

CULP, INC.

Investor Information

June 29, 2022



CULP

FORWARD LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties that may cause actual events and results to differ materially from such statements. Further, forward looking statements are intended to speak only as of the date on which they are made, and we disclaim any duty to update such statements to reflect any changes in management’s expectations or any change in the assumptions or circumstances on which such statements are based, whether due to new information, future events, or otherwise. Forward-looking statements are statements that include projections, expectations, or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “plan,” “project,” and their derivatives, and include but are not limited to statements about expectations for our future operations, production levels, new product launches, sales, profit margins, profitability, operating income, capital expenditures, working capital levels, income taxes, SG&A or other expenses, pre-tax income, earnings, cash flow, and other performance or liquidity measures, as well as any statements regarding potential acquisitions, future economic or industry trends, public health epidemics, or future developments. There can be no assurance that we will realize these expectations or meet our guidance, or that these beliefs will prove correct.

Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on our business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect us adversely. The future performance of our business depends in part on our success in conducting and finalizing acquisition negotiations and integrating acquired businesses into our existing operations. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in tariffs or trade policy, or changes in the value of the U.S. dollar versus other currencies, could affect our financial results because a significant portion of our operations are located outside the United States. Strengthening of the U.S. dollar against other currencies could make our products less competitive on the basis of price in markets outside the United States, and strengthening of currencies in Canada and China can have a negative impact on our sales of products produced in those places. Also, economic or political instability in international areas could affect our operations or sources of goods in those areas, as well as demand for our products in international markets. The impact of public health epidemics on employees, customers, suppliers, and the global economy, such as the global coronavirus pandemic currently affecting countries around the world, could also adversely affect our operations and financial performance. In addition, the impact of potential goodwill or intangible asset impairments could affect our financial results. Increases in freight costs, labor costs, and raw material prices, including increases in market prices for petrochemical products, can also significantly affect the prices we pay for shipping, labor, and raw materials, respectively, and in turn, increase our operating costs and decrease our profitability. Finally, disruption in our customers’ supply chains for non-fabric components may cause declines in new orders and/or delayed shipping of existing orders while our customers wait for other components, which could adversely affect our financial results. Further information about these factors, as well as other factors that could affect our future operations or financial results and the matters discussed in forward-looking statements, is included in Item 1A “Risk Factors” in our recent Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission. A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur.

CULP AT A GLANCE

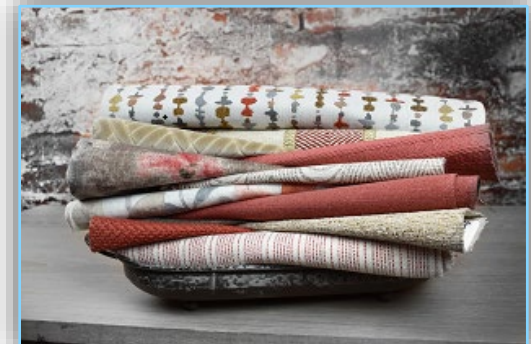
- ◆ Manufactures, sources, and markets mattress fabrics and upholstery fabrics for the furniture and bedding industries in North America and internationally.
- ◆ Global manufacturing and sourcing operations in the U.S., Canada, China, Haiti, Vietnam, and Turkey.
- ◆ Major clients include: Ashley Furniture, Casper, Corsicana, Flexsteel, Fusion Furniture, Kuka Home, La-Z-Boy, Resident Home, Serta Simmons Bedding, Tempur+Sealy, and others.
- ◆ Transformed business model.
- ◆ Founded in 1972.
- ◆ Experienced, long-term management team.

◆ Culp Business Segments

- Mattress Fabrics - Woven jacquard, knitted, including mattress covers, and converted fabrics for use in the production of bedding products
- 52% of sales in FY 2022



- Upholstery Fabrics - For use in the production of residential and commercial upholstered furniture
- 48% of sales in FY 2022



CULP KEY FACTS

Key Facts

- ◆ NYSE : CULP
- ◆ 52-Week Range: \$4.92 - \$15.66 ⁽¹⁾
- ◆ Shares Outstanding: 12,228,629 ⁽²⁾
- ◆ FY2022 Revenues: \$295 million
- ◆ Experienced, Long-Term Management Team

Capital Structure

- ◆ Strong Balance Sheet
- ◆ Total Cash & Investments: \$14.6 million ⁽²⁾
- ◆ No Outstanding Debt ⁽²⁾
- ◆ Shareholders' Equity: \$119.5 million ⁽²⁾

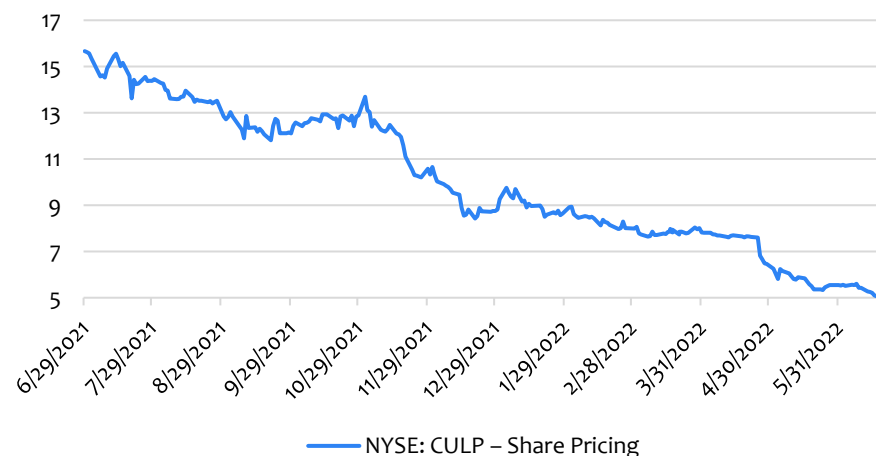
⁽¹⁾ As of June 28, 2022

⁽²⁾ As of May 1, 2022

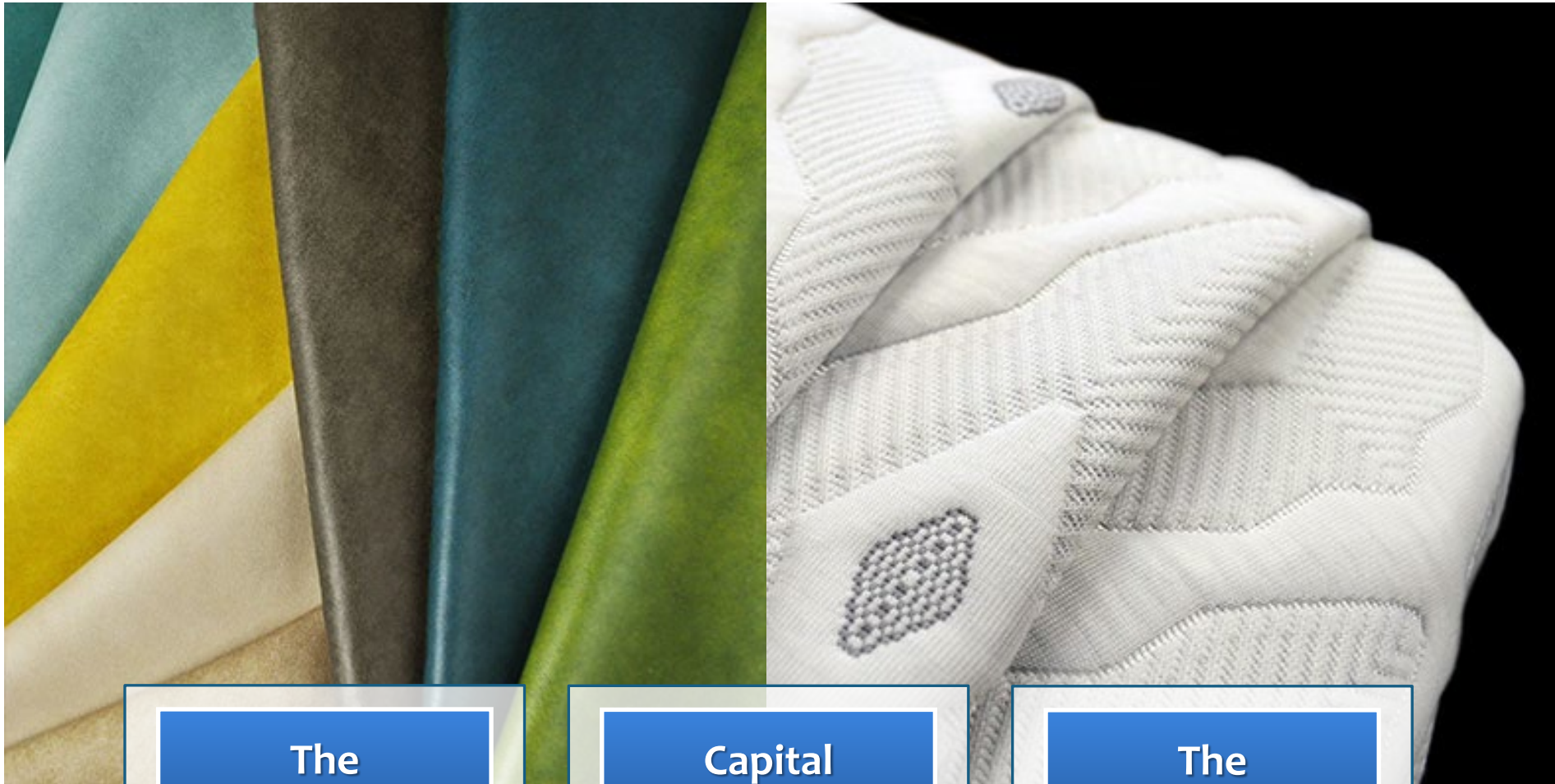
Other

- ◆ Total Employees Worldwide : 1,582 ⁽²⁾
- ◆ Fiscal Year Ends: Sunday closest to April 30
- ◆ Public Accounting Firm: Grant Thornton
- ◆ Website: www.culp.com
- ◆ Corporate Headquarters: High Point, NC

