

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): January 09, 2024

**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  
(Address of Principal Executive Offices)

52001-7004  
(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

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:

- 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))

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	FLXS	The Nasdaq Stock Market LLC

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

## **Item 2.02 Results of Operations and Financial Condition.**

On January 11, 2024, Flexsteel Industries, Inc. issued a press release announcing preliminary results for the Second Quarter Ended December 31, 2023. A copy of the press release is attached hereto as Exhibit 99.1.

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

### **(b) Director Resignation**

On January 9, 2024, Matt Kaness notified the Company that he is resigning from the Board of Directors effective immediately due to a need to focus on his primary professional commitments and to consider other opportunities. Mr. Kaness has confirmed to the Company's Board that his resignation is not the result of any disagreement on any matter relating to the Company's operations, policies, or practices.

### **(c) Officer Appointment and Director Appointment**

On January 10, 2024, Flexsteel Industries, Inc. (the "Company") announced that Michael J. Ressler has been promoted to assume the role of Chief Financial Officer, Treasurer & Secretary effective immediately. Mr. Ressler will serve as the Company's Principal Financial and Accounting Officer.

Mr. Ressler joined Flexsteel Industries, Inc. in 2006. Of his more than seventeen years with the Company, Mr. Ressler has spent over fourteen years in multiple positions with increasing responsibilities within the finance and accounting functions. Mr. Ressler served as the Director of Finance from 2018 through 2022. Since that time, Mr. Ressler has served as the Vice President – Manufacturing. As the Chief Financial Officer, Treasurer and Secretary, Mr. Ressler will retain his leadership responsibility for manufacturing.

In connection with Mr. Ressler's appointment to the position of Chief Financial Officer, Treasurer & Secretary, the Company entered into a letter of agreement with Mr. Ressler, dated January 8, 2024, to become effective January 10, 2024 (the "Letter Agreement"). Pursuant to the Letter of Agreement, Mr. Ressler will serve as the Company's Chief Financial Officer and will receive an annual base salary of \$290,000. In addition to his base compensation, Mr. Ressler will be entitled to additional compensation as described below.

1. Mr. Ressler will continue to be eligible to participate in the Company's Cash Incentive Plan with an increased participation set at 50% of his base salary at target performance with maximum funding of 200% of target performance. Mr. Ressler's participation will be increased effective January 10, 2024.

2. Mr. Ressler will continue to be eligible to participate in the Company's Long-Term Incentive Plan, with his participation increased to 50% of his base salary effective July 1, 2024 and paid in shares.

3. Mr. Ressler will continue to 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.

4. Under the Company's Severance Plan for Management Employees, if the Company terminates Mr. Ressler for reasons other than cause, death, or disability, the Company will pay Mr. Ressler an amount equivalent to twelve (12) month's 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. Ressler 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.

On January 10, 2024, in connection with the promotion of Mr. Ressler, Derek P. Schmidt is relinquishing his positions as interim Chief Financial Officer, Principal Financial and Accounting Officer, Treasurer and Secretary. Also, on January 10, 2024, Mr. Schmidt was promoted to the position of President to reflect the level of responsibility he holds for the Company's operations and growth strategy. Mr. Schmidt will also be appointed to the Company's Board of Directors effective January 10, 2024.

On January 10, 2024, in connection with Derek P. Schmidt being appointed President, Jerald K. Dittmer is relinquishing his position as President and will continue to serve as the Chief Executive Officer.

On December 13, 2023, the Board reduced the size of the board to seven directors. With Mr. Kaness' resignation and Mr. Schmidt's appointment, the board size will remain at seven directors.

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**Item 7.01 Regulation FD Disclosure.**

The Company will host a conference call and webcast at 8:00 a.m. Central Time (9:00 a.m. Eastern Time) on Tuesday, February 6, 2024 to discuss results and answer questions. Analysts and investors may participate in the question-and-answer session. The call can be accessed via telephone at 833-816-1123 (domestic) or 412-317-0710 (international) and requesting to be connected with the Flexsteel conference call.

Additionally, interested parties can listen to a live webcast of the call in the Investor Relations section of the Company's website at <http://ir.flexsteel.com>. An archived version of the webcast will be available in the same location shortly after the live call has ended.

A recorded replay can be accessed through February 13, 2024, by dialing 877-344-7529 (domestic) or 412-317-0088 (international); Replay access code: 4637022.

