

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 13, 2023



THE DIXIE GROUP

**THE DIXIE GROUP, INC.**

(Exact name of Registrant as specified in its charter)

Tennessee

(State or other jurisdiction of incorporation)

0-2585

(Commission File Number)

62-0183370

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

475 Reed Road Dalton Georgia

(Address of principal executive offices)

30720

(zip code)

706 876-5800

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

Effective March 13, 2023, the Company adopted an incentive compensation plan applicable to 2023 with respect to which incentive compensation may be paid to the Company's Chief Executive Officer, Principal Financial Officer and other named executive officers. A summary description of the plan is filed herewith. Pursuant to the plan, cash awards and certain restricted stock awards may be granted and paid to such officers. The potential restricted stock awards include Primary Long Term Incentive Plan (PLTI) and Career Share awards, as in prior years. The forms of such awards are filed herewith as exhibits to this form.

**Item 9.01 Financial Statements and Exhibits.**

- (c) Exhibits
    - (10.1) [Summary of Annual Incentive Compensation Plan Applicable to 2023](#)
    - (10.2) [Form of PLTI award \(B shareholder\)](#)
    - (10.3) [Form of PLTI award \(common only\)](#)
    - (10.4) [Form of Career Share award \(B shareholder\)](#)
  - (10.5) [Form of Career Share award \(common only\)](#)
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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.

Date: March 13, 2023

**THE DIXIE GROUP, INC.**

*/s/ Allen L. Danzey*

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Allen L. Danzey  
Chief Financial Officer

## EXHIBIT 10.1

### Summary of Annual Incentive Plan for 2023

**Annual 2023 Incentive Plan.** Effective March 13, 2023, the Company adopted its annual incentive plan for 2023. The plan provides for possible cash incentive awards and restricted stock awards in the form of Primary Long-Term Incentive Share Awards and Career Share Awards, as in prior years. Any such awards, if earned, would be paid, in the case of the cash award, or granted, in the case of the restricted stock awards, by March 15, 2024. As described below, awards may be granted by the Compensation/Nominations Corporate Governance Committee (the Committee) upon satisfaction of both a performance condition (as determined in the discretion of the Committee) and a service condition, and which (in the case of the potential cash incentive and the potential award of Primary Long Term Incentive Shares) is further subject to increase or decrease by the Committee based upon an assessment of individual goals and objectives adopted for each Participant. Vesting of an award of Primary Long-term Incentive Shares or Career Shares, if granted, is subject to meeting a further service condition, as described more fully below.

**Potential Cash Incentive Awards.** The CEO and the Chief Operating Officer have the opportunity to earn a cash award ranging from 45% to no more than 105% of such executive's base salary. Subject to Committee discretion with respect to unusual items and achievement of individual goals and objectives, one hundred percent of the amount of the potential cash award will be based on achievement of specified levels of Operating Income from Continuing Operations for the Company, as Adjusted for unusual items.

The President of the Company's residential business unit will have the opportunity to earn a cash payment ranging from 30% to 90% of his base salary. The Chief Financial Officer and all other officers that participate in the plan, will have the opportunity to earn a cash payment ranging from 15% to 75% of such executive's base salary. Subject to Committee discretion, 100% of the amount is based on achievement of specified levels of Operating Income from continuing Operations, as adjusted for unusual items.

Maximum potential awards are determined by formula; to be eligible for any award, the participant must be employed by the Company as of the date of determination, which is anticipated to be no later than March 15, 2024. The Compensation Committee must determine achievement of the relevant performance and service conditions. The Committee is authorized to exercise fully its discretion in determining achievement of the relevant performance conditions and individual goals and objectives.

Any cash award will be paid out to the participants by March 15, 2024.

### **Primary Long-Term Incentive Share Awards and Career Share Awards.**

The incentive plan provides for two potential awards of restricted stock: Primary Long-Term Incentive Share Awards and Career Share Awards.

The Primary Long-Term Incentive Share Award is a possible award of restricted shares, in value equal to no more than 35% of the Executive's base salary as of the beginning of 2023 (45% in the case of the Chief Executive Officer) plus any cash incentive award paid for such year. To be eligible for an award of Primary Long-term Incentive Shares the Company must achieve an Operating Income from Continuing Operations, as Adjusted of at least the threshold level set for determining the potential cash award. If such threshold level of operating income is attained, the Participant will receive an award of restricted shares equal in value to 35% of his base salary as of the beginning of 2023 plus any cash incentive paid for the year. Primary Long-Term Incentive Shares will be granted if the Threshold Corporate Operating Performance level is reached; however, at Threshold, only 50% of PLTI will be earned. Proration of PLTI shares will occur between Threshold and Target performance with 100% of PLTI shares earned at Target Performance. The Committee must determine whether achievement of the threshold level of Operating Income as Adjusted for unusual or extraordinary items, has occurred. The Committee will exercise its discretion in making such determination. The Participant must be employed by the Company as of the date of determination in order to receive any award. If earned, the Awards will be granted no later than March 15, 2024.

