industries, Inc. Severance Plan for Management Employees.

Per this plan, upon a qualifying termination from the company you will be eligible for:

- Payment equal to twelve months base salary plus an amount equal to the value of your annual cash incentive at target performance.
- Payment equal to 12 months COBRA premium.

In addition to your current benefit package, you will be eligible for:

- Supplemental Health Insurance: This is a supplemental policy for officers that will pay the deductible and out-of-pocket expenses not covered by the regular health insurance, subject to policy limitations and exclusions.
 - Tax Preparation & Filing: The Company will pay your annual income tax preparation and filing fees.
 - Furniture Purchase Program: As an officer, you are eligible to obtain Flexsteel furniture for personal use at no cost with the requirement that if/when you remove the furniture from your home, you return all proceeds from sale to the Company.
 - Country Club Membership: The company will pay annual members fees to a Dubuque area Country Club.
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Your employment will be at-will, meaning that you or Flexsteel Industries, Inc. may modify compensation and benefits, and may terminate the employment relationship at any time, with or without cause, and with or without notice.

You will be subject to all applicable employment and other policies of Flexsteel Industries, Inc, as outlined in the company handbook and elsewhere; and agree to devote your full business time, attention and best efforts to the performance of your duties and to the furtherance of Flexsteel's interest during your employment.

This offer is contingent upon the following:

- (a) Successful completion of a pre-employment drug screen
- (b) Satisfactory completion of a background check
- (c) Verification of your right to work in the United States, as demonstrated by your completion of the I-9 form upon hire and your submission of acceptable documentation (as noted on the I-9) for verifying your identity and work authorization within three days of starting employment.
- (d) Successful completion of the Confidentiality and Non-Competition Agreement

By accepting this offer, you confirm that you are able to accept this job and carry out the work that it will involve without breaching any legal restrictions on your activities, such as restrictions imposed by a current or former employers. You also confirm that you will inform Flexsteel about any such restrictions and provide as much information about them as possible, including any agreements between you and your current or former employer describing such restrictions on your activities.

We are eager to have you join our team upon acceptance of this letter. To confirm your acceptance of this offer, please sign and return this letter to me by Thursday, March 12, 2019.

Sincerely,

/s/ Stacy Kammes

Stacy Kammes
VP - Human Resources

Agreed to and accepted by:

/s/ Derek Schmidt

Derek Schmidt

Date: 3/10/2020



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Derek P. Schmidt Joins Flexsteel Industries, Inc as Chief Financial Officer and Chief Operating Officer

Dubuque, Iowa – March 18, 2020 – Flexsteel Industries, Inc. (NASDAQ:FLXS), today announced that Derek P. Schmidt will join Flexsteel and assume the role of Chief Financial Officer and Chief Operating Officer on April 6, 2020. Mr. Schmidt brings over 25 years of broad financial leadership and general management experience driving profitable growth across multiple industries, including over seven years in the furniture industry.

Mr. Schmidt most recently served as the Senior Vice President, Chief Financial Officer for Crescent Electric Supply Co., one of the nation's largest electrical distributors. In this role, Mr. Schmidt had executive responsibility for the finance, accounting, supply chain and pricing functions. He developed and initiated a plan to accelerate the company's profitable growth via supply chain improvements, service level optimization and inventory management.

"We are pleased to welcome Derek to the Flexsteel team. His proven financial and operational experience in continuously improving business results will be instrumental to Flexsteel's return to profitable growth and value creation for all shareholders," said Jerry Dittmer, President and Chief Executive Officer of Flexsteel. "I have worked with Derek in the past and know first-hand his passion for talent development, which is so important to the future success of our Company."

Professional Background of Derek P. Schmidt

Prior to joining Crescent Electric Supply Co., Mr. Schmidt held multiple executive positions with HNI Corporation (HNI), a leading global office furniture manufacturer. From 2016 – 2018, Schmidt held the position of Vice President & General Manager, Transactional - The HON Company, an HNI operating company. In this role, Schmidt had oversight for business development, product management, marketing and sales across national accounts, wholesalers, dealers and e-tailers, and was successful in turning around a sales decline driven by changing market needs. From 2014 – 2016, Mr. Schmidt held the position of Vice President, Finance for The HON Company and had executive responsibility for strategic & financial planning, M&A, accounting, credit, contract, IT and pricing. In this role, he supported a significant increase in revenue growth and an over 27% profit increase within the business. From 2013 – 2014, Mr. Schmidt held the position of Vice President, Finance – HNI Leveraged Furniture Operations and was charged to improve the performance of new operations with financial oversight for manufacturing, distribution and global sourcing operations. From 2011 – 2013, Mr. Schmidt held the position of Treasurer and Vice President, Corporate Finance and led M&A, treasury, investor relations and corporate planning.

Prior to joining HNI, Mr. Schmidt held financial leadership positions with companies such as Silgan Plastics Corporation, MasterBrand Cabinets, Inc., and General Mills Inc. He holds an MBA, Finance and Strategic Management from Carlson School of Management – University of

Minnesota and a BBA, Accounting and Finance from the University of Wisconsin. He is a Certified Public Accountant (CPA) - Inactive, Certified Management Accountant (CMA) and Certified Financial Manager (CFM).

About Flexsteel

Flexsteel Industries, Inc. and Subsidiaries (the "Company") incorporated in 1929, is one of the oldest and largest manufacturers, importers and marketers of residential and contract upholstered and wooden furniture products in the United States. Over the generations the Company has built a committed retail and consumer following based on its patented, guaranteed-for-life Blue Steel Spring™ – the all-riveted, high-carbon, steel-banded seating platform that gives upholstered and leather furniture the strength and comfort to last a lifetime. With offerings for use in home, healthcare, and recreational seating, the Company distributes its furniture throughout the United States & Canada through the Company's sales force and various independent representatives.

For more information, visit our web site at <http://www.flexsteel.com>.

INVESTOR CONTACTS:

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