NYSE: CULP - Share Pricing



INNOVATION LEADER, FOCUSED ON HIGH PERFORMANCE



The
Company

Capital
Allocation

The
Platforms

KEY INVESTMENT POINTS

- ◆ Two businesses - mattress fabrics and upholstery fabrics - each with a leading market share
- ◆ Scalable multi-country platform (on-shore, near-shore, and off-shore for fabrics and covers)
- ◆ Stable, long-term supply chains in both businesses, which has been critical during pandemic-driven unprecedented disruption
- ◆ Experienced and dedicated innovation and design capabilities in both businesses
- ◆ Strong balance sheet position and disciplined use of capital
- ◆ Free cash flow generation over multiple years
- ◆ Since June 2011, the company has returned approximately \$74 million to shareholders in regular quarterly and special dividends and share repurchases; to preserve liquidity and support future growth opportunities, the company's suspended its regular quarterly dividend during the first quarter of fiscal 2023

RECENT STRATEGIC INITIATIVES

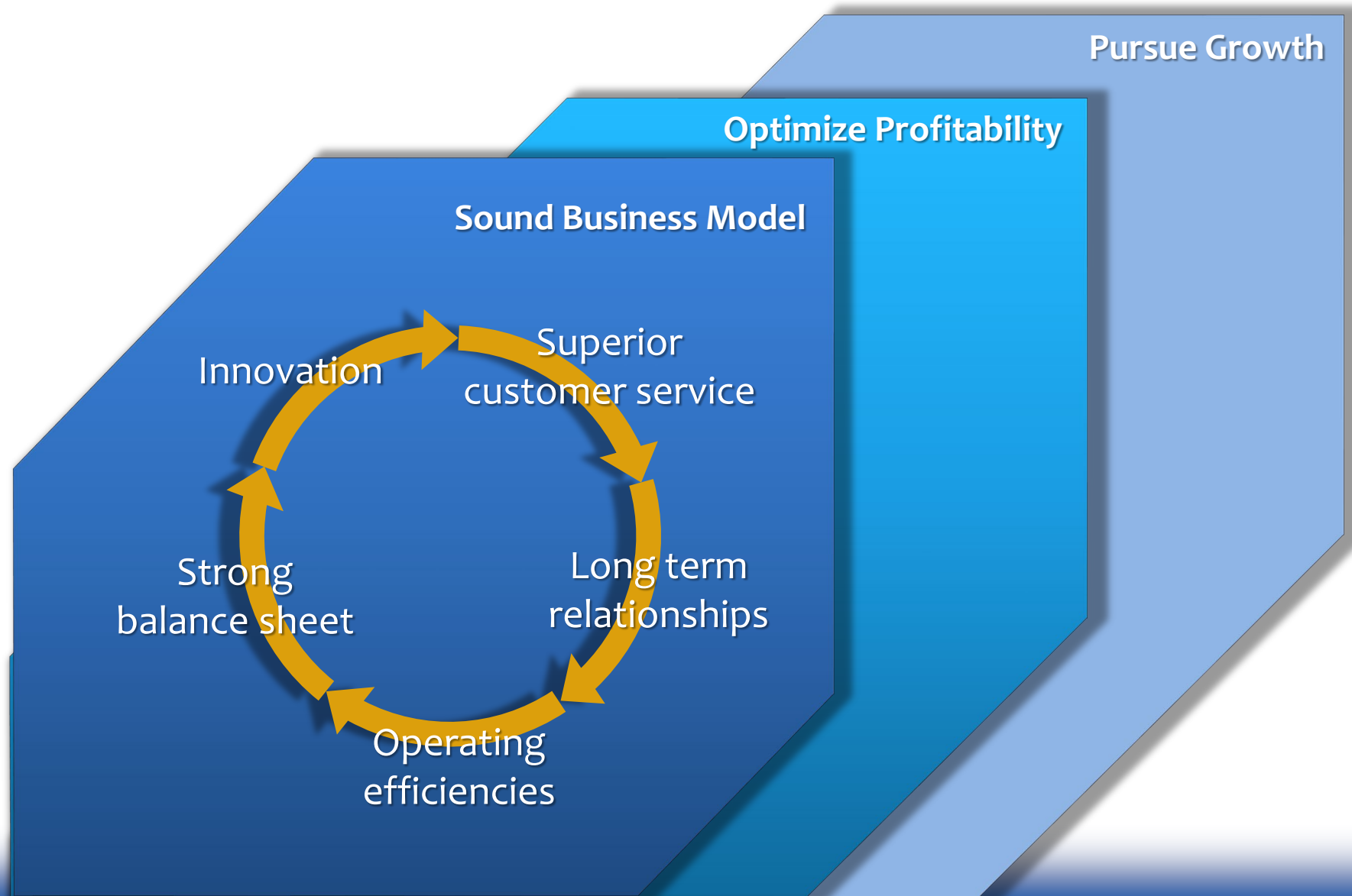
- ◆ Expanded capacity for cut and sewn upholstery kits with a new facility in Haiti to support committed demand. Production commenced at this facility in January 2022, and the ramp up to scale capacity to the full planned output level for this facility continues.
- ◆ Expanded cut and sewn mattress covers in both Haiti and Asia, including increased capacity in Haiti through recent acquisition of remaining 50% ownership interest in existing joint venture.
- ◆ Leveraged global platform during pandemic to meet demand and address global supply chain challenges.
- ◆ Aligning current production capacity to meet current demand trends.
- ◆ Price increases implemented in both businesses, effective first quarter of FY 2022, to help offset higher freight and raw material costs and ongoing China foreign exchange rate fluctuations; additional surcharge implemented in both businesses during second quarter of FY 2022; additional pricing actions taken by both businesses during third quarter of FY 2022 to help cover continued inflationary pressures. Also announcing additional pricing action in mattress fabrics segment during first quarter of fiscal 2023.
- ◆ Continuing focus on progress on ESG initiatives.
- ◆ Currently evaluating expansion of Vietnam platform to add fabric production capabilities to existing cut and sew sourcing.

RECENT STRATEGIC INITIATIVES (cont'd)

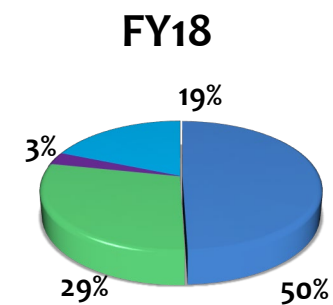
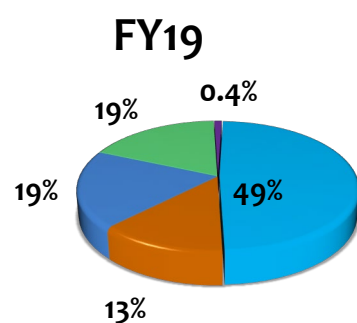
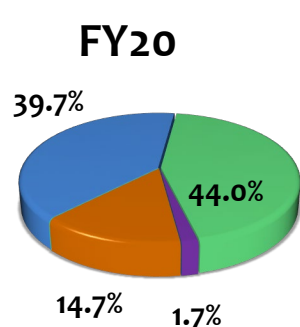
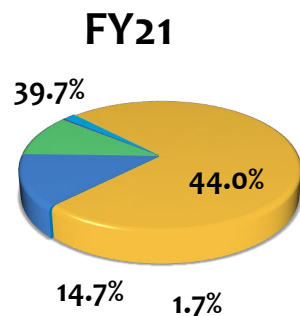
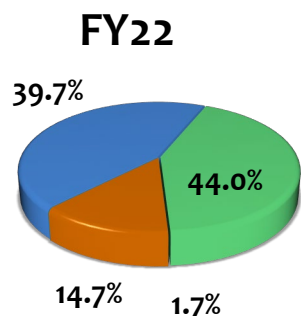
- ◆ New innovation campus opened in downtown High Point, North Carolina, during the second quarter of FY22. This design-driven space brings together the company's most innovative and talented minds to foster collaboration across divisions and provide an everyday space to gather, meet with customers, develop new products, and showcase the company's technologies and innovations from fabric to sewn cover.



