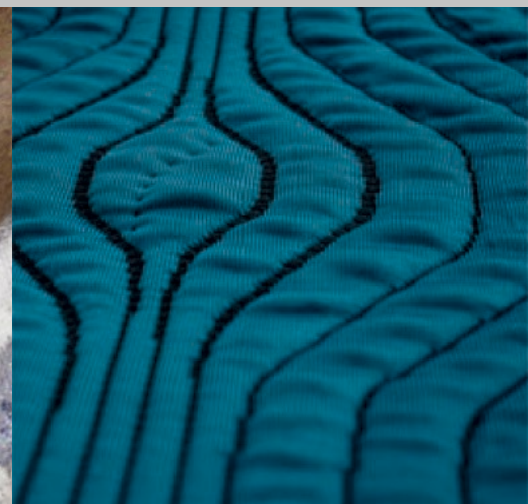




CULP

Investor Presentation

March 2023



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, projections, targets, or trends for our future operations, strategic initiatives, production levels, new product launches, sales, profit margins, profitability, operating income, capital expenditures, working capital levels, cost savings, 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 dividends, share repurchases, liquidity, use of cash and cash requirements, borrowing capacity, investments, 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, 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. 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. 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 and financial results.

The Culp Story – Repositioning for Renewed Growth

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a strong
foundation



2

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our Mattress Fabrics
segment

3

Accelerating
execution in our
Upholstery segment

4

Maintaining
disciplined capital
allocation

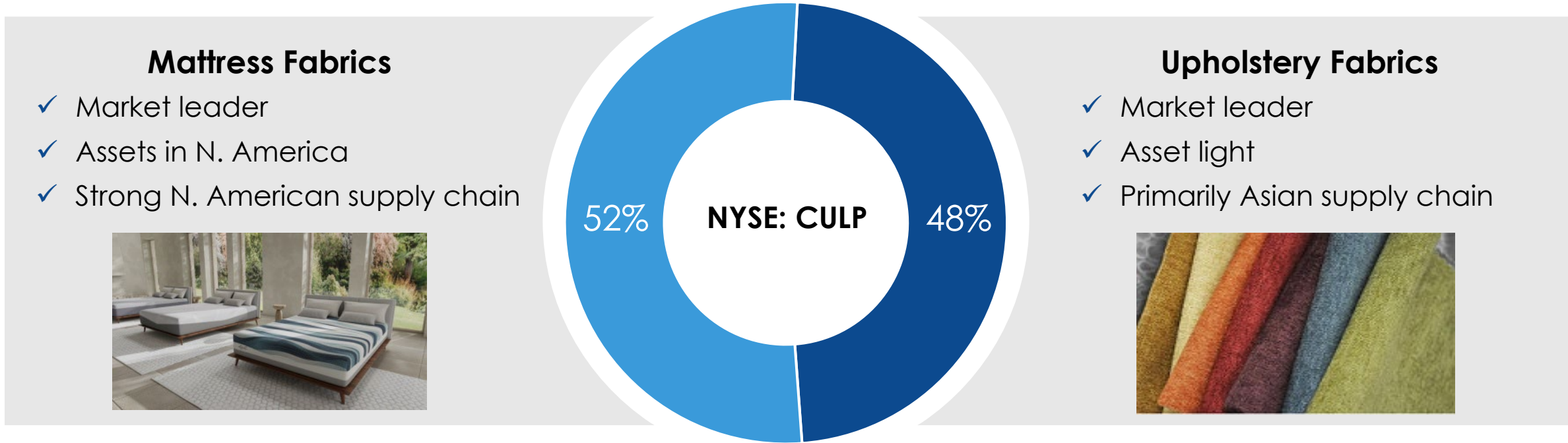
5

Clear road map
to renewed
growth



Culp Today – Two Market Leading Businesses

Revenue Breakdown FY 2022



Mattress Fabrics

- ✓ Market leader
- ✓ Assets in N. America
- ✓ Strong N. American supply chain



Upholstery Fabrics

- ✓ Market leader
- ✓ Asset light
- ✓ Primarily Asian supply chain



Manufacturing + Sourcing

- US, Canada, Haiti, China, Vietnam, Turkey

Key Metrics

- Market cap: \$64.9M¹
- Employees: ~1,400¹

Understanding the Current Macro Situation – Moving Towards a “Normal” Market Environment

