

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): July 1, 2026

Culp, Inc.

(Exact name of Registrant as Specified in Its Charter)

North Carolina
(State or Other Jurisdiction
of Incorporation)

1-12597
(Commission File Number)

56-1001967
(IRS EmployerIdentification No.)

410 W. English Rd 5th Floor
High Point, North Carolina
(Address of Principal Executive Offices)

27262
(Zip Code)

Registrant's Telephone Number, Including Area Code: 336 889-5161

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.05 per share	CULP	The Nasdaq Stock Market LLC

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

Emerging growth company ☐

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

This report and the exhibits attached hereto contain “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 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. 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,” “will,” “may,” “should,” “could,” “potential,” “continue,” “target,” “predict,” “seek,” “anticipate,” “estimate,” “intend,” “plan,” “project,” and their derivatives, and include but are not limited to statements about expectations, projections, or trends for our future operations, strategic initiatives and plans, restructuring and integration actions, production levels, new product launches, sales, profit margins, profitability, operating (loss) income, capital expenditures, working capital levels, cost savings (including, without limitation, anticipated cost savings from restructuring and integration actions), income taxes, SG&A or other expenses, pre-tax (loss) income, earnings, cash flow, and other performance or liquidity measures, as well as any statements regarding dividends, share repurchases, liquidity, use of cash and cash requirements, ending cash balances and cash positions, borrowing capacity, investments, potential acquisitions, cash and non-cash restructuring and restructuring-related charges, expenses, and/or credits, net proceeds from restructuring related asset dispositions, future economic or industry trends, public health epidemics, or other 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, demand for home furnishings products, 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. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in tariffs or trade policy, including changes in U.S. trade enforcement priorities, 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. Relatedly, litigation is ongoing as to whether businesses that paid tariffs that were invalidated by the U.S. Supreme Court in February 2026 may receive or retain refunds for those tariffs, and it may be uncertain as to whether the Company may retain any such refunds, which could be significant. 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 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. The impact of public health emergencies or epidemics on employees, customers, suppliers, and the global economy could also adversely affect our operations and financial performance. In addition, the impact of potential asset impairments, including impairments of property, plant, and equipment, inventory, or intangible assets, as well as the impact of valuation allowances applied against our net deferred income tax assets, 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. Also, our success in diversifying our supply chain with reliable partners to effectively service our global platform could affect our operations and adversely affect our financial results. Finally, the future performance of our business also depends on our ability to successfully restructure our bedding operations, integrate our bedding and upholstery segments and realize the expected benefits of that integration effort, which may not meet our expectations. 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 most recent Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this release as anticipated, believed, estimated, expected, intended, planned or projected. The forward-looking statements included in this report are made only as of the date of this report. Unless required by United States federal securities laws, we neither intend nor assume any obligation to update these forward-looking statements for any reason after the date of this report to conform these statements to actual results or to changes in our expectations. 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. Additional risks and uncertainties that we do not presently know about or that we currently consider to be immaterial may also affect our business operations or financial results.

Item 2.02 Results of Operations and Financial Condition.

On July 1, 2026, Culp, Inc. issued a news release to announce financial results for its fourth quarter and fiscal year ended May 3, 2026. A copy of the news release is attached hereto as Exhibit 99.1.

The information set forth in this Item 2.02 of this Current Report, and in Exhibit 99.1, is intended to be “furnished” under Item 2.02 of Form 8-K. Such information shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

The news release attached hereto as Exhibit 99.1 contains adjusted income statement information for the three- and 12-month periods ended May 3, 2026, and April 27, 2025, which discloses adjusted loss from operations, a non-U.S. GAAP performance measure that eliminates items which are not expected to occur on a recurring or regular basis. For the three- and 12-month periods ended May 3, 2026 and April 27, 2025, these items include, as applicable for the period presented, restructuring credits, restructuring-related charges, and restructuring expenses associated with the sale of our former mattress fabrics manufacturing facility in Quebec, Canada, segment integration initiatives including the transition of operations within our upholstery segment from leased locations to our owned facility in Stokesdale, North Carolina, and similar items. The company has included this adjusted information to show operational performance excluding the effects of items not expected to occur on a recurring or regular basis. Details of these calculations and a reconciliation to information from our U.S. GAAP financial statements are set forth in the news release. Management believes this presentation aids in the comparison of financial results among comparable financial periods. Management uses adjusted income statement information in evaluating the financial performance of our overall operations and business segments. Also, adjusted income statement information is used as a performance measure in our incentive-based executive compensation program. We note, however, that this adjusted income statement information should not be viewed in isolation or as a substitute for income (loss) from operations calculated in accordance with U.S. GAAP.