PRINCIPLES UNDERLYING OUR SUCCESS



CAPITAL ALLOCATION

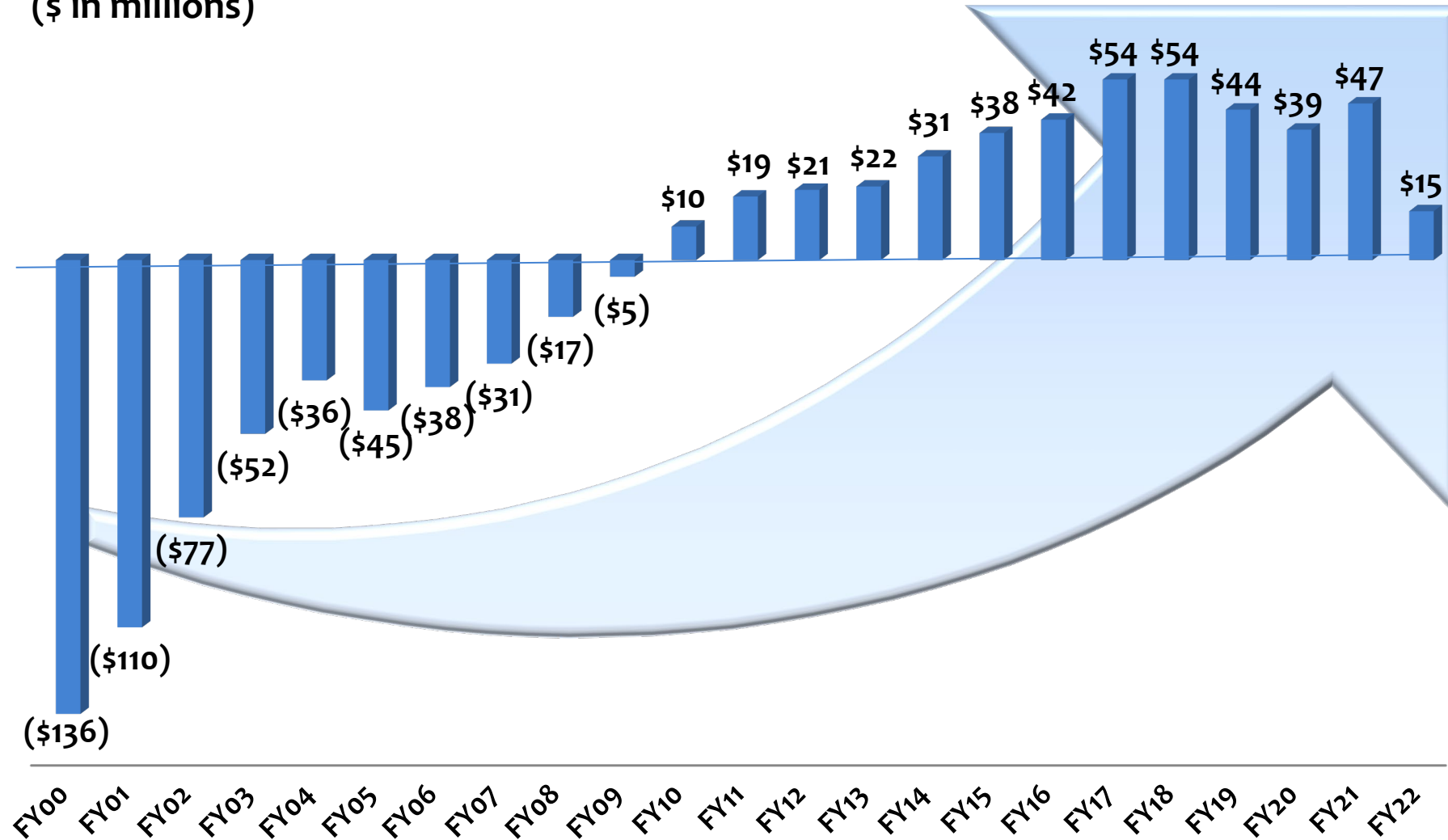


	FY22	FY21	FY20	FY19	FY18
Acquisitions	\$0.0	\$0.9	—	\$12.1	\$4.5
Investment in Joint Venture	\$0.0	\$0.1	\$0.2	\$0.1	\$0.7
Cap Ex, including payments that are vendor financed	\$5.7	\$6.7	\$4.6	\$4.7	\$11.8
Dividends	\$5.5	\$5.3	\$5.1	\$4.7	\$6.8
Share Repurchases	\$1.8	—	\$1.7	\$3.3	—
Debt Repayments	\$0.0	\$38.4	—	—	—
Total Capital Spent	\$13.0	\$51.4	\$11.6	\$24.9	\$23.8

- Acquisitions
- Cap Ex
- Dividends
- Share Repurchases
- Debt Repayments
- Investment in Joint Venture

TRANSFORMATION – NET(DEBT)CASH*

(\$ in millions)



*Net (debt) cash = Cash and investments minus total debt, which includes current maturities of long-term debt, long-term debt, and amounts outstanding under lines of credit.

CULP, INC.



CULP HOME FASHIONS

Mattress Fabrics Division

www.culphomefashions.com

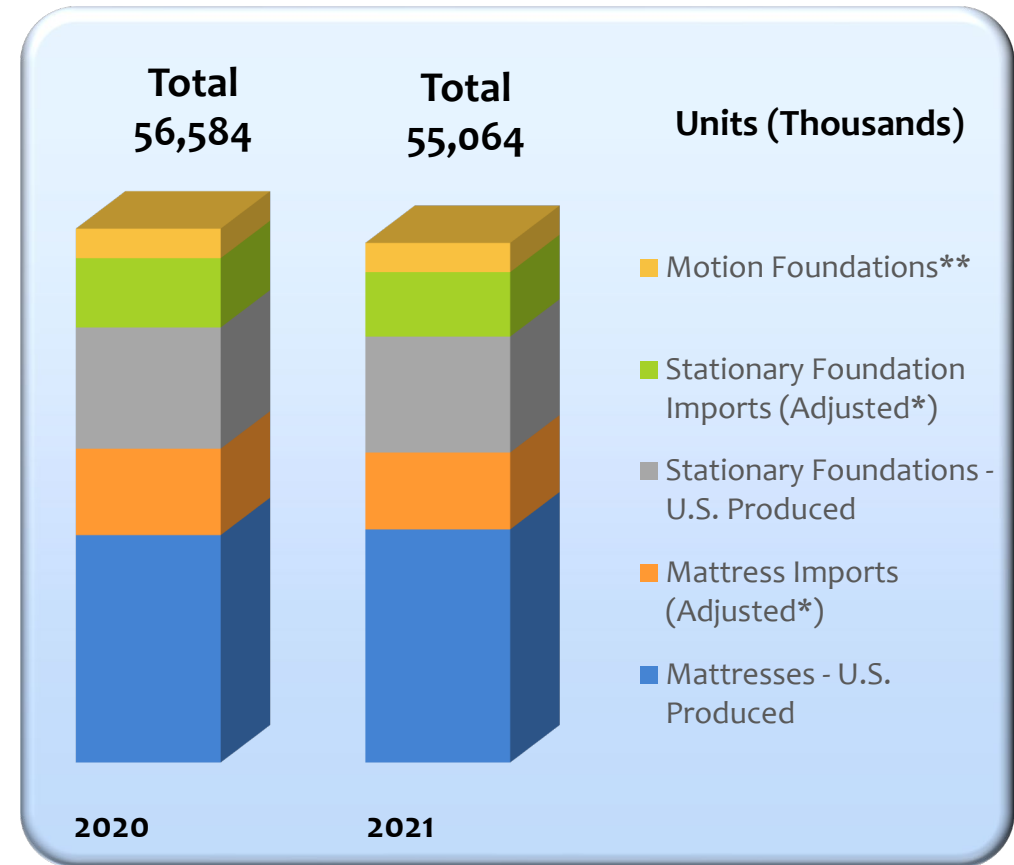
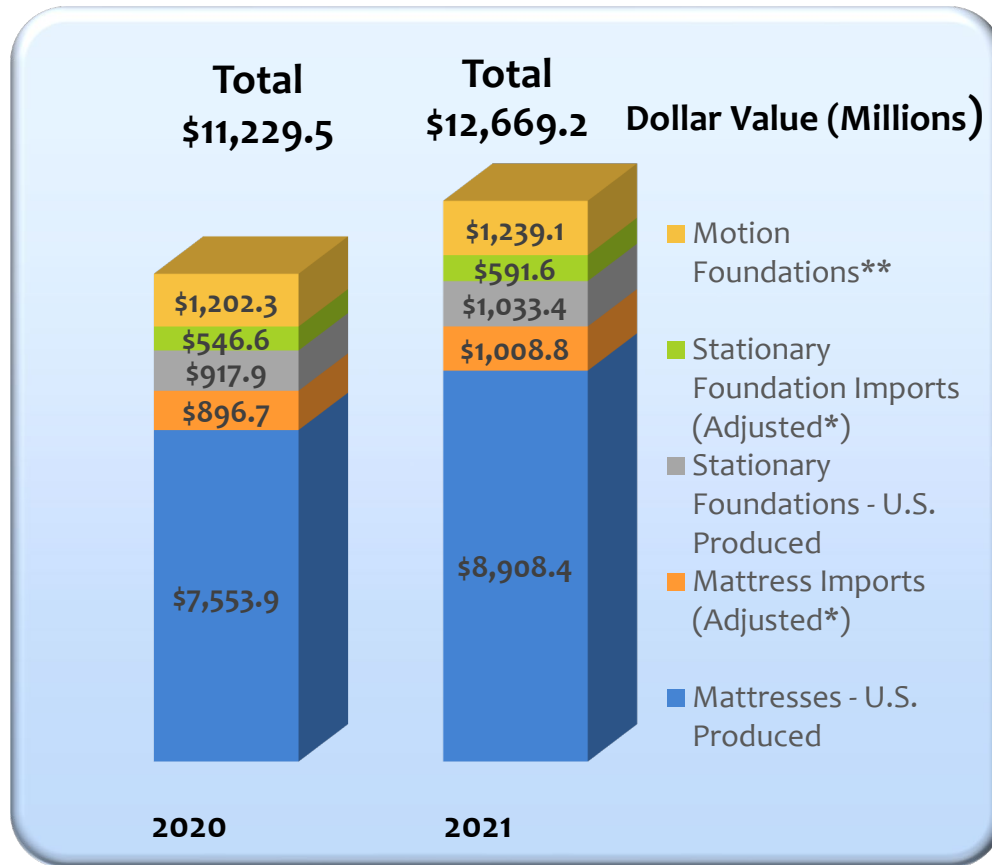


