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CULP, INC.

NYSE: CULP

Second Quarter Fiscal 2021

Summary Financial Information

December 3, 2020

SECOND QUARTER FISCAL 2021 FINANCIAL SUMMARY*

- Net sales were $76.9 million, up 10.5 percent over the prior-year period, with mattress fabrics sales up 12.2 percent and upholstery fabrics sales up 8.7 percent.

- Pre-tax income from continuing operations for the second quarter of fiscal 2021 improved sequentially to $3.9 million, which included $680,000 in other expense relating mostly to foreign exchange rate fluctuations associated with China, compared with pre-tax income from continuing operations of $4.5 million for the prior-year period, which included $99,000 in other expense.

- Net income from continuing operations for the second quarter of fiscal 2021 was $2.4 million, or $0.19 per diluted share, compared with net income from continuing operations of $2.2 million, or $0.18 per diluted share, for the prior-year period.

- The Company's financial position reflected increased total cash and investments of $56.5 million and no outstanding borrowings as of November 1, 2020. This compares with a net cash position of $37.8 million as of the end of the fourth quarter of fiscal 2020. (See summary of cash and investments table on Slide 13).

* During the fourth quarter of fiscal 2020, the company sold its majority interest in eLuxury, LLC, resulting in the elimination of its home accessories segment. Accordingly, the financial results for this segment are excluded from the reported financial performance of the company's continuing operations and are presented as a discontinued operation in the company's consolidated financial statements.

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SECOND QUARTER FISCAL 2021 FINANCIAL SUMMARY (cont'd)

- Cash flow from operations and free cash flow for the first six months of fiscal 2021 were $22.7 million and $20.5 million, respectively, compared with cash flow from operations and free cash flow of $8.2 million and $5.6 million, respectively, for the prior-year period. (See reconciliation table on slide 25).

- The company announced a five percent increase in its quarterly cash dividend to $0.11 per share, commencing in the third quarter of fiscal 2021. At an annual indicated dividend of $0.44 per share, the yield is 3.03%, based upon the closing stock price of $14.50 per share on December 2, 2020. Notably, this is the company's eighth straight year of increasing its annual dividend.

FINANCIAL OUTLOOK

- Due to the continued economic impact of the COVID-19 pandemic and the lack of visibility as to its duration or ultimate impact, the company is providing only limited financial guidance for fiscal 2021 at this time.

- Although subject to unforeseen changes that may arise in connection with the pandemic, the company is encouraged by the ongoing execution of its product-driven strategy and continued strength in demand for home furnishing products, as well as its opportunities for market share growth. The company expects sales and operating income for the third quarter of fiscal 2021 to be comparable to the prior-year period, with the mattress fabrics segment continuing its strong rebound and the upholstery fabrics segment facing ongoing headwinds relating to foreign exchange rate fluctuations associated with its operations located in China, customer supply chain constraints, and sales mix. The company also expects sales and operating income for the fourth quarter of fiscal 2021 to be dramatically improved for both segments as compared to the fourth quarter of fiscal 2020.

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SECOND QUARTER 2021 HIGHLIGHTS*

($ in millions)

GAAP	Q2 FY21	Q2 FY20	Change	
			$	%
Sales	$76.9	$69.6	$7.3	10.5%
Operating income from continuing ops	$4.5	$4.4	$0.1	2.5%
Operating income margin	5.9%	6.3%		(40) bp
Pre-tax income from continuing ops	$3.9	$4.5	$(0.6)	(14.3)%
Pre-tax margin	5.1%	6.5%		(140) bp
Net income from continuing ops	$2.4	$2.3	$0.1	5.9%
Net income per diluted share	$0.19	$0.18	$0.01	6.6%

* During the fourth quarter of fiscal 2020, we sold our entire ownership interest in eLuxury, LLC, resulting in the elimination of the home accessories segment at such time. Accordingly, the financial results for this segment are excluded from the reported financial performance of the company's continuing operations and are presented as a discontinued operation in the company's consolidated financial statements.