**Vesting.** If earned and granted, the Primary Long-Term Incentive Shares vest equally over 3 years from the potential award date (March 15, 2024). Upon vesting, each ratable portion of the award becomes unrestricted and must be paid or made available by March 15 of the year following vesting. That portion of the award that has been expensed by the Company (as of its most recent year-end financial statements), and which has not previously become unrestricted and paid or made available to the Participant, vests upon a Participant's attaining age 65 (or upon a termination without cause, if sooner). For Participants 65 or older, the vested portion becomes unrestricted

and is paid or made available by March 15 of the year immediately following the year of vesting. Shares subject to the award vest on the Participant's death, disability or upon a change of control, as defined in the plan. In no event will shares subject to the Award become unrestricted and paid and made available later than March 15th of the year following the year in which the shares are no longer subject to a substantial risk of forfeiture, as defined under relevant IRC regulations.

The Career Share Award is a possible award of restricted shares, in value equal to 20% of each Participant's base salary at the beginning of 2023, for all executive officers other than the Chief Operating Officer; for the Chief Operating Officer, the award is equal in value to 35% of his base salary at the beginning of 2023. To be eligible for an award of Career Shares, the Company must have achieved a profitable level of Operating Income from Continuing Operations, as Adjusted. The Committee must determine whether achievement of the minimum level of Operating Income from continuing Operations, as Adjusted, has occurred. The Committee will exercise its discretion in making such determination. The Participant must be employed by the Company as of the date of determination to receive any award.

**Vesting.** If earned and granted, the Career Share award vests ratably over two years for participants 60 or older on the date of grant. For participants under age 61, shares vest ratably over 5 years beginning with such executive officer's 61st birthday. That cumulative portion of the award that has been expensed by the Company (as of its most recent year ending financial statements) and which has not become unrestricted and paid or made available to the Participant, vests upon a Participant's attaining age 65. The vested portion of each award becomes unrestricted and is paid or made available March 15 of the year immediately following the year of vesting. In no event will shares subject to the Award become unrestricted and be paid and made available later than March 15th of the year following the year in which the shares are no longer subject to a substantial risk of forfeiture, as defined under relevant IRC regulations.

[For Participant who holds Class B Common Stock]

**RESTRICTED STOCK AWARD  
UNDER THE  
INCENTIVE COMPENSATION PLAN  
(2023)**

**Primary Long Term Incentive Plan Share Award**

To:

Date:

The Dixie Group, Inc. (the "Company") hereby awards you \_\_\_\_\_ shares of restricted stock, as an award of Primary Long-Term Incentive Plan Shares (PLTI Shares) pursuant to the Incentive Compensation Plan, subject to the terms and conditions set forth below:

1. **Restricted Stock.** All PLTI Shares are shares of restricted stock and are actual shares of common stock (or, subject to your election, shares of Class B Common Stock) of the Company. A stock certificate (or certificates, if a portion of your award is in Class B Common Stock) representing all PLTI Shares will be issued in your name, but will be held by the Company. ***You have the right to elect to receive Class B Common Stock in proportion to the shares of Class B Common Stock which you now hold. Such shares will be issued in your name upon the effectiveness of this Award. To make your election, please complete Annex A and deliver it to Derek Davis, Corporate Secretary.***

2. **Ownership Rights.** Immediately upon effectiveness of this Award, you will have all the rights of ownership with respect to the shares represented by the Award, except that such shares cannot be sold, pledged, assigned, hypothecated or transferred or otherwise encumbered until the restrictions are removed, and such shares are subject to forfeiture, as described in this Award document. ***You are entitled to vote shares of restricted stock subject to this Award and to receive any dividends paid on such shares.***

3. **Vesting.** Shares of Restricted Stock subject to this Award vest in accordance with the schedule set forth in **Annex B**, subject to earlier vesting upon your death, disability, or upon a Change of Control of the Company, in which case such Award shall be 100% vested. That portion, if any, of the restricted shares subject to this Award that is equal to the portion of the award that has been expensed by the Company, shall vest upon your reaching age 65 (or upon your termination without cause, if sooner), and shall be payable to you no later than March 15 of the following year.

4. **Effects of Termination on Unvested Restricted Stock.** All unvested shares of Restricted Stock subject to this Award will be forfeited if and to the extent such shares have not vested before or upon your voluntary termination of employment (other than by Retirement) or involuntary termination by the Company for Cause.

5. **Definitions.** For purposes of this Award:

a. "Disability" shall be determined according to the definition of "disability," in effect at the time of determination, in The Dixie Group, Inc. 401k Plan (or IRC section 409A, if applicable).

b. "Affiliated Company" includes The Dixie Group, Inc. and any company of which The Dixie Group, Inc. owns at least 20% of the voting or capital stock if (1) such company is a party to an

agreement that provides for continuation of your employee benefits upon immediate employment by you with such company and (2) such company agrees to your subsequent employment.

c. "Retirement" means the voluntary termination of your employment by you on or after reaching age 65.

d. "Change in Control" shall be deemed to have occurred under any of the circumstances described below:

If any "person," except for:

- (i) the Company or any subsidiary of the Company;
- (ii) a trustee or any other entity holding securities under any employee benefit plan of the Company or any subsidiary of the Company; and
- (iii) The Frierson Family

is or becomes the "beneficial owner" directly or indirectly, of securities of the Company representing more than 50% of the combined total voting power of the Company's then-outstanding securities.