Pre-Covid

- Favorable long term growth dynamics in both segments



Covid Impact

- Accelerated demand for home products



Current Post-Covid Situation

- Slow demand – result of Covid “pull forward” & inflation
- Supply chain cost pressures / elevated inventories



Return to Normal Market

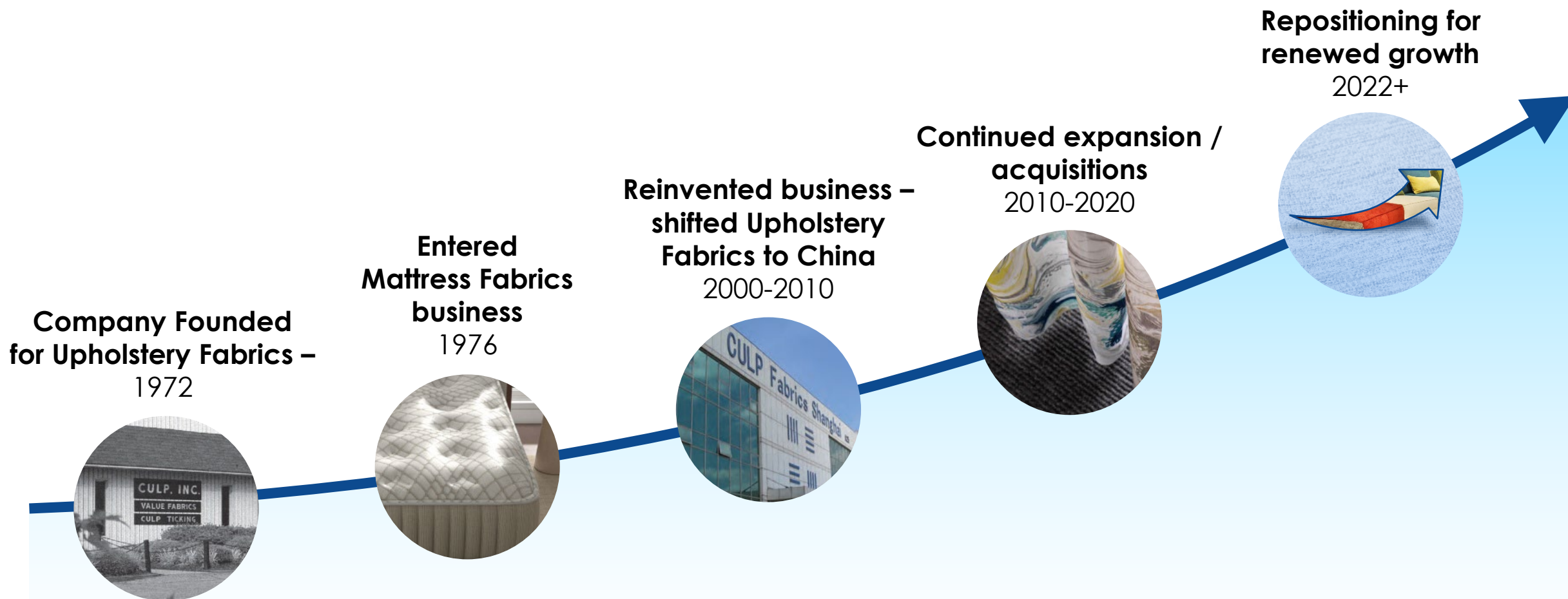
- Return to long-term growth trend
 - Timing unclear – expect next 12-24 months