CULP, INC.

Mattress Fabrics Industry Overview

TOTAL U.S. MATTRESS MARKET (INCLUDING STATIONARY AND MOTION FOUNDATIONS)

Total U.S. Mattress Market for 2020 - 2021



Source – International Sleep Products Association (ISPA) 2021 Mattress Industry Trends Report

*Adjusted Imports are adjusted +20% for equalization factor.

**Includes all channels for Motion Foundations

MATTRESS INDUSTRY – RECENT DEMAND TRENDS

- ◆ COVID-19 pandemic generated increased consumer demand for overall comfort and wellness at home, with more discretionary spending on home furniture products, including mattresses
- ◆ Current inflationary pressures on consumer spending have reversed that trend and slowed retail sales
- ◆ Expanding growth opportunities for mattress-in-a-box sewn covers, both in e-commerce and traditional retail
- ◆ Domestic mattress industry appears to be benefitting from preliminary anti-dumping duties imposed by U.S. Department of Commerce on mattress imports from seven countries
- ◆ Some continuing disruption in domestic mattress industry relating to low- priced mattress imports
- ◆ Industry promoting benefits of sleep for overall health
 - Mattress innovation is more than comfort. Today's consumers are focused on health, wellness, energy from sleep, and sustainability efforts
- ◆ Mattress industry has become a more decorative and innovative business



CULP, INC.



CULP HOME FASHIONS

Operational Review



CULP HOME FASHIONS IS MARKET LEADER

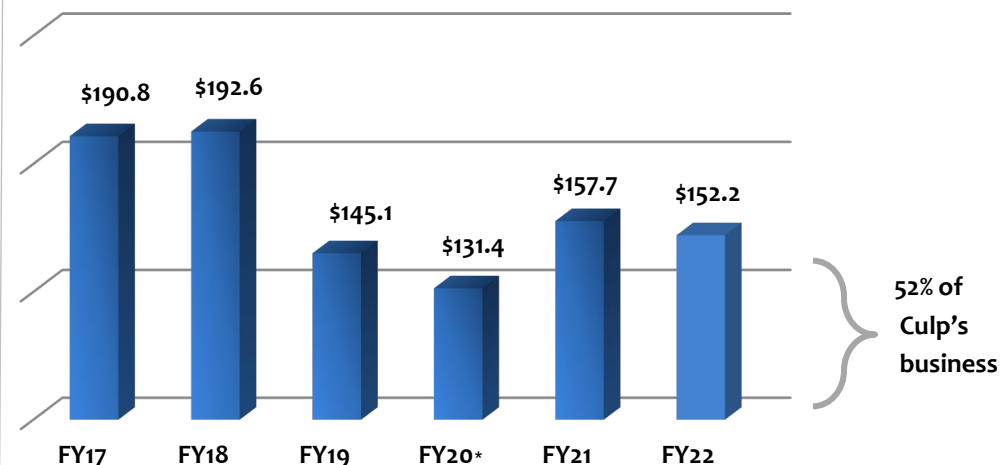
Business Today

- ◆ We believe that we are the largest producer of mattress fabrics in North America
 - Facilities in the U.S., Canada, and Haiti
- ◆ Global manufacturing and sourcing operations in the U.S., Canada, Asia, Haiti, and Turkey

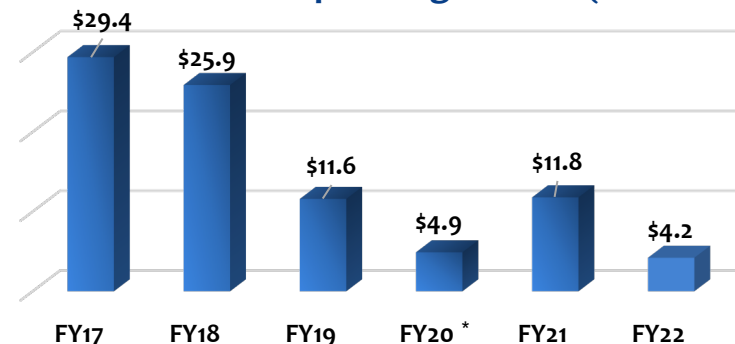
Strong Competitive Advantages

- ◆ Design creativity, product innovation, & marketing point-of-purchase
- ◆ Globally competitive cost manufacturer with flexible & scalable platform
- ◆ Leading provider in all major categories
- ◆ World class customer service & distribution
- ◆ Global cut & sewn covers operation with on-shore, near-shore, and off-shore capabilities
- ◆ Over \$100 million invested (Cap Ex and acquisitions) since 2005; expansion since 2016 included consolidation & addition of North American distribution platform
- ◆ Complete vertical integration within Canadian platform supporting full complement of finished products
- ◆ Commitment to environmental responsibility with landfill-free goal met at Stokesdale and High Point, NC facilities in 2020; ongoing development of products using recycled yarn

Mattress Fabric Sales (\$ millions)



Mattress Fabric Operating Income (\$ millions)



* Results significantly affected by COVID-19 pandemic in fourth quarter

WELL POSITIONED IN CHANGING MATTRESS MARKET

**GROWTH
THROUGH
SPECIALIZATION**

**CULP
INNOVATION**

Consumer-
focused
innovation



Technology &
Marketing,
including 3D
mapping via “Re-
Imagine™ Culp
Home Fashions”



Upholstery-type
look in
mattresses &
sewn covers



Slitting /
pre-cut
border
capabilities



Shearing –
unique look
allowing
dramatic pops
of color



Stretch knits
for new
specialty/hybrid
bedding



Flame retardant
(FR) lamination
to wovens and
knits

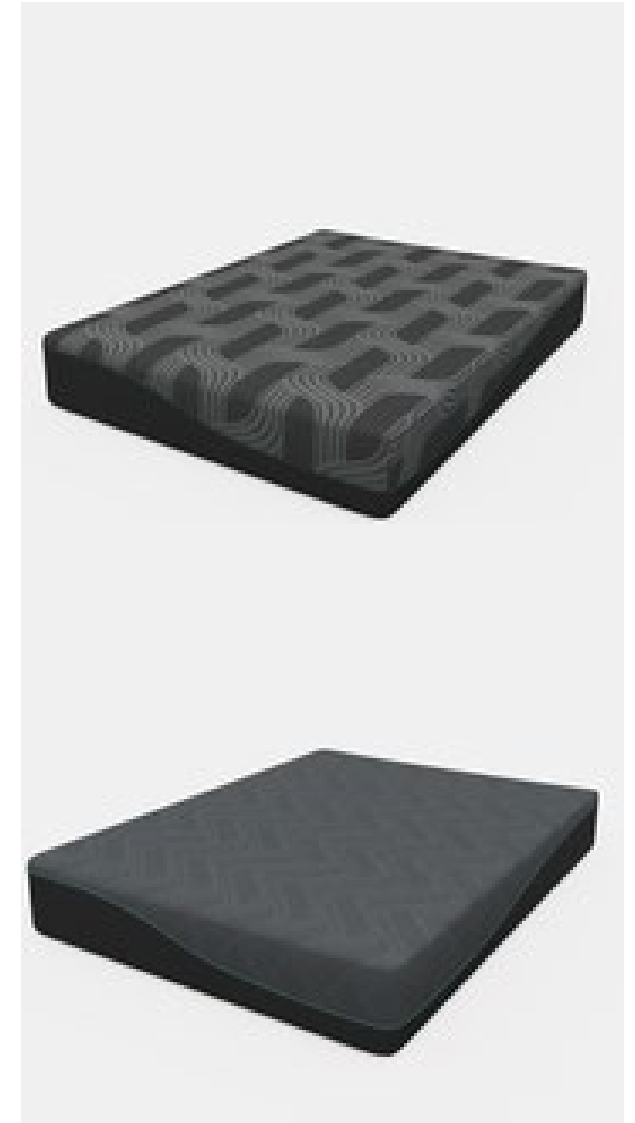


Design creativity, product innovation, and point-of-purchase marketing

CULP HOME FASHIONS AT HOME



CULP HOME FASHIONS INNOVATIVE STYLING



MATTRESS FABRICS KEY CUSTOMERS



CULP, INC.