*As used in this definition of "change in control"*

*"The Frierson Family" shall mean the immediate family of Daniel K. Frierson, including his wife, children and grandchildren and their spouses, his siblings and their spouses, and any trust for the benefit of any of the foregoing persons.*

*"person" is used as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (as amended); and*

*"beneficial owner" is used as defined in Rule 13d-3 of the Securities Exchange Act of 1934 (as amended).*

e. "Cause" shall mean for the purposes of this award only (i) participant has committed an act or has failed to act, where such act or failure to act constitutes intentional misconduct including, without limitation, dishonesty, fraud or embezzlement, a reckless disregard of the consequences of such act or failure to act, or gross negligence by participant; (ii) a conviction of or the entering of a guilty or no contest plea to any felony or any crime involving moral turpitude; or (iii) a failure to cease or correct a material failure to discharge participant's duties and responsibilities as an employee of The Dixie Group, Inc.

6. Certain Tax Consequences. Certain tax consequences of the Award are set forth on **Annex C**, attached hereto. The Company recommends that you consult your financial advisor about the tax consequences to you of an award of Restricted Stock. Income received as a result of vesting of restricted stock is subject to immediate withholding of federal, state or local income tax and FICA, to the extent applicable. Payment to the Company of applicable taxes or satisfactory arrangement to make such payment, is required upon vesting of any portion of this award. See Section 7, below

7. Tax Obligations. By accepting this award, you agree to be responsible for any required minimum tax withholding obligations that may occur when your shares vest. In the event you have not satisfied these tax obligations before the Company must forward them to the appropriate tax authorities, the Company may take any of the following actions: retain custody of your shares until you have reimbursed the Company for the amounts paid on your behalf, take deductions from any payment otherwise due you until the tax obligations satisfied, or withhold from your award the number of shares necessary to satisfy the tax obligations.

8. Plan Administration. The Compensation/Nominations Corporate Governance Committee of the Board of Directors is the administrator of the Plan, whose function is to ensure the Plan is managed according to its respective terms and conditions. A request for a copy of the Plan and any questions pertaining to the Plan should be directed to:

The Dixie Group, Inc.  
Stock Plan Administrator  
c/o Derek Davis, Corporate Secretary  
P.O. Box 2007  
Dalton, GA 30722-2007

9. Adjustment of Shares Subject to Award. The number of shares subject to this Award shall be adjusted to reflect any increase or decrease in the number of shares of common stock and Class B Common Stock outstanding as a result of any stock dividend or split.

10. Restrictions on Transfer. Until the restricted shares subject to this Award vest, and except as may be approved by the Plan Administrator, such shares shall not be transferable by you, and may not be sold, pledged, assigned, hypothecated or transferred (whether by sale, gift or otherwise), or encumbered in whole or in part either directly or by operation of law or otherwise including, but not by way of limitation, by execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner. Any attempted assignment, transfer, pledge, hypothecation or other disposition of any of the restricted shares in violation of the foregoing provisions shall be null and void and without effect.

11. No Right to Continued Employment. It is understood that this Award is not intended and shall not be construed as an agreement or commitment by the Company or any subsidiary or Affiliate to employ you or to continue your employment for any period of time whatsoever.

12. Governing Law. This Award has been entered into pursuant to and shall be governed by the laws of the State of Tennessee.

13. Mandatory Payout. Anything to the contrary herein notwithstanding, any portion of the award no longer subject to a substantial risk of forfeiture, including but not limited to shares that would have been vested at retirement age, under either Section 83 or 409A of the Internal Revenue Code of 1986, as amended, shall be transferred, paid or otherwise made available to the grantee no later than March 15, of the year following the calendar year in which such substantial risk of forfeiture no longer exists.

**ACKNOWLEDGMENT AND ACCEPTANCE**

By signing below, I acknowledge and accept this Award, subject to the terms hereof.

Date: \_\_\_\_\_  
(Participant)

Date: \_\_\_\_\_  
(Chairman)

Date: \_\_\_\_\_  
(Attest)



**ANNEX A**

**Participant election with respect to Class B Common Stock (choose (1) or (2) below)**

1. Election to Receive Maximum Number of Shares of Class B Common Stock:

By signing below, I elect to receive the maximum number of shares of Class B Common Stock permissible under the Incentive Compensation Plan (the "Plan") and the Award of Restricted Stock granted to me pursuant to such Plan, as follows:

- a. current holdings of Common Stock \_\_\_\_\_;
- b. current holdings of Class B Common Stock \_\_\_\_\_;
- c. ratio of Class B to Common \_\_\_\_\_ / \_\_\_\_\_ = \_\_\_\_\_%.

Dated: \_\_\_\_\_  
(Participant)

2. Election to Receive Less Than Maximum Number of Shares of Class B Common Stock.

By signing below, I elect to receive \_\_\_\_% of my Award in Class B Common Stock. [must be less than percentage set forth in (c), above.]

Dated: \_\_\_\_\_  
(Participant)

**ANNEX B**

**Restricted Stock Award**

Pursuant to the **Incentive Compensation Plan (2023)**

**Primary Long Term Incentive Share Award**

Shares: \_\_\_\_\_

Vesting Schedule:

1/3 ( shares) vest on March 13, 20\_\_ (33 1/3%)

1/3 ( shares) vest on March 13, 20\_\_ (66 2/3%)

1/3 ( shares) vest on March 13, 20\_\_ (100%)

Subject to Sections 3 and 4 hereof.