SECOND QUARTER 2021 YEAR TO DATE HIGHLIGHTS*

($ in millions)

GAAP	FY21	FY20	Change $	Change %
Sales	$141.3	$140.3	$1.0	0.7%
Operating income from continuing ops	$6.4	$7.7	$(1.3)	(16.9)%
Operating income margin	4.5%	5.5%		(100) bp
Pre-tax income from continuing ops	$5.4	$8.0	$(2.6)	(32.3)%
Pre-tax margin	3.8%	5.7%		(190) bp
Net income (loss) from continuing ops	$(0.3)**	$4.0**	$(4.3)	NM
Net income (loss) per diluted share	$(0.03)**	$0.33**	$(0.36)	NM

- The first six months of fiscal 2021 included 26 weeks versus 27 weeks for the first six months of fiscal 2020. Also, during the fourth quarter of fiscal 2020, we sold our entire ownership interest in eLuxury, LLC, resulting in the elimination of the company's home accessories segment at such time. Accordingly, the financial results for this segment are excluded from the reported financial performance of the company's continuing operations and are presented as a discontinued operation in the company's consolidated financial statements.

** Refer also to the Reconciliation of Selected Income Statement Information to Adjusted Results at the back of this presentation.

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SECOND QUARTER 2021 YEAR TO DATE HIGHLIGHTS*

($ in millions)

Adjusted (Non-GAAP)**	FY21	FY20	Change $	Change %
Adjusted net income (loss) from continuing operations	$3.8***	$5.1****	$(1.3)	(25.5)%
Adjusted net income (loss) from continuing operations per share	$0.30***	$0.41****	$(.11)	(26.8)%

* The first six months of fiscal 2021 included 26 weeks versus 27 weeks for the first six months of fiscal 2020. Also, during the fourth quarter of fiscal 2020, we sold our entire ownership interest in eLuxury, LLC, resulting in the elimination of the company's home accessories segment at such time. Accordingly, the financial results for this segment are excluded from the reported financial performance of the company's continuing operations and are presented as a discontinued operation in the company's consolidated financial statements.

** Please see the Reconciliation of Selected Income Statement Information to Adjusted Results at the back of this presentation.

*** Excludes a $4.1 million net income tax charge, which consists of a $7.6 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 $3.5 million non-cash income tax benefit resulting from the re-establishment of certain U.S. Federal net operating loss carryforwards in connection with the U.S. Treasury regulations enacted during the first quarter of fiscal 2021 regarding the Global Intangible Low Taxed Income ("GILTI") tax provisions of the Tax Cuts and Jobs Act of 2017.

**** Excludes a $1.0 million income tax charge, which represents the company's estimated GILTI tax incurred through the second quarter of fiscal 2020.

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Q2 SALES & OPERATING INCOME BRIDGES*

($ in millions)

Sales	Change $	Change %
Q2 2020	$69.6	
Mattress fabrics increase	4.4	12.2%
Upholstery fabrics increase	2.9	8.7%
Q2 2021	$76.9	10.5%

Operating Income	Change $	Change %
Q2 2020	$4.4	
Mattress fabrics increase	1.1	33.0%
Upholstery fabrics decrease	(0.2)	(5.4)%
Unallocated corporate expense increase	(0.8)	33.6%
Q2 2021	$4.5	2.5%

* From continuing operations for the quarterly periods ended November 1, 2020, and November 3, 2019.

Q2 YTD SALES & OPERATING INCOME BRIDGES*

($ in millions)

Sales	Change $	Change %
Q2 YTD 2020	$140.3	
Mattress fabrics increase	1.6	2.2%
Upholstery fabrics decrease	(0.6)	(0.9)%
Q2 YTD 2021	$141.3	0.7%

Operating Income	Change $	Change %
Q2 YTD 2020	$7.7	
Mattress fabrics increase	0.3	5.3%
Upholstery fabrics decrease	(0.9)	(14.9)%
Unallocated corporate expense increase	(0.6)	13.9%
Q2 YTD 2021	$6.4	(16.9)%

* From continuing operations for the six month periods ended November 1, 2020, and November 3, 2019. The first six months of fiscal 2021 included 26 weeks versus 27 weeks for the first six months of fiscal 2020.

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Q2 MATTRESS FABRICS HIGHLIGHTS

($ in millions)

	Q2 FY21	Q2 FY20	Change $	Change %
Sales	$40.0	$35.7	$4.3	12.2%
Operating Income	4.4	3.3	$1.1	33.0%
Operating Income Margin	10.9%	9.2%		170 bp
Depreciation	$1.5	$1.7	($0.2)	(11.8)%

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Q2 YTD MATTRESS FABRICS HIGHLIGHTS*

($ in millions)

	FY21	FY20	Change $	Change %
Sales	$76.1	$74.5	$1.6	2.2%
Operating Income	6.2	5.9	$0.3	5.3%
Operating Income Margin	8.2%	7.9%		30 bp
Depreciation	$3.1	$3.3	($0.2)	(5.7)%

*For the six month periods ending November 1, 2020, and November 1, 2019. The first six months of fiscal 2021 included 26 weeks versus 27 weeks for the first six months of fiscal 2020.