CULP
UPHOLSTERY
F A B R I C S

Operational Review



MARKET LEADER IN UPHOLSTERY FABRICS

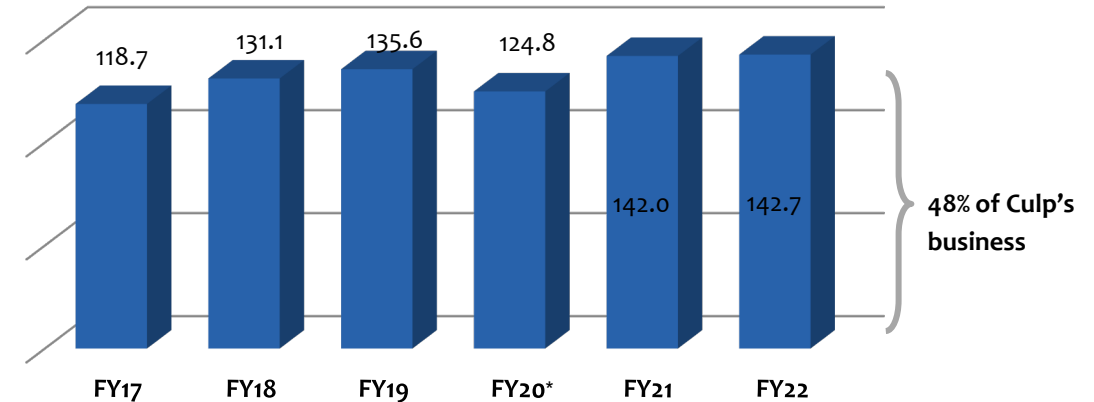
Business Today

- ◆ One of the largest suppliers of residential furniture upholstery fabrics to the industry
- ◆ Recovering hospitality segment
 - Providing fabrics for furniture
 - Window treatments and soft goods
- ◆ Global operations
 - 3 plants in China, 1 plant in Haiti, sourcing in Vietnam and Turkey

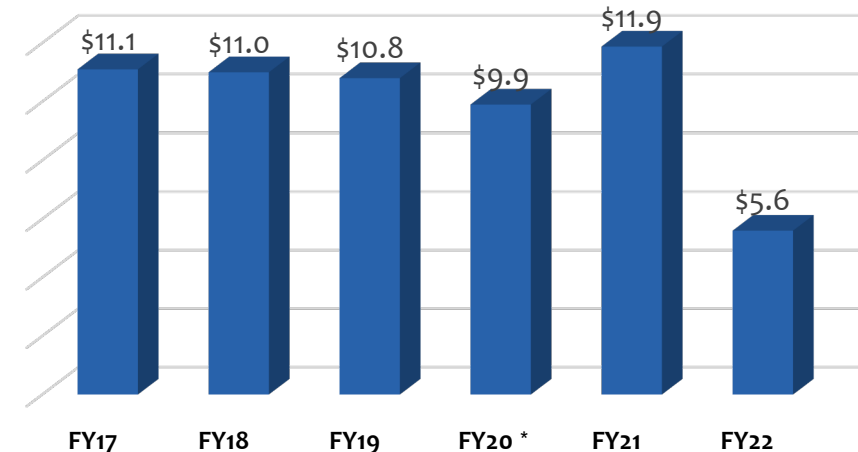
Strong Competitive Advantages

- ◆ Trusted business partner
- ◆ Product innovation and design trend leader
- ◆ Diverse product range, with emphasis on performance products
- ◆ Globally competitive cost structure
- ◆ Scalable Asian platform, with U.S. quality and service standards
- ◆ Experienced management team throughout global organization
- ◆ Stable and reliable global supply chain
- ◆ Exceptional quality, service, and delivery performance

Upholstery Fabric Sales* (\$ in millions)



Operating Income* (\$ in millions)



*Results significantly affected by COVID-19 pandemic in fourth quarter

CUF STRATEGIC BUSINESS MODEL

- ◆ Leader in product innovation and design trends, including LiveSmart®, LiveSmart Evolve®, LiveSmart Outdoor®, LiveSmart Ultra™, and LiveSmart Barrier Plus™
- ◆ U.S. - based company with a flexible and agile global platform capable of supplying our customers worldwide
- ◆ Mix of owned manufacturing and distribution facilities combined with a global network of strategic supply partners
- ◆ Multiple distribution options in the U.S., Canada, Asia, and Haiti
- ◆ Flexibility to provide both roll goods and sewn kits
- ◆ Focused on environmental and social responsibility



CULP UPHOLSTERY FABRICS COLOR STORIES

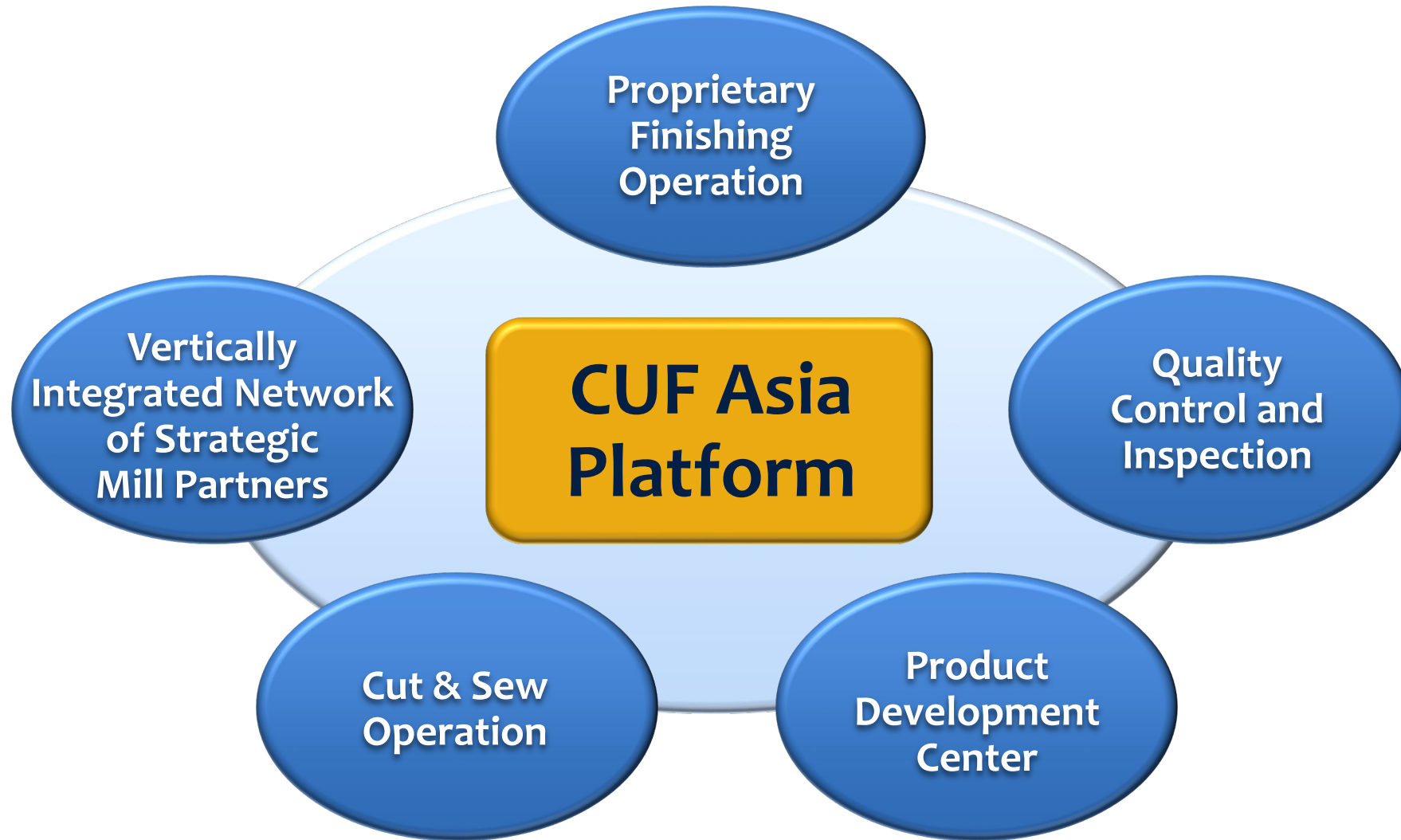


NEW HAITI CUT AND SEW FACILITY

- ◆ New plant recently completed in Haiti will provide expanded capacity for production of cut and sewn upholstery kits to support committed demand.