**AWARD OF RESTRICTED STOCK  
CERTAIN UNITED STATES FEDERAL INCOME  
TAX CONSEQUENCES TO PARTICIPANT**

***The following is a brief summary of the principal United States federal income tax consequences of a restricted stock award under the Incentive Compensation Plan, based on current United States federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences, which may be substantially different.***

*Restricted Stock.* A participant generally will not be taxed at the time a restricted stock award is granted, but will recognize taxable ordinary income when the award vests or otherwise is no longer subject to a substantial risk of forfeiture. The amount of taxable income recognized will equal the fair market value of the shares subject to the award (or the portion of the award that is then vesting) at that time. Participants may elect to be taxed based on the fair market value of the shares at the time of grant by making an election under Section 83(b) of the Code within 30 days of the award date. If a restricted stock award with respect to which a participant has made such an election under Section 83(b) is subsequently canceled, no deduction or tax refund will be allowed for the amount previously recognized as income.

Unless a participant makes a Section 83(b) election, dividends paid to a participant on shares of an unvested restricted stock award will be taxable to the participant as ordinary income. If the participant made a Section 83(b) election, the dividends will be taxable to the participants as dividend income, which generally is subject to the same rate as capital gains income.

*[For Participant who holds Only Common Stock]*

**RESTRICTED STOCK AWARD  
UNDER THE  
INCENTIVE COMPENSATION PLAN  
(2023)**

**Primary Long Term Incentive Plan Share Award**

To:

Date:

The Dixie Group, Inc. (the "Company") hereby awards you \_\_\_\_\_ shares of restricted stock, as an award of Long Term Incentive Plan Shares (PLTI Shares) pursuant to the Incentive Compensation Plan, subject to the terms and conditions set forth below:

1. **Restricted Stock.** All PLTI Shares are shares of restricted stock and are actual shares of common stock of the Company. A stock certificate representing PLTI Shares will be issued in your name but will be held by the Company.

2. **Ownership Rights.** Immediately upon effectiveness of this Award, you will have all the rights of ownership with respect to the shares represented by the Award, except that such shares cannot be sold, pledged, assigned, hypothecated or transferred or otherwise encumbered until the restrictions are removed, and such shares are subject to forfeiture, as described in this Award document. **You are entitled to vote shares of restricted stock and to receive any dividends paid on such shares.**

3. **Vesting.** Shares of Restricted Stock subject to this Award vest in accordance with the schedule set forth in **Annex A**, subject to earlier vesting upon your death, disability, or upon a Change of Control of the Company, in which case such Award shall be 100% vested. That portion, if any, of the restricted shares subject to this Award that is equal to the portion of the award that has been expensed by the Company, shall vest upon your reaching age 65 (or upon your termination without Cause, if sooner), and shall be payable to you no later than March 15 of the following year.

4. **Effects of Termination on Unvested Restricted Stock.** All unvested shares of Restricted Stock subject to this Award will be forfeited if and to the extent such shares have not vested before or upon your voluntary termination of employment (other than by retirement) or involuntary termination by the Company for cause.

5. **Definitions.** For purposes of this Award:

a. "Disability" shall be determined according to the definition of "disability," in effect at the time of determination, in The Dixie Group, Inc. 401k Plan.

b. "Affiliated Company" includes The Dixie Group, Inc. and any company of which The Dixie Group, Inc. owns at least 20% of the voting or capital stock if (1) such company is a party to an agreement that provides for continuation of your employee benefits upon immediate employment by you with such company and (2) such company agrees to your subsequent employment.

c. "Retirement" means the voluntary termination of your employment by you on or after reaching age 65.

d. "Change in Control" shall be deemed to have occurred under any of the circumstances described below:

If any "person," except for:

- (i) the Company or any subsidiary of the Company;
- (ii) a trustee or any other entity holding securities under any employee benefit plan of the Company or any subsidiary of the Company; and
- (iii) The Frierson Family

is or becomes the "beneficial owner" directly or indirectly, of securities of the Company representing more than 50% of the combined total voting power of the Company's then-outstanding securities.

*As used in this definition of "Change in Control"*

*"The Frierson Family" shall mean the immediate family of Daniel K. Frierson, including his wife, children and grandchildren and their spouses, his siblings and their spouses, and any trust for the benefit of any of the foregoing persons.*

*"person" is used as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (as amended); and*

*"beneficial owner" is used as defined in Rule 13d-3 of the Securities Exchange Act of 1934 (as amended).*

e. "cause" shall mean for the purposes of this award only (i) participant has committed an act or has failed to act, where such act or failure to act constitutes intentional misconduct including, without limitation, dishonesty, fraud or embezzlement, a reckless disregard of the consequences of such act or failure to act, or gross negligence by participant; (ii) a conviction of or the entering of a guilty or no contest plea to any felony or any crime involving moral turpitude; or (iii) a failure to cease or correct a material failure to discharge participant's duties and responsibilities as an employee of The Dixie Group, Inc.

6. Certain Tax Consequences. Certain tax consequences of the Award are set forth on **Annex B**, attached hereto. The Company recommends that you consult your financial advisor about the tax consequences to you of an award of Restricted Stock. Income received as a result of vesting of restricted stock is subject to immediate withholding of federal, state or local income tax and FICA, to the extent applicable. Payment to the Company of applicable taxes or satisfactory arrangement to make such payment is required upon vesting of any portion of this award. See Section 7, below

7. Tax Obligations. By accepting this award, you are agreeing to be responsible for any required minimum tax withholding obligations that may occur when your shares vest. In the event you have not satisfied these tax obligations before the Company must forward them to the appropriate tax authorities, the Company may take any of the following actions: retain custody of your shares until you have reimbursed the Company for the amounts paid on your behalf, take deductions from any payment otherwise due you until the tax obligations satisfied, or withhold from your award the number of shares necessary to satisfy the tax obligations.