The news release contains disclosures about our net debt, which is a non-U.S. GAAP liquidity measure that we define as cash and cash equivalents (which we sometimes refer to as “cash”) plus investments that are available to fund operations minus the total amount of outstanding borrowings under our lines of credit or other debt instruments. Details of these calculations and a reconciliation to information from our U.S. GAAP financial statements are set forth in the news release. We believe this non-GAAP measure is useful to investors as it provides a way to compare our cash or debt position across periods on a consistent basis, regardless of the impact of financing activities. Also, net debt is used as a performance measure in our incentive-based executive compensation program. Net debt should not be viewed in isolation by investors and should not be used as a substitute for GAAP measures of liquidity.

The news release contains disclosures about adjusted free cash flow, a non-U.S. GAAP liquidity measure that we define as net cash (used in) provided by operating activities, less cash capital expenditures and any payments on vendor-financed capital expenditures, plus any proceeds from the sale of property, plant, and equipment, plus proceeds from note receivable, plus proceeds from the sale of investments associated with our rabbi trust, less the purchase of 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 U.S. GAAP financial statements are set forth in the news release. Management believes the disclosure of adjusted 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 our adjusted 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 adjusted 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.

The news release contains disclosures about our adjusted EBITDA, which is a non-U.S. GAAP performance measure that reflects net (loss) income excluding income tax expense (benefit), net interest income, and restructuring expense or credit and restructuring related charges or credits, as well as depreciation and amortization expense, and stock-based compensation expense. Beginning in the quarter ended November 2, 2025, we modified our presentation of adjusted EBITDA to also exclude non-cash foreign exchange impacts. We believe this change enhances investor insight into our operational performance by removing the non-cash impact of changes in foreign currency exchange rates. In order to facilitate comparisons among periods, we have applied this modified definition of adjusted EBITDA

to all periods presented in the news release. This measure also excludes other non-recurring charges and credits associated with our business, if and to the extent any such amount is incurred during the period presented. Details of these calculations and a reconciliation to information from our U.S. GAAP financial statements are set forth in the news release. 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. Also, adjusted EBITDA is used as a performance measure in our incentive-based executive compensation program. 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 (loss) 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 earnings and operating performance by excluding the effects of expenses that depend upon capital structure and debt levels, tax provisions, and non-cash items such as depreciation, amortization and stock-based compensation expense that do not require immediate uses of cash.

Item 9.01 Financial Statements and Exhibits.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit</u>
99.1	News Release dated July 1, 2026
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

CULP, INC.
(Registrant)

By: /s/ Kenneth R. Bowling
Chief Financial Officer
(principal financial officer)

Dated July 1, 2026



CULP

CULP ANNOUNCES FOURTH QUARTER AND FULL YEAR FISCAL 2026 RESULTS

Fourth Quarter Revenue and Margin Growth, Including Double-Digit Expansion in Bedding, Reflect Platform Optimization and Enhanced Market Position, Driving Momentum Entering Fiscal 2027

HIGH POINT, N.C. (July 1, 2026) – Culp, Inc. (NASDAQ: CULP), a leading provider of fabrics for bedding and upholstery fabrics for residential, commercial, and hospitality furniture and other applications, today reported financial and operating results for its fourth quarter and fiscal year ended May 3, 2026.

Fiscal 2026 Fourth Quarter Financial Highlights

- Consolidated net sales of \$51.6 million, up 7.6% from third quarter sales of \$48.0 million and up approximately 6% from prior-year period sales of \$48.8 million, with bedding segment sales up approximately 12% sequentially and 12.5% year-over-year and upholstery segment sales up 2.1% sequentially and down 2.5% year-over-year.
- Consolidated gross profit of \$6.8 million, or 13.2% of sales, up 210 basis points and almost 30% from third quarter gross profit of \$5.3 million, or 11.1% of sales, and down from prior-year period gross profit of \$7.7 million, or 15.7% of sales. The sequential improvement was primarily driven by higher sales and the enhanced efficiencies and cost actions associated with restructuring and integration initiatives, and the year-over-year decline was driven primarily by a \$1.7 million benefit in the prior-year period stemming from a policy change in how aged inventory is valued and reserved (the "Policy Change").
- Total inventory of \$47.5 million as of May 3, 2026, a favorable reduction of approximately \$5 million, or almost 10%, from inventory at third-quarter end.
- GAAP consolidated loss from operations of \$(1.6) million, compared with \$(3.7) million in the third quarter and \$(2.2) million in the prior-year period.
 - Non-GAAP operating loss of \$(1.5) million, a 52% improvement from \$(3.1) million in the third quarter and a decline from \$(704) thousand in the prior-year period (see reconciliation table on page 11), driven primarily by the Policy Change.
- Net loss of \$(2.2) million, or \$(0.18) per diluted share, a 35% improvement from \$(3.4) million, or \$(0.27) per diluted share, in the third quarter and a marginal increase from \$(2.1) million, or \$(.17) per diluted share, in the prior-year period.
 - Adjusted EBITDA for the quarter was \$(560) thousand, a 74% improvement from \$(2.2) million in the third quarter and a decline from \$511 thousand in the prior-year period (see reconciliation table on page 13), driven primarily by the Policy Change.