A copy of the press release dated January 11, 2024, announcing the foregoing matters 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**      **Description**

[10.1](#)      [Letter Agreement dated January 10, 2024, by and between the Company and Michael Ressler.](#)

[99.1](#)      [Press Release by Flexsteel Industries, Inc. dated January 11, 2024.](#)

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**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.

Date: January 11, 2024

By: /s/ Jerald K. Dittmer

Jerald K. Dittmer

Chief Executive Officer

Principal Executive Officer

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January 8, 2024

Dear Mr. Ressler:

I am very pleased to extend this offer for the position of Chief Financial Officer, Treasurer, Secretary, and Principal Financial and Accounting Officer with Flexsteel Industries, Inc. located in Dubuque, IA effective January 10, 2024.

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 \$290,000 per year. In this position you will be paid semi-monthly with pay dates being on the 15<sup>th</sup> and last day of each month.

ANNUAL INCENTIVE

You will continue to participate in Flexsteel's 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 increase to 50% of your base salary at Target Company Performance or "Funding" (i.e., \$145,000 per year). Maximum funding is 200% of Target, or \$290,000 per year. Your increased participation in the fiscal year 2024 cash incentive plan (July 1, 2023 – June 30, 2024) will be prorated based on your promotion date.

LONG-TERM INCENTIVE

You will continue to be eligible to participate in Flexsteel's Long-Term Incentive Plan (LTIP). Your participation level in the LTIP will increase to 50% of base salary (\$145,000) and paid in shares effective July 1, 2024 (fiscal year 2025). 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.

BENEFITS

You will continue to be eligible for Flexsteel's executive employee benefit package.

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
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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 Board's approval of your appointment of Chief Financial Officer, Treasurer, Secretary and Principal Financial and Accounting Officer.

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 take on this expanded role with the company upon acceptance of this letter. To confirm your acceptance of this offer, please sign and return this letter to me by Tuesday, January 9, 2024.

Sincerely,

/s/ Jerald K. Dittmer  
Jerald K. Dittmer  
President & Chief Executive Officer

Agreed to and accepted by:

/s/ Michael J. Ressler Date: January 9, 2024  
Michael J. Ressler

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# Flexsteel Industries, Inc. Reports Strong Preliminary Results for Second Quarter; Forecasts Continued Sales Growth and Robust Profit Improvement

Dubuque, Iowa – January 11, 2024 – Flexsteel Industries, Inc. (NASDAQ: FLXS) (“Flexsteel” or the “Company”), one of the largest manufacturers, importers, and marketers of residential furniture products in the United States, today provided several business updates, including preliminary second quarter fiscal 2024 results, a financial outlook for the remainder of fiscal year 2024 and fiscal year 2025, and recent management and board changes. The Company also announced it will issue its second quarter 2024 financial results after market close on Monday, February 5, 2024.

## Preliminary Fiscal 2024 Second Quarter Financial Results

The Company expects to report the following financial results for its second quarter ended December 31, 2023:

- Healthy sales growth of 7.5%: Net sales for the quarter of \$100.1 million compared to \$93.1 million in the prior year quarter.
- Robust sales orders of \$104.8 million representing growth of \$12.8 million, or 13.9%, compared to prior year quarter.
- Significant gross margin improvement to 21.9% compared to 17.0% in the prior year quarter.
- Solid GAAP operating income of \$4.6 million or 4.6% of net sales compared to \$3.8 million or 4.0% of net sales in the prior year quarter.
  - Non-GAAP operating income of \$4.6 million or 4.6% of net sales compared to \$1.0 million or 1.0% of net sales in the prior year quarter.
- GAAP net income per diluted share of \$0.57 for the current quarter compared to net income of \$0.53 in the prior year quarter.
  - Non-GAAP net income per diluted share of \$0.57 for the quarter compared to non-GAAP net income of \$0.08 in the prior year quarter.
- Strong cash flow generation: cash flow from operations of \$18.9 million for the quarter driven by higher profits and a \$15.6 million reduction in inventories.
- Strengthened balance sheet: Debt repayments of \$15.1 million for the quarter, or a 46% reduction in borrowings under the line of credit.