8. Plan Administration. The Compensation/Nominations and Corporate Governance Committee of the Board of Directors is the administrator of the Plan, whose function is to ensure the Plan is managed according to its respective terms and conditions. A request for a copy of the Plan and any questions pertaining to the Plan should be directed to:

The Dixie Group, Inc.  
Stock Plan Administrator  
c/o Derek Davis, Corporate Secretary  
P.O. Box 2007  
Dalton, GA 30722-2007

9. Adjustment of Shares Subject to Award. The number of shares subject to this Award shall be adjusted to reflect any increase or decrease in the number of shares of common stock and Class B Common Stock outstanding as a result of any stock dividend or split.

10. Restrictions on Transfer. Until the restricted shares subject to this Award vest, and except as may be approved by the Plan Administrator, such shares shall not be transferable by you, and may not be sold, pledged, assigned, hypothecated, or transferred (whether by sale, gift or otherwise), or otherwise encumbered in whole or in part either directly or by operation of law or otherwise including, but not by way of limitation, by execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner. Any attempted assignment, transfer, pledge, hypothecation or other disposition of any of the restricted shares in violation of the foregoing provisions shall be null and void and without effect.

11. No Right to Continued Employment. It is understood that this Award is not intended and shall not be construed as an agreement or commitment by the Company or any subsidiary or Affiliate to employ you or to continue your employment for any period of time whatsoever.

12. Governing Law. This Award has been entered into pursuant to and shall be governed by the laws of the State of Tennessee.

13. Mandatory Payout. Anything to the contrary herein notwithstanding, any portion of the award no longer subject to a substantial risk of forfeiture, including but not limited to shares that would have been vested at retirement age, under either Section 83 or 409A of the Internal Revenue Code of 1986, as amended, shall be transferred, paid or otherwise made available to the grantee no later than March 15, of the year following the calendar year in which such substantial risk of forfeiture no longer exists.

**ACKNOWLEDGMENT AND ACCEPTANCE**

By signing below, I acknowledge and accept this Award, subject to the terms hereof.

Date: \_\_\_\_\_  
(Participant)

Date: \_\_\_\_\_  
(Chairman)

Date: \_\_\_\_\_  
(Attest)

**ANNEX A**

**Restricted Stock Award**

Pursuant to the **Incentive Compensation Plan (2023)**

**Primary Long Term Incentive Share Award**

Shares: \_\_\_\_\_

Vesting Schedule:

1/3 ( shares) vest on March 13, 20\_\_ (33 1/3%)

1/3 ( shares) vest on March 13, 20\_\_ (66 2/3%)

1/3 ( shares) vest on March 13, 20\_\_ (100%)

Subject to Sections 3 and 4 hereof.

**ANNEX B**

**AWARD OF RESTRICTED STOCK  
CERTAIN UNITED STATES FEDERAL INCOME  
TAX CONSEQUENCES TO PARTICIPANT**

***The following is a brief summary of the principal United States federal income tax consequences of a restricted stock award under the Incentive Compensation Plan, based on current United States federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences, which may be substantially different.***

*Restricted Stock.* A participant generally will not be taxed at the time a restricted stock award is granted but will recognize taxable ordinary income when the award vests or otherwise is no longer subject to a substantial risk of forfeiture. The amount of taxable income recognized will equal the fair market value of the shares subject to the award (or the portion of the award that is then vesting) at that time. Participants may elect to be taxed based on the fair market value of the shares at the time of grant by making an election under Section 83(b) of the Code within 30 days of the award date. If a restricted stock award with respect to which a participant has made such an election under Section 83(b) is subsequently canceled, no deduction or tax refund will be allowed for the amount previously recognized as income.

Unless a participant makes a Section 83(b) election, dividends paid to a participant on shares of an unvested restricted stock award will be taxable to the participant as ordinary income. If the participant made a Section 83(b) election, the dividends will be taxable to the participants as dividend income, which generally is subject to the same rate as capital gains income.



[For Participant who holds Class B Common Stock]

**RESTRICTED STOCK AWARD  
UNDER THE  
INCENTIVE COMPENSATION PLAN  
(2023)**

**Career Share Award**

To:

Date:

The Dixie Group, Inc. (the "Company") hereby awards you \_\_\_\_\_ shares of restricted stock, as an award of Career Shares (Career Shares) pursuant to the Incentive Compensation Plan, subject to the terms and conditions set forth below:

1. **Restricted Stock.** All Career Shares are shares of restricted stock and are actual shares of common stock (or, subject to your election, shares of Class B Common Stock) of the Company. A stock certificate (or certificates, if a portion of your award is in Class B Common Stock) representing all Career Shares will be issued in your name but will be held by the Company. ***You have the right to elect to receive Class B Common Stock in proportion to the shares of Class B Common Stock which you now hold. Such shares will be issued in your name upon the effectiveness of this Award. To make your election, please complete Annex A and deliver it to Derek Davis, Corporate Secretary.***