Management Commentary

Iv Culp, President and Chief Executive Officer, commented, "We were encouraged to see overall sales growth during the quarter along with some nice sequential improvement at the gross profit, operating and bottom lines. There is ground yet to cover to get where we ultimately want to be, but CULP is on the right path and our actions to optimize our platform are driving results. We enter the new fiscal year with some exciting momentum and over \$20 million in annualized savings, efficiencies and pricing action that should substantially improve our operating leverage going forward.

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"Our bedding business closed the year on a strong note, delivering double-digit sales growth and nearly 40% gross profit improvement from the third quarter. In a challenging market, we successfully expanded our top line through share gains and new product innovation across all categories, most notably in sewn mattress covers.

"Our upholstery business experienced continued headwinds due to furniture's greater dependence on home buying activity and travel/leisure spending, both of which have been challenged. Despite the pressured environment in upholstery, we grew sales sequentially and increased margins from the prior quarter while continuing progress on integrating domestic operations within our bedding segment.

"I commend the CULP team for its dedication and execution in fiscal 2026 as we completed our platform restructuring activities. Thanks to our people, we move into the new year with strong conviction that we have added to our competitive advantages in bedding and upholstery and are well-positioned to drive any increases in consumer demand to the bottom line. We have our operating structure streamlined; our product categories are on-trend from style, color and performance innovation standpoints; our pricing is calibrated to the current tariff and petrochemical landscapes; and, most importantly, we offer customers what we believe are preferred supply chain options, including the most cost-effective production scale and flexibility with a global footprint including dynamic U.S. and nearshore capabilities to navigate tariffs and speed-to-market needs.

"We recently recovered approximately \$7 million in IEEPA tariff refunds in the first quarter of fiscal 2027, which provides a meaningful improvement to our financial position, particularly in helping to offset some outstanding debt as well as a portion of the elevated tariff-related costs incurred during fiscal 2026. Importantly, our focus in this macro-environment remains on disciplined cost management, cash flow performance and reducing debt levels. We are committed to returning to profitability, and expect our actions to enhance long-term shareholder value," added Culp.

Fiscal 2026 Full Year Financial Highlights

- Consolidated net sales of \$203.5 million, down 4.6% from net sales of \$213.2 million in the prior fiscal year, with bedding sales up 2.4% and upholstery sales down 12.5%.
- Consolidated gross profit of \$25.2 million, or 12.4% of sales, compared with gross profit of \$25.1 million, or 11.8% of sales, in the prior fiscal year.
- GAAP consolidated loss from operations of \$(7.2) million, compared with \$(18.4) million in the prior fiscal year.
 - Non-GAAP operating loss of \$(8.6) million, an almost 5% improvement, on lower sales, from \$(9.0) million in the prior fiscal year (see reconciliation table on page 12).
- Net loss of \$(10.2) million, or \$(0.81) per diluted share, a 47% improvement over \$(19.1) million, or \$(1.53) per diluted share, in the prior fiscal year.
 - Adjusted EBITDA was \$(4.7) million, a decline from \$(3.7) million in the prior fiscal year (see reconciliation table on page 13).

Financial Outlook

- Due to macroeconomic uncertainty, the fluid global trade and tariff environment, and related matters, only the following limited forward guidance is being provided, with expectations based on information available at the time of this press release and reflecting certain assumptions by management regarding business and industry trends.
- Outstanding debt under domestic and foreign credit facilities is expected to significantly decline with the recovery of approximately \$7.0 million in previously paid IEEPA tariffs in the first quarter of fiscal year 2027. This receipt represents a meaningful source of cash and, subject to working capital needs to support growth, is expected to reduce net debt to approximately \$5.0 million at first quarter-end and improve liquidity and balance sheet flexibility.

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- Consolidated sales for the first quarter of fiscal year 2027 are expected to moderately improve sequentially and compared to the prior-year period in what is likely to remain a challenged demand environment for home furnishings.
- The cost and efficiency benefits of restructuring and integration initiatives should drive improving gross profit and lower SG&A expenses, resulting in breakeven to positive adjusted EBITDA for the first quarter of fiscal year 2027 without the benefit of IEEPA tariff refunds. Receipt of the above-referenced \$7.0 million in tariff refunds should significantly enhance profitability in the first quarter.

Business Segment Highlights

Bedding

- For the fourth quarter, bedding sales were \$30.5 million, up approximately 12% from sales of \$27.3 million in the third quarter and up 12.5% from sales of \$27.1 million in the prior-year period. Bedding gross profit was \$2.7 million, or 8.9% of sales, up 38% from \$2.0 million, or 7.2% of sales, in the third quarter and down from \$3.1 million, or 11.3% of sales, in the prior-year period.
- For the full year, bedding sales were \$116.6 million, up 2.4% from sales of \$113.9 million in the prior fiscal year. Bedding gross profit was \$10.7 million, or 9.2% of sales, up almost 35% from \$7.9 million, or 7.0% of sales, in the prior fiscal year.