Q2 MATTRESS FABRICS KEY POINTS

- Strong growth in sales and operating income for mattress fabrics segment during the second quarter.
- Pandemic has generated greater consumer awareness and appreciation for overall comfort and wellness within home environment, leading to increase in discretionary spending on home furnishings, including mattresses.
- Built on momentum generated during last eight weeks of first quarter by utilizing product-driven strategy for both mattress fabrics and sewn covers, as well as global supply chain and dedicated attention to customers.
- The strength and flexibility of the division's global manufacturing and sourcing operations in the U.S., Canada, Haiti, Asia, and Turkey supported current demand trends and helped meet customer needs.
- Growth in sewn mattress cover business continued, with demand trends exceeding pre-pandemic levels. This trend is driven by ongoing growth in the boxed bedding space, and the division continues to work collaboratively with new and existing customers to develop fresh, innovative products.
- During this uncertain and rapidly evolving environment, business is being managed with a firm focus on creative designs, innovative products, and exceptional service. The division is also continuing its developments in product innovation, including expanding specialty finish options and virtual rendering services.
- Expect increased capacity in North America resulting from investment in additional equipment will be available during fourth quarter of fiscal 2021.
- Believe domestic mattress industry and, in turn, mattress fabrics segment, will benefit from recent preliminary antidumping duties imposed by U.S. Department of Commerce on mattress importers from seven countries.
- Barring additional shutdowns or significant disruption in customers' supply chain for raw materials other than fabric, the mattress fabric segment is expected to be well positioned to execute strategy and increase market share during second half of fiscal 2021.

Q2 UPHOLSTERY FABRICS HIGHLIGHTS

($ in millions)

	Q2 FY21	Q2 FY20	Change $	Change %
Sales	$36.8	$33.9	$2.9	8.7%
Operating Income	$3.3	$3.5	$(0.2)	(5.4)%
Operating Income Margin	8.9%	10.2%		(130) bp
Depreciation	$0.2	$0.2	$0.0	NM

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Q2 YTD UPHOLSTERY FABRICS HIGHLIGHTS*

($ in millions)

	FY21	FY20	Change $	Change %
Sales	$65.2	$65.7	$(0.5)	(0.9)%
Operating Income	5.4	6.3	$(0.9)	(14.9)%
Operating Income Margin	8.3%	9.7%		(140) bp
Depreciation	$0.4	$0.4	$0.0	NM

*For the six month periods ending November 1, 2020, and November 1, 2019. The first six months of fiscal 2021 included 26 weeks versus 27 weeks for the first six months of fiscal 2020.

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Q2 UPHOLSTERY FABRICS KEY POINTS

- Solid growth in upholstery fabric sales for the second quarter, as residential upholstery business saw a significant increase in sales compared to prior-year period, driven primarily by the increased consumer focus on the at-home experience and overall comfort.
- Strong platform in Asia, including expanded cut and sew capabilities in Vietnam and stable, long-term supplier relationships, has allowed for quick response to meet upsurge in demand from customers and increased market share.
- Historically strong backlog in residential upholstery business reflects ongoing favorable demand trends for this business.
- Our line of highly durable, stain-resistant LiveSmart® performance fabrics and LiveSmart Evolve® performance plus sustainability fabrics continued to experience favorable demand trends. Also recently launched LiveSmart Ultra™, featuring a new anti-microbial finish as the next step in our LiveSmart performance brand evolution.
- Hospitality business remained under pressure by COVID-19 disruption that continued to affect travel and leisure industries. These lingering pressures also affected Read Window Products during the quarter. While sales for hospitality business remained relatively stable compared to first quarter, the disruption in hospitality and leisure is expected to continue to affect this business in near-term.
- Material sequential improvement in operating income as compared to first quarter of fiscal 2021, but operating income as compared to prior-year period was materially affected by unfavorable China foreign exchange rate fluctuations, as well as sales mix. These factors are expected to continue to affect operating income during third quarter.
- Encouraged by strong backlog in residential upholstery business and confident in ability to meet demand. Expect strong performance in residential upholstery business to continue, absent additional pandemic-related shutdowns or material disruption in our customers' supply chain.