Why We are Confident in the Long-Term Future of Culp



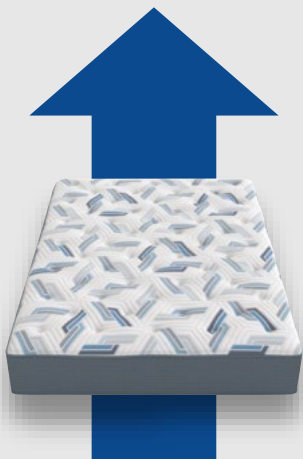
Culp – Record of Adapting Well to Changing Business Conditions and Customer Preferences



Positioned in Healthy Growing Markets

Pre-Covid: Solid Long Term Growth in Both Segments

~5%
CAGR¹



Domestic Mattress
Wholesale Dollar Sales
2001-2021

~2%
CAGR²



Furniture
Store Sales
2001-2021

Ongoing Mattress Replacements

10-13%
of population replaces
mattresses each year³



Pent-Up Demand for Household Formations

25%
of Millennials live
with parents⁴



1 in 8 moved back in last year⁴

1. Raymond James, ISPA, US ITC - See Appendix for details

2. Statista 2023 - See Appendix for details

3. Based on management estimates and ISPA 2022 research

4. <https://www.propertymanagement.com/high-rent-and-job-losses-forced-1-in-8-millennials-to-move-back-in-with-their-parents-this-year/>

Our Powerful Innovation Engine – A Key Differentiator Driving Market Share Gains



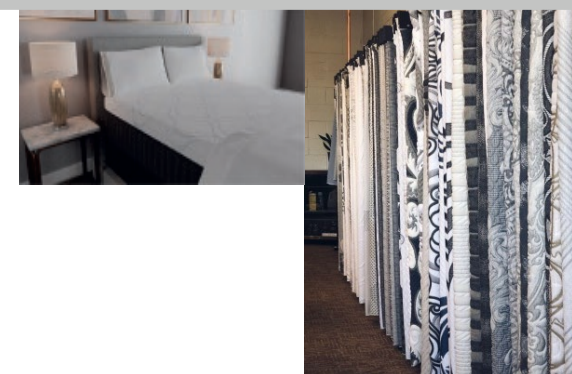
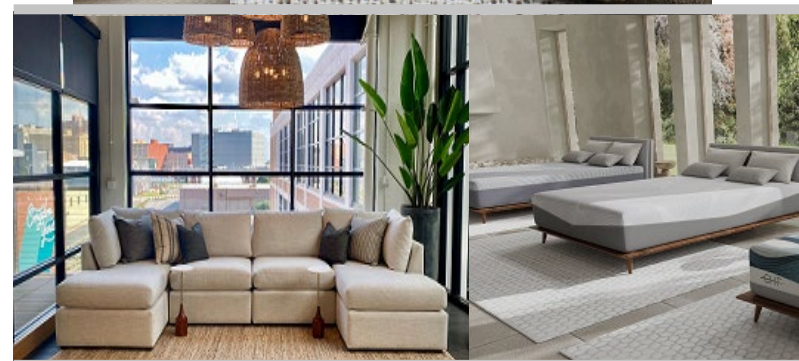
Culp – THE Industry Innovator

Upholstery Fabrics Segment

- **FIRST** to introduce suede upholstery fabrics to commercial residential market, followed by faux leather looks;
- **FIRST** with stain-resistant performance fabrics at mid-market price points, including iClean® and LiveSmart® brands
- **FIRST** to introduce performance + sustainability line of upholstery fabrics with LiveSmart Evolve® line
- **FIRST** to introduce Nanobionic® wellness-focused fabric for residential home furnishings industry

Mattress Segment

- **FIRST** to adopt on-shore, near-shore, and off-shore strategy to best support mattress cover customers
- **FIRST** to introduce LiveFurnish 3-D visual rendering technology to showcase mattress fabric designs while also reducing sampling costs, enhancing customization, allowing faster to market
- **FIRST** / early innovator with cooling + sustainability-focused mattress fabrics