Upholstery

- For the fourth quarter, upholstery sales were \$21.1 million, up 2.1% from sales of \$20.7 million in third quarter and down from sales of \$21.7 million in the prior-year period. Upholstery gross profit was \$4.1 million, or 19.5% of sales, an approximately 23% increase from \$3.4 million, or 16.3% of sales, in the third quarter and down from \$4.7 million, or 21.7% of sales, in the prior-year period.
- For the full year, upholstery sales were \$86.9 million, down from sales of \$99.3 million in the prior fiscal year. Upholstery gross profit was \$15.4 million, or 17.7% of sales, compared with \$18.8 million, or 18.9% of sales, in the prior fiscal year.

Balance Sheet, Cash Flow, and Liquidity

- \$8.3 million in total cash and \$19.1 million in outstanding debt under credit facilities as of May 3, 2026.
- \$24.2 million in liquidity as of May 3, 2026, consisting of \$8.3 million in cash and \$15.9 million in borrowing availability under credit facilities.
- Total inventory of \$47.5 million as of May 3, 2026, which compares favorably to inventory of \$52.2 million and \$49.3 million as of February 1, 2026, and April 27, 2025, respectively.
- Cash used in operations and negative free cash flow were \$(9.4) million and \$(10.0) million, respectively, for the 12-month period ended May 3, 2026, and primarily driven by operating losses, which compare favorably to cash used of \$(17.7) million and \$(20.6) million, respectively, in the prior-year period. The final payment to Culp of \$4.8 million for the sale of a former facility in Canada was received during the quarter as scheduled. Adjusted for capital expenditures, proceeds from the sale of property, plant and equipment, notes receivable and other items, negative free cash flow was \$(2.8) million, which compares favorably to \$(17.1) million in the prior-year period (see reconciliation table on page 10).
- Capital expenditures for the 12-month period ended May 3, 2026, were \$596 thousand, down from \$2.9 million in the prior-year period as the focus on maintenance projects and strategic initiatives with quick payback continued.

Conference Call

Culp, Inc. will hold a conference call to discuss financial results for the fourth quarter and full fiscal year

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2026 on Thursday, July 2, 2026, at 9:00 a.m. Eastern Time. A live webcast of this call can be accessed on the “Upcoming Events” section on the “Investor Relations” page of the Company’s website, www.culp.com. A replay of the webcast will be available for 30 days under the “Past Events” section on the “Investor Relations” page of the Company’s website.

About the Company

Culp, Inc. is one of the largest marketers of mattress fabrics for bedding and upholstery fabrics for residential, commercial, and hospitality furniture and other applications in North America. The Company markets a variety of fabrics to its global customer base of leading bedding and furniture companies, including fabrics produced at Culp’s manufacturing facilities and fabrics sourced through other suppliers. Culp has manufacturing and sourcing capabilities located in the United States, China, Haiti, Turkey, and Vietnam.

Investor Relations Contact

Ken Bowling, Executive Vice President, Chief Financial Officer, and Treasurer:

(336) 881-5630

krbowling@culp.com

Forward Looking Statements

This release 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 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. 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,” “will,” “may,” “should,” “could,” “potential,” “continue,” “target,” “predict,” “seek,” “anticipate,” “estimate,” “intend,” “plan,” “project,” and their derivatives, and include but are not limited to statements about expectations, projections, or trends for our future operations, expectations with respect to tariff refunds, strategic initiatives and plans, restructuring and integration actions, production levels, new product launches, sales, profit margins, profitability, operating (loss) income, capital expenditures, working capital levels, cost savings (including, without limitation, anticipated cost savings from restructuring and integration actions), income taxes, SG&A or other expenses, pre-tax (loss) income, earnings, cash flow, and other performance or liquidity measures, as well as any statements regarding dividends, share repurchases, liquidity, use of cash and cash requirements, ending cash balances and cash positions, borrowing capacity, investments, potential acquisitions, cash and non-cash restructuring and restructuring-related charges, expenses, and/or credits, net proceeds from restructuring related asset dispositions, future economic or industry trends, public health epidemics, or other future developments. There can be no assurance that we will realize these expectations or meet our guidance, or that these beliefs will prove correct.

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of property, plant, and equipment, inventory, or intangible assets, as well as the impact of valuation allowances applied against our net deferred income tax assets, 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. Also, our success in diversifying our supply chain with reliable partners to effectively service our global platform could affect our operations and adversely affect our financial results. Finally, the future performance of our business also depends on our ability to successfully restructure our bedding operations, integrate our bedding and upholstery segments and realize the expected benefits of that integration effort, which may not meet our expectations. 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 most recent Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this release as anticipated, believed, estimated, expected, intended, planned or projected. The forward-looking statements included in this release are made only as of the date of this release. Unless required by United States federal securities laws, we neither intend nor assume any obligation to update these forward-looking statements for any reason after the date of this release to conform these statements to actual results or to changes in our expectations. 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. Additional risks and uncertainties that we do not presently know about or that we currently consider to be immaterial may also affect our business operations or financial results.