2. **Ownership Rights.** Immediately upon effectiveness of this Award, you will have all the rights of ownership with respect to the shares represented by the Award, except that such shares cannot be sold, pledged, assigned, hypothecated or transferred or otherwise encumbered until the restrictions are removed, and such shares are subject to forfeiture, as described in this Award document. **You are entitled to vote shares of restricted stock subject to this Award and to receive any dividends paid on such shares.**

3. **Vesting.** Shares of Restricted Stock subject to this Award vest in accordance with the schedule set forth in **Annex B**, subject to earlier vesting upon your death, disability, termination without cause, or upon a Change of Control of the Company, in which case such Award shall be 100% vested. That portion, if any, of the restricted shares subject to this Award that is equal to the portion of the award that has been expensed by the Company, shall vest upon your reaching age 65, and shall be payable to you no later than March 15 of the following year.

4. **Effects of Termination on Unvested Restricted Stock.** All unvested shares of Restricted Stock subject to this Award will be forfeited if and to the extent such shares have not vested before or upon your voluntary termination of employment (other than by retirement) or involuntary termination by the Company for cause.

5. **Definitions.** For purposes of this Award:

a. "Disability" shall be determined according to the definition of "disability," in effect at the time of determination, in The Dixie Group, Inc. 401k Plan (or IRC section 409A, if applicable).

b. "Affiliated Company" includes The Dixie Group, Inc. and any company of which The Dixie Group, Inc. owns at least 20% of the voting or capital stock if (1) such company is a party to an agreement that provides for continuation of your employee benefits upon immediate employment by you with such company and (2) such company agrees to your subsequent employment.

c. "Retirement" means the voluntary termination of your employment by you on or after reaching age 65.

d. "Change in Control" shall be deemed to have occurred under any of the circumstances described below:

If any "person," except for:

- (i) the Company or any subsidiary of the Company;
- (ii) a trustee or any other entity holding securities under any employee benefit plan of the Company or any subsidiary of the Company; and
- (iii) The Frierson Family

is or becomes the "beneficial owner" directly or indirectly, of securities of the Company representing more than 50% of the combined total voting power of the Company's then-outstanding securities.

*As used in this definition of "Change in Control"*

*"The Frierson Family" shall mean the immediate family of Daniel K. Frierson, including his wife, children and grandchildren and their spouses, his siblings and their spouses, and any trust for the benefit of any of the foregoing persons.*

*"person" is used as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (as amended); and*

*"beneficial owner" is used as defined in Rule 13d-3 of the Securities Exchange Act of 1934 (as amended).*

e. "Cause" shall mean for the purposes of this award only (i) participant has committed an act or has failed to act, where such act or failure to act constitutes intentional misconduct including, without limitation, dishonesty, fraud or embezzlement, a reckless disregard of the consequences of such act or failure to act, or gross negligence by participant; (ii) a conviction of or the entering of a guilty or no contest plea to any felony or any crime involving moral turpitude; or (iii) a failure to cease or correct a material failure to discharge participant's duties and responsibilities as an employee of The Dixie Group, Inc.

6. Certain Tax Consequences. Certain tax consequences of the Award are set forth on **Annex C**, attached hereto. The Company recommends that you consult your financial advisor about the tax consequences to you of an award of Restricted Stock. Income received as a result of vesting of restricted stock is subject to immediate withholding of federal, state or local income tax and FICA, to the extent applicable. Payment to the Company of applicable taxes or satisfactory arrangement to make such payment, is required upon vesting of any portion of this award. See Section 7, below.

7. Tax Obligations. By accepting this award, you agree to be responsible for any required minimum tax withholding obligations that may occur when your shares vest. In the event you have not satisfied these tax obligations before the Company must forward them to the appropriate tax authorities, the Company may take any of the following actions: retain custody of your shares until you have reimbursed the Company for the amounts paid on your behalf, take deductions from any payment otherwise due you until the tax obligations satisfied, or withhold from your award the number of shares necessary to satisfy the tax obligations.

8. Plan Administration. The Compensation/Nominations and Corporate Governance Committee of the Board of Directors is the administrator of the Plan, whose function is to ensure the Plan is managed according to its respective terms and conditions. A request for a copy of the Plan and any questions pertaining to the Plan should be directed to:

The Dixie Group, Inc.  
Stock Plan Administrator  
c/o Derek Davis, Corporate Secretary  
P.O. Box 2007  
Dalton, GA 30722-2007

9. Adjustment of Shares Subject to Award. The number of shares subject to this Award shall be adjusted to reflect any increase or decrease in the number of shares of common stock and Class B Common Stock outstanding as a result of any stock dividend or split.

10. Restrictions on Transfer. Until the restricted shares subject to this Award vest, and except as may be approved by the Plan Administrator, such shares shall not be transferable by you, and may not be sold, pledged, assigned, hypothecated or transferred (whether by sale, gift or otherwise), or encumbered in whole or in part either directly or by operation of law or otherwise including, but not by way of limitation, by execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner. Any attempted assignment, transfer, pledge, hypothecation or other disposition of any of the restricted shares in violation of the foregoing provisions shall be null and void and without effect.

11. No Right to Continued Employment. It is understood that this Award is not intended and shall not be construed as an agreement or commitment by the Company or any subsidiary or Affiliate to employ you or to continue your employment for any period of time whatsoever.