GAAP to non-GAAP reconciliations are provided at the end of this press release

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## Management Commentary

"I am extremely pleased with our second quarter results. We are competing well, growing and gaining share, improving profitability, and generating cash to reduce debt and further strengthen our balance sheet," said Jerry Dittmer, CEO of Flexsteel Industries, Inc. "While macroeconomic conditions combined with discretionary consumer spending shifts away from home furnishings continue to present headwinds to the industry, our growth initiatives are enabling us to profitably grow despite difficult conditions. As a result, we delivered strong net sales of \$100.1 million, or growth of 7.5%, which was slightly above our sales guidance range of \$94 to \$100 million. Comparisons to prior year continued to be adversely impacted by the elimination of ocean freight surcharges in the prior year when ocean container delivery costs were inflated. Excluding the approximately \$3.5 million impact from surcharge reductions, growth from unit volume and sales mix was an impressive 11.7% in the quarter, reflecting our strong sales execution."

Mr. Dittmer continues, "In addition to our sales momentum, we are executing well operationally and leveraging the combined benefits of continued productivity and cost savings, pricing discipline, and ongoing product portfolio management, to meaningfully expand gross margin and improve operating income. As a result, our operating margin of 4.6% in the second quarter was a significant improvement compared to the first quarter and prior year quarter, and above our guidance range of 2 to 4%. We also expect to further improve operating margins in the second half of fiscal year 2024 and fiscal year 2025. Lastly, we are making strong progress in improving working capital efficiency. Given improved demand stability and better supplier lead times, we optimized and reduced our inventories by \$15.6 million in the second quarter while continuing to provide exceptional service levels to customers. Our strong cashflow was largely used to reduce debt in the quarter. We are pursuing additional working capital improvements in the second half of the year, and when combined with improved profits, we expect to end fiscal year 2024 with nominal to no debt."

Mr. Dittmer concludes, "Our strategies are working, and we're seeing the outcomes in our improved financial performance. While I'm encouraged by second quarter's results, I'm more enthused about the results yet to come. Our organization is driven and executing well on multiple fronts which gives me confidence in our ability to continue to profitably grow and generate cash near-term, but more importantly, to generate significant value for our shareholders and customers long-term."

## Financial Outlook

	Third Quarter Fiscal 2024	Fourth Quarter Fiscal 2024	Full Year Fiscal 2025
<b>Sales</b>	\$101 - 106 million	\$107 - 112 million	\$416 - 432 million
<b>Sales Growth (vs. Prior Year)</b>	2% to 7%	1% to 6%	2% to 6%
<b>Operating Margin</b>	4.5% to 5.5%	5.0% to 6.0%	5.5% to 6.5%
<b>Free Cash Flow</b>	\$11 to 17 million (for 2 <sup>nd</sup> half Fiscal 2024)		\$20 to 30 million
<b>Line of Credit Borrowings</b>	\$12 to 17 million	\$0 to 10 million	\$0

## Management and Board of Directors Updates

Effective January 10, 2024, Michael Ressler was promoted to Chief Financial Officer, Treasurer and Secretary. Mr. Ressler has over seventeen years of experience with Flexsteel and has held a variety of cross functional leadership positions in accounting, finance, change management and manufacturing. Most recently, Mr. Ressler has served as Vice President, Manufacturing. In his new role as CFO, Mr. Ressler will retain his leadership responsibilities of the Company's manufacturing operations.

"Mike's leadership contributions have been instrumental in the Company's transformation over the past several years," stated Derek Schmidt, President. "Mike has a strong track record of delivering results, and I'm confident that his deep knowledge of Flexsteel and our industry combined with his extensive experience in finance and operations, will enable him to make a profound impact on the Company's success as CFO in the years to come."

Concurrent with Mr. Ressler's promotion, Mr. Schmidt has been promoted to the position of President and appointed to Flexsteel's Board of Directors. "Flexsteel is fortunate to have an executive with Derek's capabilities. Since joining the Company in April 2020, his responsibilities have meaningfully expanded, and his promotion to President appropriately reflects his leadership responsibility for the Company's operations and growth strategy," noted Jerry Dittmer, CEO.

Unrelated to the management updates, Matt Kaness announced his resignation from the Board on January 9, 2024, effective immediately due to a need to focus on his primary professional commitments and to consider other opportunities. "Mr. Kaness has made significant contributions to Flexsteel as a member of the Board over the last four years. His leadership and expertise will be missed," said Board Chairman Thomas M. Levine.