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CULP, INC.
CONSOLIDATED STATEMENTS OF NET LOSS
FOR THE THREE AND TWELVE MONTHS ENDED MAY 3, 2026 AND APRIL 27, 2025
Unaudited
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amount			Percent of Sales	
	May 3, 2026	April 27, 2025	% Over (Under)	May 3, 2026	April 27, 2025
Net sales	\$ 51,624	\$ 48,773	5.8%	100.0%	100.0%
Cost of sales	(44,797)	(41,120)	8.9%	86.8%	84.3%
Gross profit	6,827	7,653	(10.8)%	13.2%	15.7%
Selling, general and administrative expenses	(8,347)	(8,470)	(1.5)%	16.2%	17.4%
Restructuring expense	(102)	(1,422)	(92.8)%	0.2%	2.9%
Loss from operations	(1,622)	(2,239)	(27.6)%	(3.1)%	(4.6)%
Interest expense	(195)	(110)	77.3%	0.4%	0.2%
Interest income	214	154	39.0%	0.4%	0.3%
Other expense	(581)	(121)	380.2%	(1.1)%	(0.2)%
Loss before income taxes	(2,184)	(2,316)	(5.7)%	(4.2)%	(4.7)%
Income tax (expense) benefit (1)	(58)	243	(123.9)%	(2.7)%	10.5%
Net loss	\$ (2,242)	\$ (2,073)	8.2%	(4.3)%	(4.3)%
Net loss per share - basic	\$ (0.18)	\$ (0.17)	5.9%		
Net loss per share - diluted	\$ (0.18)	\$ (0.17)	5.9%		
Average shares outstanding-basic	12,663	12,559	0.8%		
Average shares outstanding-diluted	12,663	12,559	0.8%		

Notes

(1) Percent of sales columns are for income tax (expense) benefit is calculated as a percent of loss before income taxes.

	TWELVE MONTHS ENDED				
	Amount			Percent of Sales	
	May 3, 2026	April 27, 2025	% Over (Under)	May 3, 2026	April 27, 2025
Net sales	\$ 203,482	\$ 213,237	(4.6)%	100.0%	100.0%
Cost of sales	(178,322)	(188,170)	(5.2)%	87.6%	88.2%
Gross profit	25,160	25,067	0.4%	12.4%	11.8%
Selling, general and administrative expenses	(34,668)	(35,705)	(2.9)%	17.0%	16.7%
Restructuring credit/(expense)	2,323	(7,739)	(130.0)%	1.1%	(3.6)%
Loss from operations	(7,185)	(18,377)	(60.9)%	(3.5)%	(8.6)%
Interest expense	(759)	(231)	228.6%	0.4%	0.1%
Interest income	1,073	915	17.3%	0.5%	0.4%
Other expense (1)	(1,414)	(1,018)	38.9%	0.7%	0.5%
Loss before income taxes	(8,285)	(18,711)	(55.7)%	(4.1)%	(8.8)%
Income tax expense (2)	(1,926)	(392)	391.3%	(23.2)%	(2.1)%
Net loss	\$ (10,211)	\$ (19,103)	(46.5)%	(5.0)%	(9.0)%
Net loss per share - basic	\$ (0.81)	\$ (1.53)	(47.1)%		
Net loss per share - diluted	\$ (0.81)	\$ (1.53)	(47.1)%		
Average shares outstanding-basic	12,630	12,525	0.8%		
Average shares outstanding-diluted	12,630	12,525	0.8%		

Notes

(1) Other expense for the twelve months ended May 3, 2026, includes \$1.0 million received in cash proceeds in connection with the resolution of a legal matter.

(2) Percent of sales columns are for income tax expense is calculated as a percent of loss before income taxes.

