Southern Motion, Inc. Implements Restructuring through Chapter 11 Filing

August 31, 2026

PONTOTOC, Miss.—Southern Motion, Inc. ("Southern Motion" or the "Company") today announced that it has taken necessary action to restructure its financial obligations and achieve a more sustainable capital structure, creating a stronger foundation for their employees, customers, and business partners. To achieve these goals, Southern Motion filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the Bankruptcy Court for the Northern District of Mississippi. Southern Motion is a wholly-owned subsidiary of Gainline Recline Intermediate Corp.

"Southern Motion has experienced financial and operational headwinds, namely a slow retail furniture market and increased manufacturing costs associated with tariffs and the costs of fuel and container rates resulting from various geopolitical events. After careful consideration of a range of alternatives, we firmly believe that the Chapter 11 process represents the best long-term solution for Southern Motion to address our financial position and strengthen our operations. The restructuring plan provides a roadmap for Southern Motion to establish a sustainable capital structure and ensure that the Company can continue to operate competitively in the years ahead," said Mary Beth Mayer, Southern Motion Senior Vice President and Chief Financial Officer. "With the support of our key stakeholders, including our valuable employees, vendors, and customers, we will use this process to pursue the best possible outcome on behalf of all of our stakeholders, including our Northeast Mississippi community."

"We appreciate the continued support of our customers, suppliers, and other business partners during this process. We value these relationships and look forward to continuing them," said Mayer. "We also appreciate the dedication and loyalty of our employees, whose support is, and will always be, critical to the success and to the future of the Company."

Southern Motion anticipates having sufficient cash from continuing operations and a proposed $5 Million debtor-in-possession financing facility to ensure that vendors, suppliers and other business partners will be paid timely and in full for goods and services that they provide during the reorganization process.

The Company has made customary filings, including first day motions, with the Bankruptcy Court, which, if granted, will help ensure a smooth transition into the reorganization process without business disruption.

Southern Motion expects that its current management team will continue to lead the Company throughout the reorganization process.

For more information about Southern Motion's Chapter 11 case, visit https://dm.epiq11.com/SouthernMotion, email SouthernMotionInfo@epiqglobal.com or call 877-294-8732 (toll free) or 507-533-3394.

Southern Motion is represented in this matter by Maynard Nexsen PC and Aurora Management Partners as restructuring and financial advisor.