Case Study: Culp Delivers Innovative Performance Fabrics

Situation

Consumer Preference

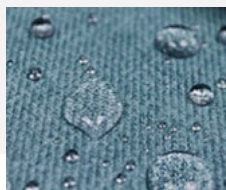
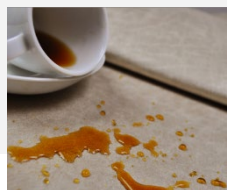
- Desire for cleanable fabric to withstand everyday living; additional desire for environmentally-friendly products

Challenge

- Create child-friendly, pet-friendly, and stain resistant product at affordable pricing; enhance offering with sustainable fabric

Culp Solution

- Developed superior, easy-to-clean performance product at price points accessible to mass market
- Added sustainable option for products made using recycled water bottles



Results

\$185M

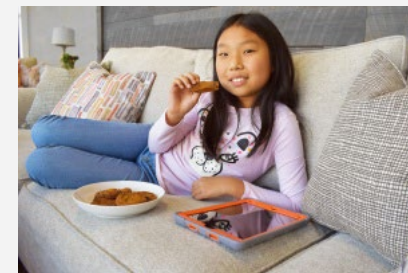
sales to residential customers since 2016

~40%

of upholstery fabrics sales today come from our portfolio of LiveSmart® and iClean® performance brands

>100M

plastic water bottles diverted from landfills since 2019

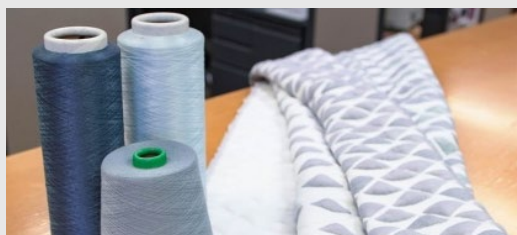


Strong Balance Sheet and Cash Flow

Strong Balance Sheet

Cash/
Investments **\$16.7M¹**

Debt **Zero¹**

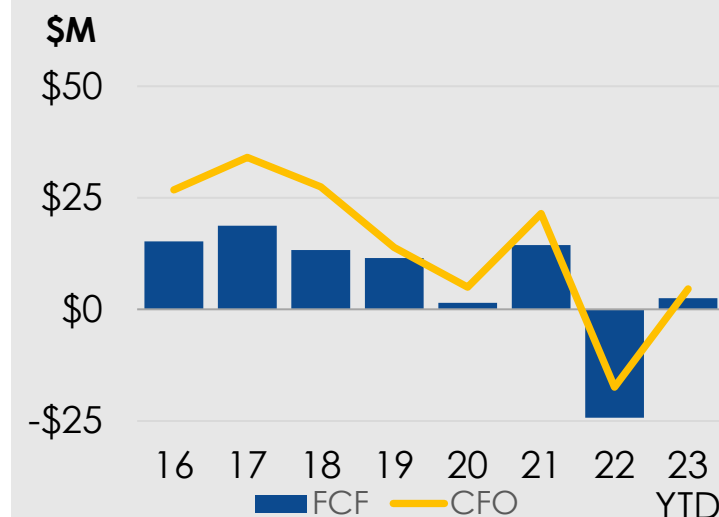


Cash Returned to Shareholders² (Since June 2011)