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CULP, INC.
CONSOLIDATED BALANCE SHEETS
MAY 3, 2026, AND APRIL 27, 2025
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)	
	(Condensed) May 3, 2026	(Condensed) * April 27, 2025	Amount	Percent
Current assets				
Cash and cash equivalents	\$ 8,273	\$ 5,629	\$ 2,644	47.0%
Short-term investments - rabbi trust	1,477	1,325	152	11.5%
Accounts receivable, net	20,369	21,844	(1,475)	(6.8)%
Inventories	47,494	49,309	(1,815)	(3.7)%
Short-term notes receivable	297	280	17	6.1%
Current income taxes receivable	142	—	142	100.0%
Assets held for sale	—	2,177	(2,177)	(100.0)%
Other current assets	2,645	2,970	(325)	(10.9)%
Total current assets	80,697	83,534	(2,837)	(3.4)%
Property, plant & equipment, net	21,013	24,836	(3,823)	(15.4)%
Right of use assets	2,984	5,908	(2,924)	(49.5)%
Intangible assets	355	960	(605)	(63.0)%
Long-term investments - rabbi trust	4,991	5,722	(731)	(12.8)%
Long-term notes receivable	885	1,182	(297)	(25.1)%
Deferred income taxes	503	637	(134)	(21.0)%
Other assets	562	591	(29)	(4.9)%
Total assets	\$ 111,990	\$ 123,370	\$ (11,380)	(9.2)%
Current liabilities				
Lines of credit - current	\$ 12,129	\$ 8,114	\$ 4,015	49.5%
Accounts payable - trade	25,730	27,323	(1,593)	(5.8)%
Accounts payable - capital expenditures	236	23	213	926.1%
Operating lease liability - current	956	2,394	(1,438)	(60.1)%
Deferred compensation - current	1,477	1,325	152	11.5%
Deferred revenue	281	422	(141)	(33.4)%
Accrued expenses	4,103	5,333	(1,230)	(23.1)%
Accrued restructuring	47	610	(563)	(92.3)%
Income taxes payable - current	—	1,420	(1,420)	(100.0)%
Total current liabilities	44,959	46,964	(2,005)	(4.3)%
Lines of credit - long-term	7,000	4,600	2,400	52.2%
Operating lease liability - long-term	1,027	2,535	(1,508)	(59.5)%
Income taxes payable - long-term	983	790	193	24.4%
Deferred income taxes	4,883	5,155	(272)	(5.3)%
Deferred compensation - long-term	4,991	5,686	(695)	(12.2)%
Total liabilities	63,843	65,730	(1,887)	(2.9)%
Shareholders' equity	48,147	57,640	(9,493)	(16.5)%
Total liabilities and shareholders' equity	\$ 111,990	\$ 123,370	\$ (11,380)	(9.2)%
Shares outstanding	12,663	12,559	104	0.8%

* Derived from audited financial statements.

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CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED MAY 3, 2026 AND APRIL 27, 2025
Unaudited
(Amounts in Thousands)

	TWELVE MONTHS ENDED	
	Amounts	
	May 3, 2026	April 27, 2025
Cash flows from operating activities:		
Net loss	\$ (10,211)	\$ (19,103)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,105	5,440
Non-cash inventory charge (credit)	2,050	(2,423)
Amortization	321	405
Stock-based compensation	625	650
Deferred income taxes	(138)	(1,343)
Realized gain on sale of investments (rabbi trust)	(34)	—
Gain on sale of equipment	(4)	(27)
Non-cash restructuring (credit) expense	(3,315)	2,708
Foreign currency exchange loss (gain)	1,269	(145)
Changes in assets and liabilities:		
Accounts receivable	1,567	(722)
Inventories	7	(2,059)
Other current assets	390	384
Other assets	111	114
Accounts payable - trade	(2,458)	1,852
Deferred revenue	(141)	(1,073)
Accrued restructuring	(563)	633
Accrued expenses and deferred compensation	(1,471)	(2,456)
Income taxes	(1,481)	(485)
Net cash used in operating activities	(9,371)	(17,650)
Cash flows from investing activities:		
Capital expenditures	(596)	(2,947)
Proceeds from the sale of property, plant and equipment	1,103	1,945
Proceeds from note receivable	5,093	610
Proceeds from the sale of investments (rabbi trust)	1,413	1,725
Purchase of investments (rabbi trust)	(631)	(735)
Net cash provided by investing activities	6,382	598
Cash flows from financing activities:		
Proceeds from lines of credit	16,415	21,648
Payments on lines of credit	(10,687)	(8,907)
Payments of debt issuance costs	(169)	—
Common stock surrendered for withholding taxes payable	(76)	(68)
Net cash provided by financing activities	5,483	12,673
Effect of foreign currency exchange rate changes on cash and cash equivalents	150	(4)
Increase (decrease) in cash and cash equivalents	2,644	(4,383)
Cash and cash equivalents at beginning of year	5,629	10,012
Cash and cash equivalents at end of year	\$ 8,273	\$ 5,629

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CULP, INC.
STATEMENTS OF NET SALES AND GROSS PROFIT BY SEGMENT
FOR THE THREE AND TWELVE MONTHS ENDED MAY 3, 2026 AND APRIL 27, 2025
Unaudited
(Amounts in Thousands)

	THREE MONTHS ENDED				
	Amounts			Percent of Total Sales	
	May 3, 2026	April 27, 2025	% Over (Under)	May 3, 2026	April 27, 2025
Net Sales by Segment					
Bedding	\$ 30,500	\$ 27,114	12.5%	59.1%	55.6%
Upholstery	21,124	21,659	(2.5)%	40.9%	44.4%
Net Sales	\$ 51,624	\$ 48,773	5.8%	100.0%	100.0%
Gross Profit by Segment					
Bedding	\$ 2,703	\$ 3,075	(12.1)%	8.9%	11.3%
Upholstery	4,124	4,691	(12.1)%	19.5%	21.7%
Total Segment Gross Profit	6,827	7,766	(12.1)%	13.2%	15.9%
Restructuring Related Charge (1)	—	(113)	(100.0)%	0.0%	(0.2)%
Gross Profit	\$ 6,827	\$ 7,653	(10.8)%	13.2%	15.7%

Notes

(1) See page 11 for details regarding restructuring related charges included in cost of sales and gross profit and a Reconciliation of Selected Income Statement Information to Adjusted Results for the three months ended May 3, 2026, and April 27, 2025.