## Conference Call and Webcast

The Company will host a conference call and audio webcast with analysts and investors on Tuesday, February 6, 2024, at 8:00 a.m. Central Time to discuss the results and answer questions.

- Live conference call: 833-816-1123 (domestic) or 412-317-0710 (international)
- Conference call replay available through February 13, 2024: 877-344-7529 (domestic) or 412-317-0088 (international)
- Replay access code: 4637022
- Live and archived webcast: [ir.flexsteel.com](http://ir.flexsteel.com)

To pre-register for the earnings conference call and avoid the need to wait for a live operator, investors can visit <https://dpregrister.com/sreg/10185617/fb60745fee> and enter their contact information. Investors will then be issued a personalized phone number and pin to dial into the live conference call.

The second quarter 2024 earnings release can be accessed at [ir.flexsteel.com](http://ir.flexsteel.com) after market close on Monday, February 5, 2024.

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## About Flexsteel

Flexsteel Industries, Inc., and Subsidiaries (the “Company”) is one of the largest manufacturers, importers, and marketers of residential furniture products in the United States. Product offerings include a wide variety of furniture such as sofas, loveseats, chairs, reclining rocking chairs, swivel rockers, sofa beds, convertible bedding units, occasional tables, desks, dining tables and chairs, kitchen storage, bedroom furniture, and outdoor furniture. A featured component in most of the upholstered furniture is a unique steel drop-in seat spring from which the name “Flexsteel” is derived. The Company distributes its products throughout the United States through its e-commerce channel and direct sales force.

### Forward-Looking Statements

Statements, including those in this release, 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 our 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, restructurings, 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 our most recent Annual Report on Form 10-K.

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

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**NON-GAAP DISCLOSURE (UNAUDITED)**

The Company is providing information regarding adjusted net sales, adjusted operating income, and adjusted earnings per diluted share which are not recognized terms under U.S. Generally Accepted Accounting Principles ("GAAP") and do not purport to be alternatives to net sales or operating income as a measure of operating performance. A reconciliation of adjusted net sales, adjusted operating income, and adjusted earnings per diluted share is provided below. Management believes the use of these non-GAAP financial measures provides investors useful information to analyze and compare performance across periods excluding the items which are considered by management to be extraordinary or one-time in nature. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

**Reconciliation of GAAP net sales to non-GAAP adjusted net sales:**

The following table sets forth the reconciliation of the Company's reported GAAP net sales to the calculation of adjusted net sales for the three months ended December 31, 2023 and 2022:

<i>(in millions)</i>	Three Months Ended		% Change
	December 31, 2023	December 31, 2022	
Net Sales	\$ 100.1	\$ 93.1	7.5%
Freight Surcharges	\$ —	\$ (3.5)	
Adjusted Net Sales	\$ 100.1	\$ 89.6	11.7%

**Reconciliation of GAAP operating income to non-GAAP adjusted operating income:**

The following table sets forth the reconciliation of the Company's reported GAAP operating income to the calculation of non-GAAP adjusted operating income for the three months ended December 31, 2023, and 2022:

<i>(in millions)</i>	Three Months Ended December 31,	
	2023	2022
Reported GAAP operating income	\$ 4.6	\$ 3.8
Environmental remediation	—	(2.8)
Non-GAAP operating income	\$ 4.6	\$ 1.0

**Reconciliation of GAAP earnings per share of common stock to non-GAAP adjusted earnings per share of common stock:**

The following table sets forth the reconciliation of the Company's reported GAAP earnings per share to the calculation of non-GAAP adjusted earnings per share for the three months ended December 31, 2023, and 2022:

<i>(in millions)</i>	<b>Three Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Reported GAAP diluted earnings per share	\$ 0.57	\$ 0.53
Environmental remediation	—	(0.52)
Tax impact of the above adjustments <sup>(1)</sup>	—	0.07
Non-GAAP diluted earnings per share	<u>\$ 0.57</u>	<u>\$ 0.08</u>

<sup>(1)</sup> Effective tax rate of 13.5% was used to calculate the three months ended December 31, 2022.

**INVESTOR CONTACT:**

Michael Ressler, Flexsteel Industries, Inc.  
563-585-8116  
investors@flexsteel.com

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