\$79.5M

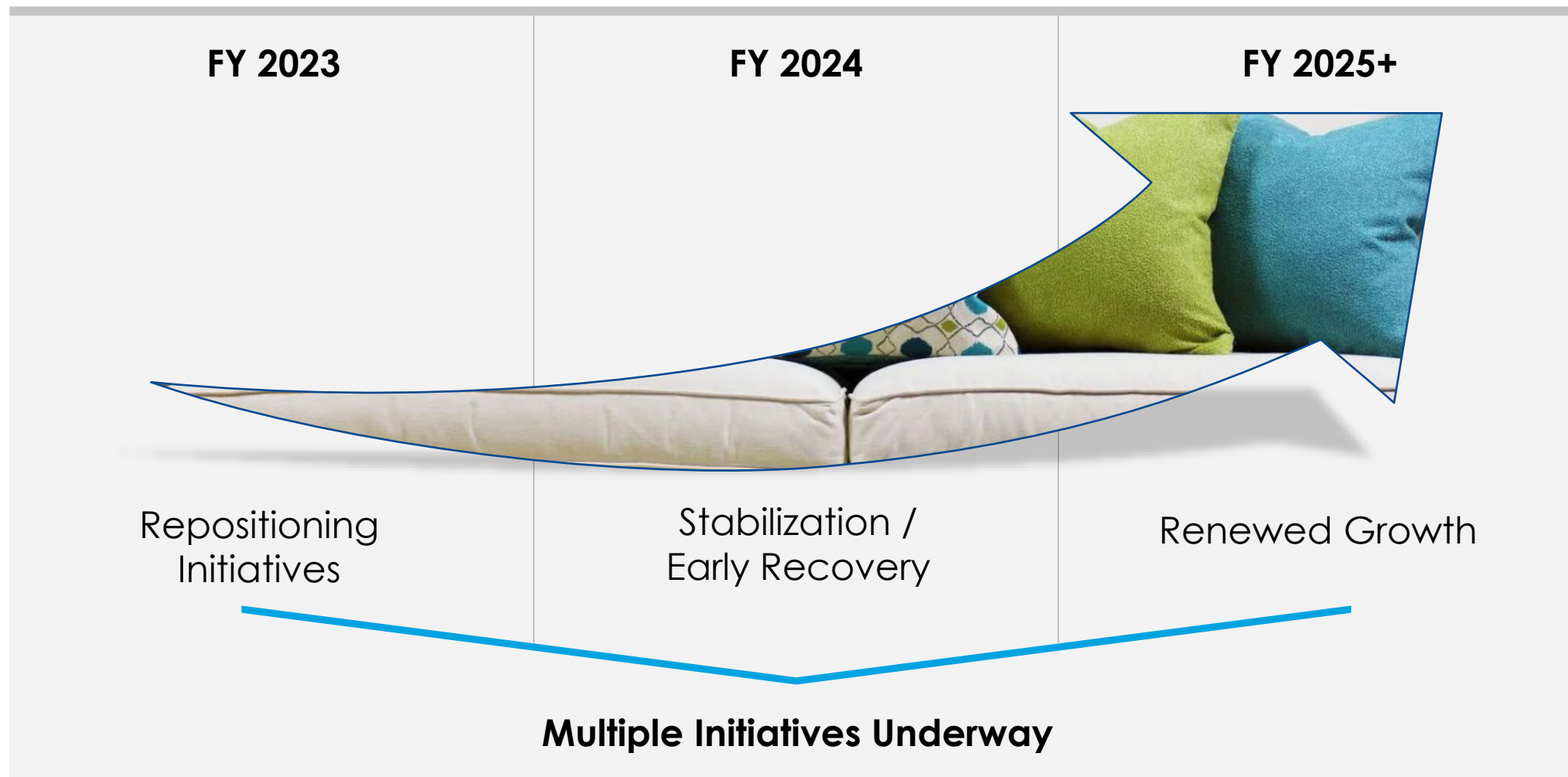


Cash Flow from Operations and Free Cash Flow³ (FY 2016 – FY 2023 YTD)



1. As of the end of the third quarter of fiscal 2023
 2. Includes regular quarterly dividends, special dividends, and share repurchases
 3. See reconciliation table in the appendix at the back of this presentation