	TWELVE MONTHS ENDED				
	Amounts			Percent of Total Sales	
	May 3, 2026	April 27, 2025	% Over (Under)	May 3, 2026	April 27, 2025
Net Sales by Segment					
Bedding	\$ 116,593	\$ 113,906	2.4%	57.3%	53.4%
Upholstery	86,889	99,331	(12.5)%	42.7%	46.6%
Net Sales	\$ 203,482	\$ 213,237	(4.6)%	100.0%	100.0%
Gross Profit by Segment					
Bedding	\$ 10,704	\$ 7,936	34.9%	9.2%	7.0%
Upholstery	15,387	18,752	(17.9)%	17.7%	18.9%
Total Segment Gross Profit	26,091	26,688	(2.2)%	12.8%	12.5%
Restructuring Related Charge (1)	(931)	(1,621)	(42.6)%	(0.5)%	(0.8)%
Gross Profit	\$ 25,160	\$ 25,067	0.4%	12.4%	11.8%

Notes

(1) See page 11 for details regarding restructuring related charges included in cost of sales and gross profit and a Reconciliation of Selected Income Statement Information to Adjusted Results for the twelve months ended May 3, 2026, and April 27, 2025.

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CULP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES
Unaudited
(Amounts in Thousands)

RECONCILIATION OF NET (DEBT) CASH

	Amounts	
	May 3, 2026	April 27, * 2025
Cash:		
Cash and cash equivalents	\$ 8,273	\$ 5,629
Less Debt:		
Lines of credit - current	12,129	8,114
Lines of credit - long-term	7,000	4,600
Net (debt) cash position	\$ (10,856)	\$ (7,085)

* Derived from audited financial statements

RECONCILIATION OF ADJUSTED FREE CASH FLOW

	TWELVE MONTHS ENDED Amounts	
	May 3, 2026	April 27, 2025
Net cash used in operating activities	\$ (9,371)	\$ (17,650)
Minus: Capital expenditures	(596)	(2,947)
Free Cash Flow	(9,967)	(20,597)
Plus: Proceeds from the sale of property, plant, and equipment	1,103	1,945
Plus: Proceeds from note receivable	5,093	610
Plus: Proceeds from the sale of investments (rabbi trust)	1,413	1,725
Minus: Purchase of investments (rabbi trust)	(631)	(735)
Effects of foreign currency exchange rate changes on cash and cash equivalents	150	(4)
Adjusted Free Cash Flow	\$ (2,839)	\$ (17,056)

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CULP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (CONTINUED)
Unaudited
(Amounts in Thousands)

RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

	Three Months Ended May 3, 2026		
	As Reported May 3, 2026	Adjustments	Adjusted Results May 3, 2026
Net sales	\$ 51,624	—	\$ 51,624
Cost of sales	(44,797)	—	(44,797)
Gross profit	6,827	—	6,827
Selling, general and administrative expenses	(8,347)	—	(8,347)
Restructuring expense (1)	(102)	102	—
Loss from operations	\$ (1,622)	102	\$ (1,520)

Notes

- (1) During the three-month period ended May 3, 2026, restructuring expense mostly represented charges related to transforming our operating model and the consolidation of certain facilities to further reduce fixed costs.

	Three Months Ended April 27, 2025		
	As Reported April 27, 2025	Adjustments	Adjusted Results April 27, 2025
Net sales	\$ 48,773	—	\$ 48,773
Cost of sales (1)	(41,120)	113	(41,007)
Gross profit	7,653	113	7,766
Selling, general and administrative expenses	(8,470)	—	(8,470)
Restructuring expense (2)	(1,422)	1,422	—
Loss from operations	\$ (2,239)	1,535	\$ (704)

Notes

- (1) During the three-month period ended April 27, 2025, restructuring related charges recorded in cost of sales represented losses on the disposal of inventory related to the closure of the bedding manufacturing facility in Quebec, Canada.
- (2) During the three-month period ended April 27, 2025, restructuring expense mostly represented charges related to the consolidation of our North American bedding manufacturing platform and the closure of the bedding manufacturing facility in Quebec, Canada, as well as initial costs related to transforming our operating model and the consolidation of certain facilities to further reduce costs.