FREE CASH FLOW*

($ in millions)

	Q2 FY21 YTD	Q2 FY20 YTD
Net income	-0.3	3.4
Depreciation, amortization, & stock-based compensation	4.2	4.7
Deferred taxes, other	5.0	(0.1)
Gross cash flow	8.9	7.9
Cash flow from working capital and changes in other assets/liabilities	13.8	0.3
Cash flow from operations	22.7	8.2
Capital expenditures, including payments that are vendor financed	(2.0)	(2.4)
Investment in unconsolidated joint venture	(0.1)	0.0
Other	(0.1)	(0.2)
Free cash flow	$20.5	$5.6

* See reconciliation at the back of this presentation.

ADJUSTED EBITDA

Reconciliation of Net Income to Adjusted EBITDA

	Quarter Ended February 2, 2020	Quarter Ended May 3, 2020	Quarter Ended August 2, 2020	Quarter Ended November 1, 2020	Trailing 12 Months November 1, 2020
Net (loss) income	$ (4,207)	$ (27,825)	$ (2,733)	$ 2,384	$ (32,381)
Loss before income taxes from discontinued operation	7,824	8,698	-	-	16,522
Income tax (benefit) expense from continuing operations	(973)	704	4,324	1,613	5,668
Interest income, net	(258)	(37)	(7)	(59)	(361)
Asset impairments from continuing operations	—	13,712	—	—	13,712
Restructuring credit and related charges	(35)	—	—	—	(35)
Depreciation expense - continuing operations	1,891	1,882	1,822	1,716	7,311
Amortization expense - continuing operations	102	117	118	117	454
Stock based compensation	364	(199)	126	348	639
Adjusted EBITDA	$ 4,708	$ (2,948)	$ 3,650	$ 6,119	$ 11,529
% Net Sales	6.9%	(6.2)%	5.7%	8.0%	4.5%

	Quarter Ended January 27 2019	Quarter Ended April 28, 2019	Quarter Ended August 4, 2019	Quarter Ended November 3, 2019	Trailing 12 Months November 3, 2019
Net income (loss)	$ 3,060	$ (1,511)	$ 1,174	$ 2,192	$ 4,915
Loss before income taxes from discontinued operation	313	477	621	441	1,852
Income tax expense from continuing operations	1,274	3,091	1,692	2,279	8,336
Interest income, net	(259)	(221)	(260)	(237)	(977)
Restructuring credit and related charges	340	—	(35)	—	305
Other non-recurring charges	429	500	—	—	929
Depreciation expense - continuing operations	1,934	1,933	1,810	1,893	7,570
Amortization expense - continuing operations	126	113	101	102	442
Stock based compensation	479	(243)	154	313	703
Adjusted EBITDA	$ 7,696	$ 4,139	$ 5,257	$ 6,983	$ 24,075
% Net Sales	10.5%	6.2%	7.4%	10.0%	8.6%
% Over (Under)	(38.8)%	(171.2)%	(30.6)%	(12.4)%	(52.1)%

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OPERATING WORKING CAPITAL

($ in millions)

	November 1, 2020	November 3, 2019	% Change
Accounts receivable, net	$33.0	$23.9	38.0%
Inventories, net	47.7	51.4	(7.2)%
Accounts payable	(38.2)	(26.3)	45.2%
Accounts payable – capital expenditures	(0.1)	(0.4)	(82.9)%
Operating working capital	$42.4	$48.6	(12.8)%
Percent of sales*	15.0%	17.3%	(230) bp
Days sales outstanding	38.6	30.3	27.5%
Inventory turns	5.6	4.5	24.4%
Days accounts payable outstanding**	55.7	44.0	26.6%

* 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.

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NET CASH, INVESTMENTS, AND EQUITY

($ and share amounts in millions)

	Q2 FY21	Q4 FY20	Q2 FY20
Cash and cash equivalents	$45.3	$69.8	$47.2
Short-term investments (Available for Sale)	5.0	0.9	0.0
Short-term investments (Held-to-Maturity)	5.5	4.3	0.0
Long-term investments (Held-to-Maturity)	0.8	2.1	0.0
Total cash and investments	$56.5	$77.1	$47.2
Total debt	$ 0.0	$38.4	$ 0.0
Net cash and investments	$56.5	$38.7	$47.2
Shareholders' equity attributable to Culp, Inc.	$127.3	$129.7	$161.5
Shares outstanding	12,303	12,285	12,412
Book value per share	$10.35	$10.56	$13.01

* As of the end of second quarter of fiscal 2020, cash and cash equivalents totaled $47.2 million, of which $47.0 million and $228,000 were classified as (i) cash and cash equivalents and (ii) within current assets – discontinued operation, respectively, in the accompanying Consolidated Balance Sheets.