Multiple Initiatives Underway to Emerge Stronger when Markets Normalize



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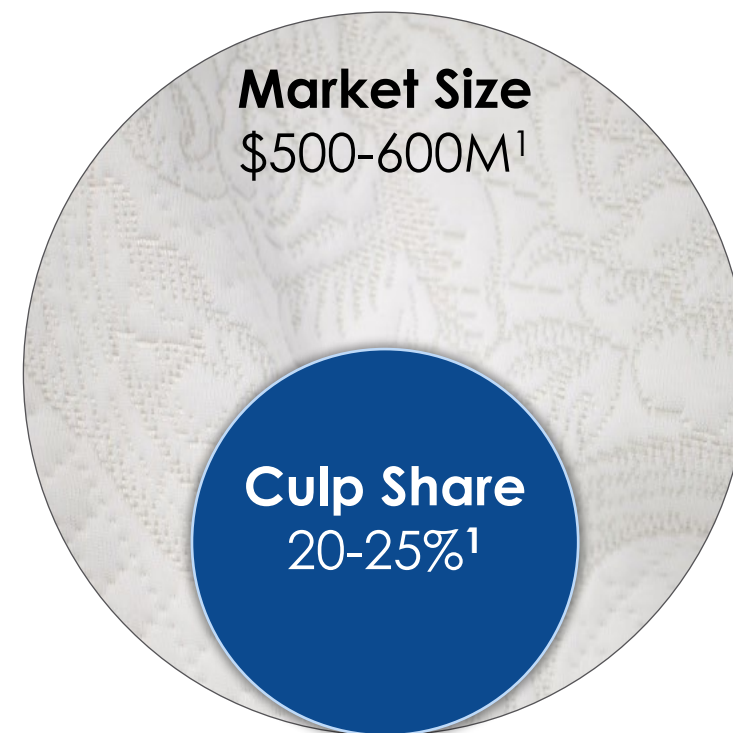
Mattresses: Leading Market Share in a Consolidated Industry

Strengths

- One of largest producer of mattress fabrics in N. America
- Global manufacturing and sourcing
 - U.S., Canada, Asia, Haiti, Turkey
- Innovative design capitalizing on:
 - Sleep trends
 - Cooling
 - Sustainability