ASIA BUSINESS MODEL



MULTIPLE UPHOLSTERY FABRICS INITIATIVES

Extend core by leveraging innovation and global platform

- Expand strong brand of performance products under LiveSmart® umbrella
- Focus on environmental responsibility with LiveSmart Evolve®, our performance plus sustainability line
- Culp Express – domestic lead times with China value
- Expand Cut & Sew business

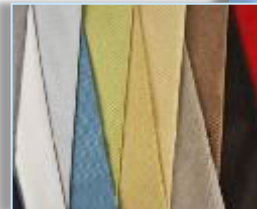
Cross market upholstery with Mattress Fabrics division

Expand market share in targeted markets

- Residential motion and stationary furniture
- Hospitality and commercial
- E-commerce market

Geographic expansion

- China - domestic market
- Asia Pacific region
- Haiti cut and sew facility



UPHOLSTERY FABRICS KEY CUSTOMERS



CULP, INC.

Supplemental Information

EXECUTIVE MANAGEMENT



Standing (from L to R): Ashley Durbin and Frank Saxon

Sitting (from L to R): Ken Bowling, Boyd Chumbley, Cassandra Brown, Teresa Huffman, and Iv Culp

EXECUTIVE MANAGEMENT

◆ Franklin N. Saxon – Executive Chairman of the Board (39 years with Culp)

- Joined Culp in 1983
- Served in various senior management roles including Chief Financial Officer, President of Culp Velvets/Prints division and Chief Operating Officer
- Named President and Chief Executive Officer in 2007
- Named Executive Chairman in 2020

◆ Robert G. Culp, IV – President and Chief Executive Officer (24 years with Culp)

- Employed with Culp since 1998
- Named President of Culp Home Fashions in 2004
- Named Chief Operating Officer in 2019
- Named President and Chief Executive Officer in 2020

◆ Boyd Chumbley – President, Culp Upholstery Fabrics (38 years with Culp)

- Joined Culp in 1984 as controller for an upholstery plant
- Held various senior management positions in finance, operations and manufacturing
- Leads upholstery fabrics division including China operation

◆ Cassandra Brown – President, Culp Home Fashions (39 years with Culp)

- Employed with Culp since 1983, serving in various capacities
- Named Chief Financial Officer of Culp Home Fashions in 2007, Executive Vice President in 2019, and President in 2020

EXECUTIVE MANAGEMENT (CONT'D)

- ◆ **Kenneth R. Bowling – Executive Vice President and Chief Financial Officer (25 years with Culp)**
 - Joined Culp in 1997 as controller for Culp Velvets/Prints division
 - Served as corporate controller and Vice President, Finance
 - Became Chief Financial Officer in 2007

- ◆ **Ashley Durbin – Vice President, General Counsel, and Corporate Secretary (3 years with Culp)**
 - Joined Culp in 2019
 - Previously worked with Culp as outside counsel in her role as a partner at the law firm of Robinson, Bradshaw & Hinson, P.A., in Charlotte, North Carolina

- ◆ **Teresa Huffman – Senior Vice President, Human Resources (36 years with Culp)**
 - Employed with Culp since 1986, serving in various human resources roles
 - Named Vice President, Human Resources in 2008
 - Named Senior Vice President, Human Resources in 2019

BOARD OF DIRECTORS



Top (from L to R): Fred Jackson, Jonathan Kelly, Perry Davis

Bottom (from L to R): Sharon Decker, Frank Saxon, John Baugh, Kimberly Gatling, and Iv Culp

BOARD OF DIRECTORS (CONT'D)

Independent Director Bios

◆ John A. Baugh, CFA

- Mr. Baugh is the vice president of investor relations for PROG Holdings, Inc., a publicly traded fintech holding company that provides transparent and competitive payment options to consumers. Prior to joining PROG Holdings in September 2020, he was a sell-side analyst with Stifel Financial, serving as Managing Director, Senior Equity Research from 2005 – 2020, where he covered industries including home furnishings, retail, building products, and lease-town, including coverage of Culp, Inc. and many of its largest customers.
- Director since 2021
- Member of Compensation Committee; CG&N Committee; and Audit Committee (Chair)

◆ Perry E. Davis

- Mr. Davis is the retired executive vice president of the Residential and Industrial Product segments for Leggett & Platt, Incorporated, a diversified manufacturer that designs and produces engineered products found in most home and automobiles.
- Director since 2019
- Member of Compensation Committee (Chair); CG&N Committee; and Audit Committee

◆ Sharon A. Decker

- Ms. Decker is president of Tryon Equestrian Partners, Carolina Operations, an investment group responsible for the development and operation of a premiere sports complex and resort in Western North Carolina. She currently serves on the board of directors of Coca-Cola Consolidated, Inc., a nonalcoholic beverage maker and distributor, and serves on the Board of Trustees of the University of North Carolina at Charlotte.
- Director since 2019
- Member of Compensation Committee; CG&N Committee (Chair); and Audit Committee

BOARD OF DIRECTORS (CONT'D)

Independent Director Bios (cont'd)

◆ Kimberly B. Gatling

- Ms. Gatling is a partner and the Chief Diversity and Inclusion Officer at the law firm of Fox Rothschild LLP (formerly Smith Moore Leatherwood LLP).
- Director since 2021
- Member of Compensation Committee; CG&N Committee; and Audit Committee

◆ Fred A. Jackson

- Mr. Jackson is the retired chief executive officer of American & Efird LLC, a global manufacturer of sewing, thread, embroidery thread, and technical textiles.
- Director since 2016
- Lead Director; Member of Compensation Committee; CG&N Committee; and Audit Committee

◆ Jonathan L. Kelly

- Mr. Kelly is the founder and chief executive officer of Asymmetric Holdings Worldwide, a Greensboro, North Carolina-based investment holding company focused on investment strategy and capital allocation.
- Director since 2021
- Member of Compensation Committee; CG&N Committee; and Audit Committee

FOURTH QUARTER 2022 HIGHLIGHTS

(\$ in millions)

GAAP	Q4 FY22	Q4 FY21	Change	
			\$	%
Sales	56.9	79.1	(22.1)	(28.%)
Operating income (loss)	(5.4)	1.6	(7.0)	(428.4%)
Operating income margin	(9.5)%	2.1%		(1,160) bp
Pre-tax income (loss)	(5.8)	2.3	(8.1)	(346.4%)
Pre-tax margin	(10.1)%	3.0%		(1,310) bp
Net income (loss)	(6.0)	1.5*	(7.5)	(505.6%)
EPS per diluted share	(0.49)	0.12*	(0.61)	(511.5%)

* Refer also to the Reconciliation of Selected Income Statement Information to Adjusted Results for the three-month period ending May 1, 2021, at the back of this presentation.

FISCAL 2022 HIGHLIGHTS

(\$ in millions)

GAAP	FY22 YTD	FY21 YTD	Change	
			\$	%
Sales	294.8	299.7	(4.9)	(1.6%)
Operating income	0.7	12.1	(11.4)	(94.4%)
Operating income margin	0.2%	4.0%		(380) bp
Pre-tax income (loss)	(0.3)	10.9	(11.2)	(103.%)
Pre-tax margin	(0.1)%	3.6%		(370) bp
Net income (loss)	(3.2)	3.2*	(6.4)	(199.8%)
EPS per diluted share	(0.26)	0.26*	(0.52)	(200.4%)

* Refer also to the Reconciliation of Selected Income Statement Information to Adjusted Results for the twelve-month period ending May 1, 2021, at the back of this presentation.

Q4 SALES & OPERATING INCOME BRIDGES

(\$ in millions)

Sales	Change	
	\$	%
Q4 2021	79.1	
Mattress fabrics decrease	-13.2	-30.6%
Upholstery fabrics decrease	-9.0	-24.8%
Q4 2022	56.9	-28.0%

Operating Income	Change	
	\$	%
Q4 2021	1.6	
Mattress fabrics decrease	-5.2	-227.6%
Upholstery fabrics decrease	-2.7	-104.4%
Unallocated corporate expense decrease	0.9	-27.2%
Q4 2022	-5.4	-428.4%

Q4 YTD SALES & OPERATING INCOME BRIDGES

(\$ in millions)

Sales	Change	
	\$	%
Q4 YTD 2021	299.7	
Mattress fabrics decrease	-5.5	-3.5%
Upholstery fabrics increase	0.6	0.4%
Q4 YTD 2022	294.8	-1.6%

Operating Income	Change	
	\$	%
Q4 YTD 2021	12.1	
Mattress fabrics decrease	-7.6	-64.3%
Upholstery fabrics decrease	-6.3	-52.6%
Unallocated corporate expense decrease	2.4	-21.0%
Q4 YTD 2022	0.7	-94.4%

Q4 MATTRESS FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY22	Q4 FY21	Change	
			\$	%
Sales	29.8	42.9	-13.2	-30.6%
Operating Income (loss)	(2.9)	2.3	-5.2	-227.6%
Operating Income Margin	-9.7%	5.3%		(1,500) bp
Depreciation	1.6	1.4	0.2	10.6%