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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 the company will realize these expectations, meet its 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 and 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. Finally, increases in market prices for petrochemical products can significantly affect the prices we pay for raw materials, and in turn, increase our operating costs and decrease our profitability. 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. 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.

ABOUT NON-GAAP FINANCIAL INFORMATION

This presentation contains adjusted income statement information, which discloses adjusted net income, adjusted earnings per share, and adjusted income tax rate information, all non-GAAP performance measures that eliminate a non-cash income tax charge in connection with the recordation of a full valuation allowance against the Company's U.S. net deferred income tax assets, as well as a non-cash income tax benefit resulting from the re-establishment of certain U.S. Federal net operating loss carryforwards in connection with the recently enacted final regulations regarding the Global Intangible Low Taxed Income ("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 this non-cash income tax charge and non-cash income tax benefit, 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, earnings per share, or income tax rate information 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 provided by (used in) operating activities, less cash capital expenditures, plus any proceeds from sale of property, plant, and equipment, less investment in unconsolidated joint venture, plus proceeds from life insurance policies (if any), less premium payments on life insurance policies (if any), less payments on vendor-financed capital expenditures, 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. 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, and additions to cash and investments. 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 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 loss before income taxes from discontinued operations, income tax expense (benefit) from continuing operations, and net interest income, as well as depreciation expense from continuing operations, amortization expense, and stock-based compensation expense. This measure also excludes asset impairment charges from continuing operations, restructuring and related charges and credits, as well as other non-recurring charges and credits associated with our business. 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.

Q2 YTD RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

CULP, INC.
RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS
FOR THE SIX MONTHS ENDED NOVEMBER 1, 2020, AND NOVEMBER 3, 2019

	SIX MONTHS ENDED (UNAUDITED)					
	As Reported November 1, 2020	Adjustments	November 1, Adjusted Results	**As Reported November 3, 2019**	Adjustments	November 3, Adjusted Results
Income before income taxes from continuing operations	$ **5,421**	—	5,421	$ **8,010**	—	8,010
Income tax expense (1) (2)	**(5,937)**	4,099	(1,838)	**(3,971)**	1,017	(2,954)
Income (loss) from investment in unconsolidated joint venture	**167**	—	167	**(3)**	—	(3)
Net (loss) income from continuing operations	$ **(349)**	4,099	3,750	$ **4,036**	1,017	5,053
Net (loss) income from continuing operations per share - basic	$ **(0.03)**		$ 0.31	$ **0.33**		$ 0.41
Net (loss) income from continuing operations per share - diluted	$ **(0.03)**		$ 0.30	$ **0.33**		$ 0.41
Average shares outstanding-basic	**12,293**		12,293	**12,403**		12,403
Average shares outstanding-diluted	**12,293**		12,305	**12,413**		12,413

Notes

(1) The $4.1 million adjustment represents a $7.6 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 $3.5 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 our first quarter regarding Global Intangible Low Taxed Income ("GILTI") tax provisions of the Tax Cuts and Jobs Act of 2017.

(2) The $1.0 million adjustment represents our estimated GILTI tax incurred through our second quarter of fiscal 2020.

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RECONCILIATION OF FREE CASH FLOW

RECONCILIATION OF FREE CASH FLOW
FOR THE SIX MONTHS ENDED NOVEMBER 1, 2020, AND NOVEMBER 3, 2019
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	FY 2021	FY 2020
A) Net cash provided by operating activities	$ 22,703	8,247
B) Minus: Capital Expenditures	(2,041)	(2,410)
C) Plus: Proceeds from the sale of equipment	12	363
D) Minus: Investment in unconsolidated joint venture	(90)	—
E) Plus: Proceeds from the sale of long-term investments (Rabbi Trust)	77	—
F) Minus: Purchase of long-term investments (Rabbi Trust)	(257)	(479)
G) Effects of exchange rate changes on cash and cash equivalents	95	(91)
Free Cash Flow	$ 20,499	5,630

* As of November 3, 2019, cash and cash equivalents totaled $47.2 million, of which $47.0 million and $228,000 were classified as (i) cash and cash equivalents and (ii) within current assets - discontinued operation, respectively, in the accompanying Consolidated Balance Sheets.