Leading Share in Large Market




Culp Top 2 player¹


Leading Products for Well-Known Brands


Leading Products



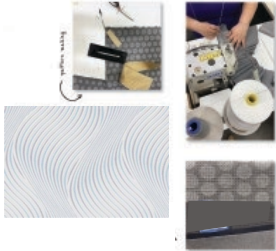
DESIGN SERVICES










FABRIC FORMATION








CUT + SEW FINISHED GOODS





Well-Known Customers













The New Mattress Segment We Are Building



Key Initiatives Underway to Transform the Mattress Segment

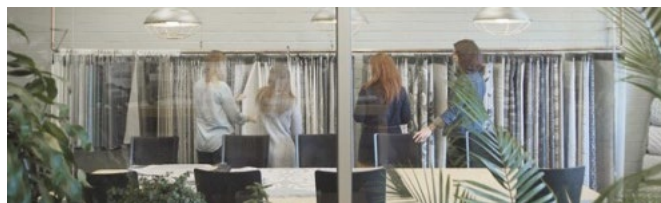
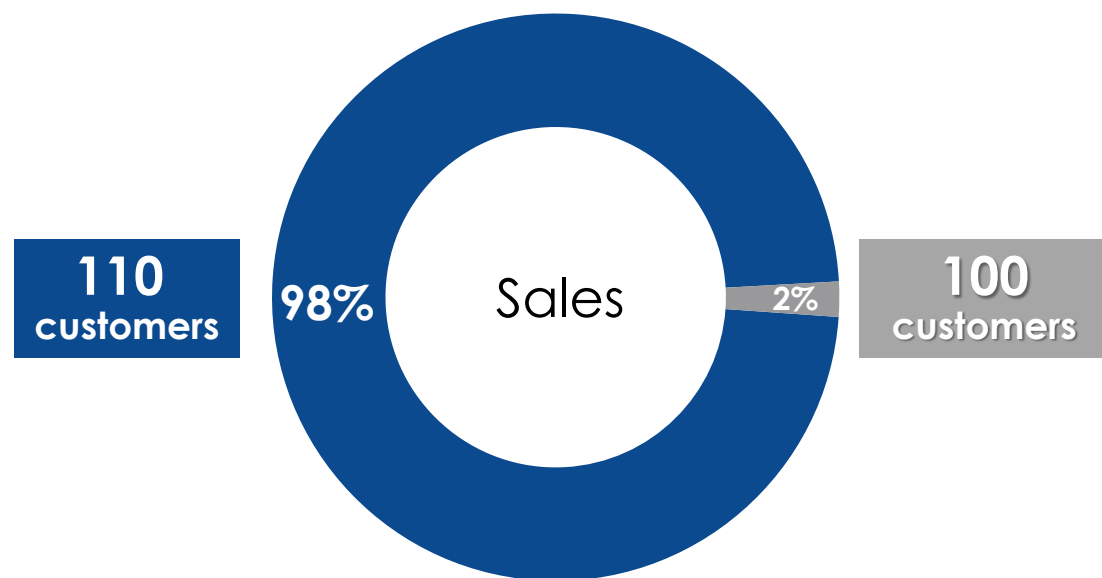
- ✓ Restructured leadership team
- ✓ Drive operating efficiencies
 - reposition U.S. Cut & Sew → ~\$2.0M savings
 - renewed focus on production scheduling and quality management
- ✓ New commercial approach including
 - customer, product, and design segmentation
 - focused selling strategy and sku rationalization
 - establishment of open line
- ✓ Executing operational plan including
 - restructured operations team
 - drive continuous improvement for quality and operations processes
 - invest in high ROI, quick payback projects to drive cost savings

Transforming the Mattress Segment

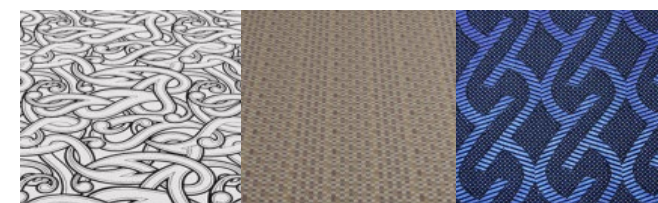
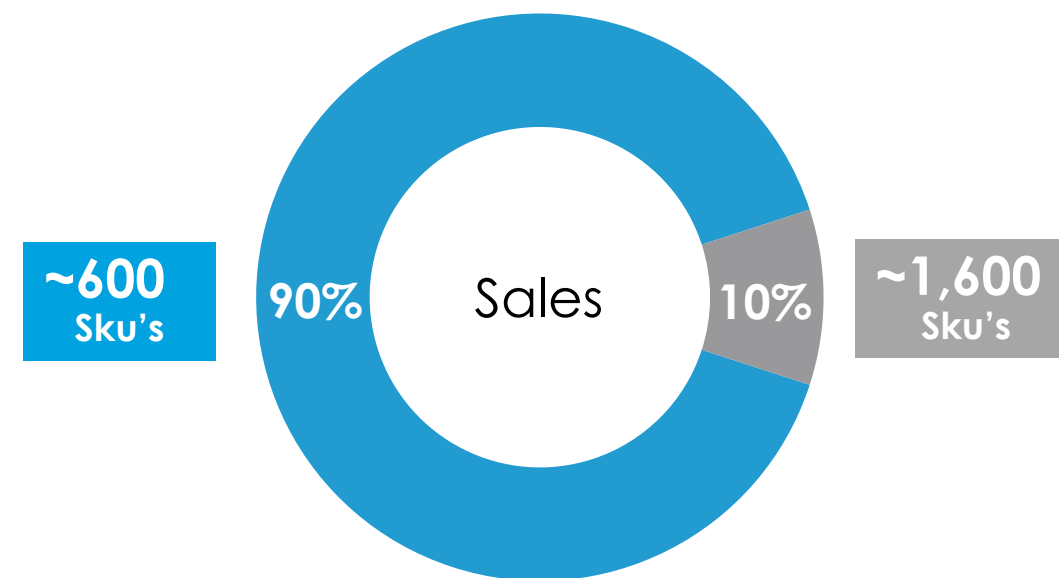