Q4 YTD MATTRESS FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY22 YTD	Q4 FY21 YTD	Change	
			\$	%
Sales	152.2	157.7	-5.5	-3.5%
Operating Income	4.2	11.8	-7.6	-64.3%
Operating Income Margin	2.8%	7.5%		(470) bp
Depreciation	6.2	6.0	0.2	3.1%

Q4 UPHOLSTERY FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY22	Q4 FY21	Change	
			\$	%
Sales	27.2	36.1	-9.0	-24.8%
Operating Income (loss)	(0.1)	2.6	-2.7	-104.4%
Operating Income Margin	-0.4%	7.2%		(770) bp
Depreciation	0.2	0.2	0.0	-1.9%

Q4 YTD UPHOLSTERY FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY22 YTD	Q4 FY21 YTD	Change	
			\$	%
Sales	142.7	142.0	0.6	0.4%
Operating Income	5.6	11.9	-6.3	-52.6%
Operating Income Margin	3.9%	8.4%		(440) bp
Depreciation	0.8	0.8	0.0	-4.6%

FREE CASH FLOW*

(\$ in millions)

	Q4 FY22 YTD	Q4 FY21 YTD
Net income	-3.2	3.2
Depreciation, amortization, & stock-based compensation	8.7	8.6
Deferred taxes, other	1.2	4.4
Gross cash flow	6.6	16.1
Cash flow from working capital and changes in other assets/liabilities	-24.1	5.3
Cash flow from operations	-17.4	21.5
Capital expenditures, including payments that are vendor financed	-5.7	-6.7
Investment in unconsolidated joint venture	0.0	-0.1
Other	-1.1	-0.3
Free cash flow	-24.3	14.4

* See reconciliation at the back of this presentation.

RETURN ON CAPITAL*

(\$ in millions)

	May 1, 2022	May 2, 2021
Return on capital:		
Mattress fabrics	5.3%	17.1%
Upholstery fabrics	29.7%	72.7%
Unallocated corporate	N/A	N/A
Consolidated	0.7%	13.8%
Ending Capital Employed:		
Mattress fabrics	\$84.0	\$75.5
Upholstery fabrics	\$25.2	\$15.2
Unallocated corporate	\$3.8	(\$0.2)
Consolidated	\$113.1	\$90.4

* See reconciliation at the back of this presentation.

ADJUSTED EBITDA

CULP, INC.
CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA
FOR THE TWELVE MONTHS ENDED MAY 1, 2022, AND MAY 1, 2021
Unaudited
(Amounts in Thousands)

	May 1, 2022	May 2, 2021
Net (loss) income	\$ (3,211)	\$ 3,218
Income tax expense	2,886	7,693
Interest income, net	(356)	(193)
Gain on bargain purchase	—	(819)
Depreciation expense	6,994	6,846
Amortization expense	559	466
Stock based compensation	1,133	1,251
Adjusted EBITDA	\$ 8,005	\$ 18,462
% Net Sales	2.7%	6.2%

OPERATING WORKING CAPITAL

(\$ in millions)

	May 1, 2022	May 2, 2021
Accounts receivable, net	22.2	37.7
Inventories, net	66.6	55.9
Accounts payable	(20.1)	(42.5)
Accounts payable – capital expenditures	(0.5)	(0.3)
Operating working capital	68.2	50.8
Percent of sales*	23.1%	16.9%
Days sales outstanding	34.7	42.8
Inventory turns	3.1	4.8
Days accounts payable outstanding**	35.2	58

* Sales used in the calculation is an annualized amount derived from the year-to-date net sales.

** Accounts payable also includes accounts payable – capital expenditures.

NET CASH, INVESTMENTS, AND EQUITY

(\$ and share amounts in millions)

	Q4 FY22	Q4 FY21
Cash and cash equivalents	\$14.6	\$37.0
Short-term investments (Available for Sale)	\$0.0	\$5.6
Short-term investments (Held-to-Maturity)	\$0.0	\$3.2
Long-term investments (Held-to-Maturity)	\$0.0	\$1.1
Total cash and investments	\$14.6	\$46.9
Total debt	\$0.0	\$0.0
Net cash and investments	\$14.6	\$46.9
Shareholders' equity attributable to Culp, Inc.	\$119.5	\$129.0
Shares outstanding	12,229	12,313
Book value per share	\$9.77	\$10.48
Tangible Book value per share	\$9.56	\$10.23

ABOUT NON-GAAP FINANCIAL INFORMATION

This presentation contains adjusted income statement information for the three-month and twelve-month periods ending May 2, 2021, which discloses adjusted net income and adjusted earnings per share, non-GAAP performance measures that eliminate items which are not expected to occur on a regular basis, including, for the periods presented, a gain on bargain purchase, the income tax effects from the gain on bargain purchase, a non-cash income tax charge in connection with the establishment of a full valuation allowance against the company's U.S. net deferred income tax assets, and a non-cash income tax benefit resulting from the re-establishment of certain U.S. Federal net operating loss carryforwards in connection with the final regulations regarding the GILTI tax provisions of the Tax Cuts and Jobs Act of 2017. The company has included this adjusted information in order to show operational performance excluding the effects of such items, which are not expected to occur on a regular basis. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the back of this presentation. Management believes this presentation aids in the comparison of financial results among comparable financial periods. We note, however, that this adjusted income statement information should not be viewed in isolation or as a substitute for net income or earnings per share calculated in accordance with GAAP. In addition, the calculation of the company's income taxes involves numerous estimates and assumptions, which we have made in good faith.

This presentation contains disclosures about free cash flow, a non-GAAP liquidity measure that we define as net cash (used in) provided by operating activities, less cash capital expenditures and payments on vendor-financed capital expenditures, plus any proceeds from sale of property, plant, and equipment, less investment in unconsolidated joint venture, plus proceeds from the sale of long-term investments associated with our rabbi trust, less the purchase of long-term investments associated with our rabbi trust, and plus or minus the effects of foreign currency exchange rate changes on cash and cash equivalents, in each case to the extent any such amount is incurred during the period presented. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the back of this presentation. Management believes the disclosure of free cash flow provides useful information to investors because it measures our available cash flow for potential debt repayment, stock repurchases, dividends, additions to cash and investments, or other corporate purposes. We note, however, that not all of the company's free cash flow is available for discretionary spending, as we may have mandatory debt payments and other cash requirements that must be deducted from our cash available for future use. In operating our business, management uses free cash flow to make decisions about what commitments of cash to make for operations, such as capital expenditures (and possible financing arrangements for these expenditures), purchases of inventory or supplies, SG&A expenditure levels, compensation, and other commitments of cash, while still allowing for adequate cash to meet known future commitments for cash, such as debt repayment, and also for making decisions about dividend payments and share repurchases.

ABOUT NON-GAAP FINANCIAL INFORMATION (2)

This presentation contains disclosures about our Adjusted EBITDA, which is a non-GAAP performance measure that reflects net (loss) income excluding income tax expense (benefit), net interest income, and a gain on bargain purchase, as well as depreciation and amortization expense, and stock-based compensation expense. This measure also excludes other non-recurring charges and credits associated with our business, if and to the extent incurred in the period presented. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in this presentation. We believe presentation of Adjusted EBITDA is useful to investors because earnings before interest income and expense, income taxes, depreciation and amortization, and similar performance measures that exclude certain charges from earnings, are often used by investors and financial analysts in evaluating and comparing companies in our industry. We note, however, that such measures are not defined uniformly by various companies, with differing expenses being excluded from net income to calculate these performance measures. For this reason, Adjusted EBITDA should not be viewed in isolation by investors and should not be used as a substitute for net income calculated in accordance with GAAP, nor should it be used for direct comparisons with similarly titled performance measures reported by other companies. Use of Adjusted EBITDA as an analytical tool has limitations in that this measure does not reflect all expenses that are necessary to fund and operate our business, including funds required to pay taxes, service our debt, and fund capital expenditures, among others. Management uses Adjusted EBITDA to help it analyze the company's earnings and operating performance, by excluding the effects of expenses that depend upon capital structure and debt level, tax provisions, and non-cash items such as depreciation, amortization and stock-based compensation expense that do not require immediate uses of cash.

The presentation contains disclosures about return on capital for both the entire company and for individual business segments. We define return on capital as adjusted operating income (loss) (measured on a trailing twelve-month basis and excluding certain non-recurring charges and credits, if applicable for the period presented) divided by average capital employed (excluding goodwill and intangibles and obligations related to acquisitions at the divisional level only). Operating income (loss) excludes certain non-recurring charges, if applicable for the period presented, and average capital employed is calculated over rolling five fiscal periods, depending on which quarter is being presented. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth at the back of this presentation. We believe return on capital is an accepted measure of earnings efficiency in relation to capital employed, but it is a non-GAAP performance measure that is not defined or calculated in the same manner by all companies. This measure should not be considered in isolation or as an alternative to net income or other performance measures, but we believe it provides useful information to investors by comparing the operating income we produce to the asset base used to generate that income. Also, operating income on a trailing twelve-months basis does not necessarily indicate results that would be expected for the full fiscal year or for the following twelve months. We note that, particularly for return on capital measured at the segment level, not all assets and expenses are allocated to our operating segments, and there are assets and expenses at the corporate (unallocated) level that may provide support to a segment's operations and yet are not included in the assets and expenses used to calculate that segment's return on capital. Thus, the average return on capital for the company's segments will generally be different from the company's overall return on capital. Management uses return on capital to evaluate the company's earnings efficiency and the relative performance of its segments.