12. Governing Law. This Award has been entered into pursuant to and shall be governed by the laws of the State of Tennessee.

13. Mandatory Payout. Anything to the contrary herein notwithstanding, any portion of the award no longer subject to a substantial risk of forfeiture, including but not limited to shares that would have been vested at retirement age, under either Section 83 or 409A of the Internal Revenue Code of 1986, as amended, shall be transferred, paid or otherwise made available to the grantee no later than March 15, of the year following the calendar year in which such substantial risk of forfeiture no longer exists.

**ACKNOWLEDGMENT AND ACCEPTANCE**

By signing below, I acknowledge and accept this Award, subject to the terms hereof.

Date: \_\_\_\_\_  
(Participant)

Date: \_\_\_\_\_  
(Chairman)

Date: \_\_\_\_\_  
(Attest)



**ANNEX B**

**Restricted Stock Award**

Pursuant to the **Incentive Compensation Plan (2023)**

**Career Shares**

**Shares:** \_\_\_\_\_

Vesting Schedule: For Award Recipients age 60 or younger, shares vest ratably over five years from the date of grant after participant reaches age 61.

Vesting Schedule: For Award Recipients age 61 or older, shares vest ratably over two years from the date of grant.

Subject to Sections 3 and 4 hereof.

**AWARD OF RESTRICTED STOCK  
CERTAIN UNITED STATES FEDERAL INCOME  
TAX CONSEQUENCES TO PARTICIPANT**

***The following is a brief summary of the principal United States federal income tax consequences of a restricted stock award under the Incentive Compensation Plan, based on current United States federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences, which may be substantially different.***

*Restricted Stock.* A participant generally will not be taxed at the time a restricted stock award is granted, but will recognize taxable ordinary income when the award vests or otherwise is no longer subject to a substantial risk of forfeiture. The amount of taxable income recognized will equal the fair market value of the shares subject to the award (or the portion of the award that is then vesting) at that time. Participants may elect to be taxed based on the fair market value of the shares at the time of grant by making an election under Section 83(b) of the Code within 30 days of the award date. If a restricted stock award with respect to which a participant has made such an election under Section 83(b) is subsequently canceled, no deduction or tax refund will be allowed for the amount previously recognized as income.

Unless a participant makes a Section 83(b) election, dividends paid to a participant on shares of an unvested restricted stock award will be taxable to the participant as ordinary income. If the participant made a Section 83(b) election, the dividends will be taxable to the participants as dividend income, which generally is subject to the same rate as capital gains income.

*[For Participant who holds Only Common Stock]*

**RESTRICTED STOCK AWARD  
UNDER THE  
INCENTIVE COMPENSATION PLAN  
(2023)**

**Career Share Award**

To:

Date:

The Dixie Group, Inc. (the "Company") hereby awards you \_\_\_\_\_ shares of restricted stock, as an award of Career Shares (Career Shares) pursuant to the Incentive Compensation Plan, subject to the terms and conditions set forth below:

1. **Restricted Stock.** All Career Shares are shares of restricted stock and are actual shares of common stock of the Company. A stock certificate representing all Career Shares will be issued in your name, but will be held by the Company.

2. **Ownership Rights.** Immediately upon effectiveness of this Award, you will have all the rights of ownership with respect to the shares represented by the Award, except that such shares cannot be sold, pledged, assigned, hypothecated or transferred or otherwise encumbered, until the restrictions are removed, and such shares are subject to forfeiture, as described in this Award document. **You are entitled to vote shares of restricted stock subject to this Award and to receive any dividends paid on such shares .**

3. **Vesting.** Shares of Restricted Stock subject to this Award vest in accordance with the schedule set forth in **Annex A**, subject to earlier vesting upon your death, disability, termination without Cause, or upon a Change in Control of the Company, in which case such Award shall be 100% vested. That portion, if any, of the restricted shares subject to this Award that is equal to the portion of the award that has been expensed pursuant to the terms hereof, shall vest upon your reaching age 65, and shall be payable to you no later than March 15 of the following year.

4. **Effects of Termination on Unvested Restricted Stock.** All unvested shares of Restricted Stock subject to this Award will be forfeited if and to the extent such shares have not vested before or upon your voluntary termination of employment (other than by retirement) or involuntary termination by the Company for cause.

5. **Definitions.** For purposes of this Award:

a. "Disability" shall be determined according to the definition of "disability," in effect at the time of determination, in The Dixie Group, Inc. 401k Plan (or IRC Section 409A, if applicable).

b. "Affiliated Company" includes The Dixie Group, Inc. and any company of which The Dixie Group, Inc. owns at least 20% of the voting stock or capital if (1) such company is a party to an agreement that provides for continuation of your employee benefits upon immediate employment by you with such company and (2) such company agrees to your subsequent employment.

c. "Retirement" means the voluntary termination of employment by you on or after reaching age 65.

d. "Change in Control" shall be deemed to have occurred under any of the circumstances described below:

If any "person," except for:

- (i) the Company or any subsidiary of the Company;
- (ii) a trustee or any other entity holding securities under any employee benefit plan of the Company or any subsidiary of the Company; and
- (iii) The Frierson Family

is or becomes the "beneficial owner" directly or indirectly, of securities of the Company representing more than 50% of the combined total voting power of the Company's then-outstanding securities.