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CULP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (CONTINUED)
Unaudited
(Amounts in Thousands)

RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

	Twelve Months Ended May 3, 2026		
	As Reported May 3, 2026	Adjustments	Adjusted Results May 3, 2026
Net sales	\$ 203,482	—	\$ 203,482
Cost of sales (1)	(178,322)	931	(177,391)
Gross profit	25,160	931	26,091
Selling, general and administrative expenses	(34,668)	—	(34,668)
Restructuring credit (2)	2,323	(2,323)	—
Loss from operations	<u>\$ (7,185)</u>	<u>(1,392)</u>	<u>\$ (8,577)</u>

Notes

- (1) During the twelve-month period ended May 3, 2026, restructuring related charges recorded in cost of sales represented losses on the disposal, valuation, and markdowns of inventory related to the consolidation of our North American bedding operations and the consolidation of certain facilities related to transforming our operating model to one integrated Culp branded business to reduce fixed costs.
- (2) During the twelve-month period ended May 3, 2026, restructuring credit includes a gain from the sale of the manufacturing facility located in Quebec, Canada totaling \$4.0 million, partially offset by charges related to transforming our operating model and the consolidation of certain facilities to further reduce fixed costs.

	Twelve Months Ended April 27, 2025		
	As Reported April 27, 2025	Adjustments	Adjusted Results April 27, 2025
Net sales	\$ 213,237	—	\$ 213,237
Cost of sales (1)	(188,170)	1,621	(186,549)
Gross profit	25,067	1,621	26,688
Selling, general and administrative expenses	(35,705)	—	(35,705)
Restructuring expense (2)	(7,739)	7,739	—
Loss from operations	<u>\$ (18,377)</u>	<u>9,360</u>	<u>\$ (9,017)</u>

Notes

- (1) During the twelve-month period ended April 27, 2025, restructuring related charges recorded in cost of sales represented losses on the disposal, valuation, and markdowns of inventory mostly related to the closure of the bedding manufacturing facility in Quebec, Canada.
- (2) During the twelve-month period ended April 27, 2025, restructuring expense mostly represented charges related to the consolidation of our North American bedding manufacturing platform and the closure of the bedding manufacturing facility in Quebec, Canada, as well as initial costs related to transforming our operating model and the consolidation of certain facilities to further reduce fixed costs.

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CULP, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (CONTINUED)
Unaudited
(Amounts in Thousands)

RECONCILIATION OF ADJUSTED EBITDA

	Quarter Ended August 3, 2025	Quarter Ended November 2, 2025	Quarter Ended February 1, 2026	Quarter Ended May 3, 2026	Year Ended May 3, 2026
Net loss	\$ (231)	\$ (4,306)	\$ (3,432)	\$ (2,242)	\$ (10,211)
Income tax expense	1,369	207	292	58	1,926
Interest income, net	(53)	(50)	(192)	(19)	(314)
Depreciation expense	1,111	1,057	974	963	4,105
Amortization expense	95	97	96	33	321
EBITDA	2,291	(2,995)	(2,262)	(1,207)	(4,173)
Restructuring (credit) expense	(3,508)	499	584	102	(2,323)
Restructuring related charge	—	931	—	—	931
Resolution of legal matter	—	—	(1,000)	—	(1,000)
Stock based compensation	156	177	129	163	625
Foreign currency exchange loss (1)	122	396	369	382	1,269
Adjusted EBITDA	\$ (939)	\$ (992)	\$ (2,180)	\$ (560)	\$ (4,671)
% Net Sales	(1.9)%	(1.9)%	(4.5)%	(1.1)%	(2.3)%

	Quarter Ended July 28, 2024	Quarter Ended October 27, 2024	Quarter Ended January 26, 2025	Quarter Ended April 27, 2025	Year Ended April 27, 2025
Net loss	\$ (7,260)	\$ (5,644)	\$ (4,126)	\$ (2,073)	\$ (19,103)
Income tax expense (benefit)	239	(50)	446	(243)	392
Interest income, net	(234)	(214)	(192)	(44)	(684)
Depreciation expense	1,581	1,496	1,211	1,152	5,440
Amortization expense	99	101	101	104	405
EBITDA	(5,575)	(4,311)	(2,560)	(1,104)	(13,550)
Restructuring expense	2,631	2,031	1,655	1,422	7,739
Restructuring related charge	115	769	624	113	1,621
Stock based compensation	176	188	158	128	650
Foreign currency exchange loss (gain) (1)	45	192	(334)	(48)	(145)
Adjusted EBITDA	\$ (2,608)	\$ (1,131)	\$ (457)	\$ 511	\$ (3,685)
% Net Sales	(4.6)%	(2.0)%	(0.9)%	1.0%	(1.7)%
% Over (Under)	(64.0)%	(12.3)%	377.0%	(209.6)%	26.8%

Notes

(1) Represents non-cash foreign currency exchange loss (gain) related to the remeasurement of assets and liabilities denominated in currencies other than the U.S. dollar. Beginning in the quarter ended November 2, 2025, we modified our presentation of adjusted EBITDA to exclude this measure. We believe this change enhances investor insight into our operational performance by excluding the non-cash impact of changes in foreign currency exchange rates. In order to facilitate comparisons among periods, we have applied this modified definition of Adjusted EBITDA to all periods presented.

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