RECONCILIATION OF FREE CASH FLOW

**RECONCILIATION OF FREE CASH FLOW
FOR THE TWELVE MONTHS ENDED MAY 1, 2022,
AND MAY 2, 2021
Unaudited
(Amounts in Thousands)**

	FY 2022	FY 2021
A) Net cash (used in) provided by operating activities	\$ (17,441)	21,478
B) Minus: Capital Expenditures	(5,695)	(6,664)
C) Plus: Proceeds from the sale of equipment	—	12
D) Minus: Investment in unconsolidated joint venture	—	(90)
E) Plus: Proceeds from the sale of long-term investments (rabbi trust)	56	157
F) Minus: Purchase of long-term investments (rabbi trust)	(1,088)	(619)
G) Effects of exchange rate changes on cash and cash equivalents	(91)	131
Free Cash Flow	<u>\$ (24,259)</u>	<u>14,405</u>

Q4 RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

CULP, INC.
RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS
FOR THE TWELVE MONTHS ENDED MAY 2, 2021
Unaudited
(Amounts in Thousands, Except for Per Share Data)

	As Reported May 2, 2021	Adjustments	May 2, 2021 Adjusted Results
Gross profit	\$ 11,797	—	\$ 11,797
Selling, general, and administrative expenses	(10,158)	—	(10,158)
Income before income taxes	\$ 2,342	(819)	\$ 1,523
Net income	\$ 1,485	(77)	\$ 1,408
Net income per share - diluted	\$ 0.12		\$ 0.11
Average shares outstanding-basic	12,310		12,310
Average shares outstanding-diluted	12,399		12,399

(1) Effective February 1, 2021, we acquired the remaining fifty percent ownership interest in our former unconsolidated joint venture located in Haiti. Pursuant to this transaction, we became the sole owner with full control over this operation. The gain on bargain purchase represents the amount of net assets acquired from this transaction that were more than the purchase price totaling \$954,000.

(2) The \$742,000 represents the income tax effects from the gain on bargain purchase and the change in our estimated full valuation allowance applied against our U.S. net deferred income tax assets during the fourth quarter of fiscal 2021.

Q4 YTD RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

CULP, INC.

RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

FOR THE TWELVE MONTHS ENDED MAY 2, 2021

Unaudited

(Amounts in Thousands, Except for Per Share Data)

	As Reported May 2, 2021	Adjustments	May 2, 2021 Adjusted Results
Gross profit	\$ 49,832	—	\$ 49,832
Selling, general and administrative expenses	(37,756)	—	(37,756)
Income from operations	\$ 12,076	—	\$ 12,076
Gain on bargain purchase (1)	\$ 819	(819)	\$ -
Income before income taxes	\$ 10,880	(819)	\$ 10,061
Income tax expense (2)	(7,693)	4,852	(2,841)
Income from investment in unconsolidated joint venture	31	—	31
Net income	\$ 3,218	4,033	\$ 7,251
Net income per share - basic	\$ 0.26		\$ 0.59
Net income per share - diluted	\$ 0.26		\$ 0.59
Average shares outstanding - basic	12,300		12,300
Average shares outstanding - diluted	12,322		12,322

(1) Effective February 1, 2021, we acquired the remaining fifty percent ownership interest in our former unconsolidated joint venture located in Haiti. Pursuant to this transaction, we became the sole owner with full control over this operation. The gain on bargain purchase represents the amount of net assets acquired from this transaction that were more than the purchase price totaling \$954,000.

(2) The \$4.9 million adjustment for the year ending May 2, 2021, mostly represents an \$8.5 million non-cash income tax charge to record a full valuation allowance against the company's U.S. net deferred income tax assets, partially offset by a \$3.6 million non-cash income tax benefit resulting from the re-establishment of certain U.S. Federal net operating loss carryforwards in connection with U.S. Treasury regulations enacted during the first quarter of fiscal 2021 regarding the Global Intangible Low-Taxed Income tax provisions of the Tax Cuts and Jobs Act of 2017.

(Amounts in Thousands)

Return on average capital employed represents operating income for the twelve months ended May 1, 2022, divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments Available-For-Sale, and short-term and long-term investments Held-To-Maturity, long-term investments – Rabbi Trust, income taxes receivable and payable, noncurrent deferred income tax assets and liabilities, and deferred compensation.

Average capital employed was computed using the five quarterly periods ending May 1, 2022, January 30, 2022, October 31, 2021, August 1, 2021, and May 2, 2021.

Intangible assets are included in unallocated corporate for all periods presented and therefore, have no effect on capital employed and return on capital employed for our mattress fabrics upholstery fabrics segments.

(Amounts in Thousands)

Average Capital Employed (3)

- (1) See page 57 for Statement of Operations by Segment for the twelve months ended May 2, 2021.

- (2) Return on average capital employed represents operating income for the twelve months ended May 2, 2021, divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments Available-For-Sale, and short-term and long-term investments Held-To-Maturity, long-term investments–Rabbi Trust, income taxes receivable and payable, lines of credit associated with our U.S. and China operations, Paycheck Protection Program loan, deferred income tax assets and liabilities, and deferred compensation.

- (3) Average capital employed was computed using the five quarterly periods ending May 2, 2021, January 31, 2021, November 1, 2020, August 2, 2020, and May 3, 2020.

- (4) Intangible assets are included in unallocated corporate for all periods presented and therefore, have no effect on capital employed and return on capital employed for our mattress fabrics and upholstery fabrics segments.

CULP, INC.
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE TWELVE MONTHS ENDED MAY 1, 2022
Unaudited
(Amounts in Thousands)

	TWELVE MONTHS ENDED				
	Amounts		% Over (Under)	Percent of Total Sales	
	May 1, 2022	May 2, 2021		May 1, 2022	May 2, 2021
Net Sales by Segment					
Mattress Fabrics	\$ 152,159	\$ 157,671	(3.5)%	51.6%	52.6%
Upholstery Fabrics	142,680	142,049	0.4%	48.4%	47.4%
Net Sales	<u>\$ 294,839</u>	<u>\$ 299,720</u>	<u>(1.6)%</u>	<u>100.0%</u>	<u>100.0%</u>
Gross Profit by Segment					
Mattress Fabrics	\$ 16,458	\$ 23,864	(31.0)%	10.8%	15.1%
Upholstery Fabrics	19,635	25,968	(24.4)%	13.8%	18.3%
Gross Profit	<u>\$ 36,093</u>	<u>\$ 49,832</u>	<u>(27.6)%</u>	<u>12.2%</u>	<u>16.6%</u>
Selling, General, and Administrative Expenses by Segment					
Mattress Fabrics	\$ 12,246	\$ 12,066	1.5%	8.0%	7.7%
Upholstery Fabrics	14,009	14,092	(0.6)%	9.8%	9.9%
Unallocated Corporate	9,160	11,598	(21.0)%	3.1%	3.9%
Selling, General, and Administrative Expenses	<u>\$ 35,415</u>	<u>\$ 37,756</u>	<u>(6.2)%</u>	<u>12.0%</u>	<u>12.6%</u>
Income (Loss) from Operations by Segment					
Mattress Fabrics	\$ 4,212	\$ 11,798	(64.3)%	2.8%	7.5%
Upholstery Fabrics	5,626	11,876	(52.6)%	3.9%	8.4%
Unallocated Corporate	(9,160)	(11,598)	(21.0)%	(3.1)%	(3.9)%
Income from operations	<u>\$ 678</u>	<u>\$ 12,076</u>	<u>(94.4)%</u>	<u>0.2%</u>	<u>4.0%</u>
Return on Capital (1)					
Mattress Fabrics	5.3%	17.1%			
Upholstery Fabrics	29.7%	72.7%			
Unallocated Corporate	N.M.	N.M.			
Consolidated	<u>0.7%</u>	<u>13.8%</u>			
Capital Employed (1) (2)					
Mattress Fabrics	\$ 84,040	\$ 75,451	11.4%		
Upholstery Fabrics	25,209	15,166	66.2%		
Unallocated Corporate	3,817	(174)	N.M.		
Consolidated	<u>\$ 113,066</u>	<u>\$ 90,443</u>	<u>25.0%</u>		
Depreciation Expense by Segment					
Mattress Fabrics	\$ 6,200	\$ 6,014	3.1%		
Upholstery Fabrics	794	832	(4.6)%		
Depreciation Expense	<u>\$ 6,994</u>	<u>\$ 6,846</u>	<u>2.2%</u>		

(1) See return on capital employed by segment pages for calculations.

(2) The capital employed balances are as of May 1, 2022, and May 2, 2021.