*As used in this definition of "Change in Control"*

*"The Frierson Family" shall mean the immediate family of Daniel K. Frierson, including his wife, children and grandchildren and their spouses, his siblings and their spouses, and any trust for the benefit of any of the foregoing persons.*

*"person" is used as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (as amended); and*

*"beneficial owner" is used as defined in Rule 13d-3 of the Securities Exchange Act of 1934 (as amended).*

e. "Cause" shall mean for the purposes of this award only (i) participant has committed an act or has failed to act, where such act or failure to act constitutes intentional misconduct including, without limitation, dishonesty, fraud or embezzlement, a reckless disregard of the consequences of such act or failure to act, or gross negligence by participant; (ii) a conviction of or the entering of a guilty or no contest plea to any felony or any crime involving moral turpitude; or (iii) a failure to cease or correct a material failure to discharge participant's duties and responsibilities as an employee of The Dixie Group, Inc.

6. Certain Tax Consequences. Certain tax consequences of the Award are set forth on **Annex B**, attached hereto. The Company recommends that you consult your financial advisor about the tax consequences to you of an award of Restricted Stock. Income received as a result of vesting of restricted stock is subject to immediate withholding of federal, state or local income tax and FICA, to the extent applicable. Payment to the Company of applicable taxes or satisfactory arrangement to make such payment is required upon vesting of any portion of this award. See Section 7, below

7. Tax Obligations. By accepting this award, you agree to be responsible for any required minimum tax withholding obligations that may occur when your shares vest. In the event you have not satisfied these tax obligations before the Company must forward them to the appropriate tax authorities, the Company may take any of the following actions: retain custody of your shares until you have reimbursed the Company for the amounts paid on your behalf, take deductions from any payment otherwise due you until the tax obligations satisfied, or withhold from your award the number of shares necessary to satisfy the tax obligations.

8. Plan Administration. The Compensation/Nominations and Corporate Governance Committee of the Board of Directors is the administrator of the Plan, whose function is to ensure the Plan is managed according to its respective terms and conditions. A request for a copy of the Plan and any questions pertaining to the Plan should be directed to:

The Dixie Group, Inc.  
Stock Plan Administrator  
c/o Derek Davis, Corporate Secretary  
P.O. Box 2007  
Dalton, GA 30722-2007



9. Adjustment of Shares Subject to Award. The number of shares subject to this Award shall be adjusted to reflect any increase or decrease in the number of shares of common stock and Class B Common Stock outstanding as a result of any stock dividend or split.

10. Restrictions on Transfer. Until the restricted shares subject to this Award vest, and except as may be approved by the Plan Administrator, such shares shall not be transferable by you, and may not be sold, pledged, assigned, hypothecated or transferred (whether by sale, gift or otherwise), pledged, hypothecated or encumbered in whole or in part either directly or by operation of law or otherwise including, but not by way of limitation, by execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner. Any attempted assignment, transfer, pledge, hypothecation or other disposition of any of the restricted shares in violation of the foregoing provisions shall be null and void and without effect.

11. No Right to Continued Employment. It is understood that this Award is not intended and shall not be construed as an agreement or commitment by the Company or any subsidiary or Affiliate to employ you or to continue your employment for any period of time whatsoever.

12. Governing Law. This Award has been entered into pursuant to and shall be governed by the laws of the State of Tennessee.

13. Mandatory Payout. Anything to the contrary herein notwithstanding, any portion of the award no longer subject to a substantial risk of forfeiture, including but not limited to shares that would have been vested at retirement age, under either Section 83 or 409A of the Internal Revenue Code of 1986, as amended, shall be transferred, paid or otherwise made available to the grantee no later than March 15, of the year following the calendar year in which such substantial risk of forfeiture no longer exists.

**ACKNOWLEDGMENT AND ACCEPTANCE**

By signing below, I acknowledge and accept this Award, subject to the terms hereof.

Date: \_\_\_\_\_  
(Participant)

Date: \_\_\_\_\_  
(Chairman)

Date: \_\_\_\_\_  
(Attest)

**ANNEX A**

**Restricted Stock Award**

Pursuant to the **Incentive Compensation Plan (2023)**

**Career Shares**

**Shares:** \_\_\_\_\_

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Vesting Schedule: For Award Recipients age 61 or older, shares vest ratably over two years from the date of grant.

Subject to Sections 3 and 4 hereof.

**ANNEX B**

**AWARD OF RESTRICTED STOCK  
CERTAIN UNITED STATES FEDERAL INCOME  
TAX CONSEQUENCES TO PARTICIPANT**

***The following is a brief summary of the principal United States federal income tax consequences of a restricted stock award under the Incentive Compensation Plan, based on current United States federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences, which may be substantially different.***

*Restricted Stock.* A participant generally will not be taxed at the time a restricted stock award is granted, but will recognize taxable ordinary income when the award vests or otherwise is no longer subject to a substantial risk of forfeiture. The amount of taxable income recognized will equal the fair market value of the shares subject to the award (or the portion of the award that is then vesting) at that time. Participants may elect to be taxed based on the fair market value of the shares at the time of grant by making an election under Section 83(b) of the Code within 30 days of the award date. If a restricted stock award with respect to which a participant has made such an election under Section 83(b) is subsequently canceled, no deduction or tax refund will be allowed for the amount previously recognized as income.

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