Targeting Top 90%+ Customers and SKUs – That Drive the Business

Sales by Customers*

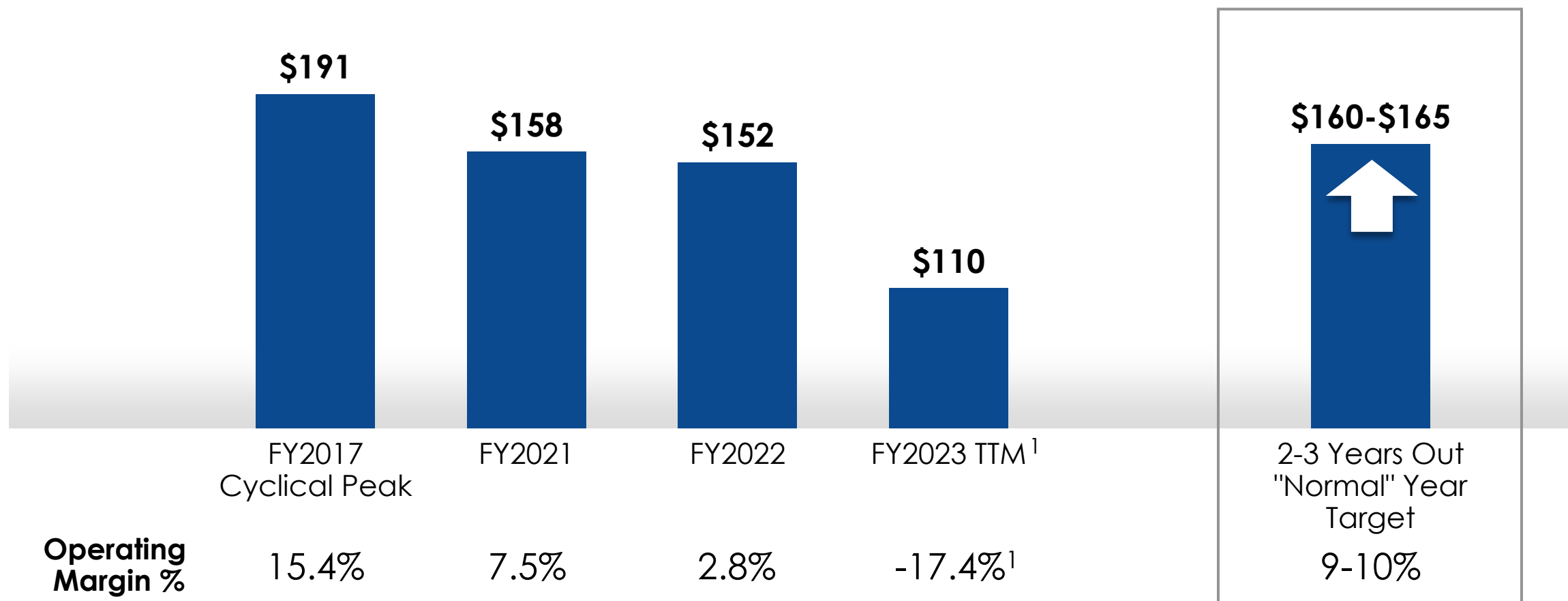


Sales by Products



Mattress Segment: We Expect Strong Recovery as Market “Normalizes”

Sales (\$M) and Margin



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Upholstery Fabrics: Market Leader

Strengths

- Leading position in fragmented market
- Asset light – flexible global platform
- Innovative performance products



Leading Share



Culp Top 5 player¹

Innovative Products for Top Customers

Innovative Products



Focused on higher margin / growth segments

- performance products ~40% of total
- hospitality target at ~25% of total

Top Customers



Key Initiatives Underway to Improve Performance of Upholstery Fabrics Segment

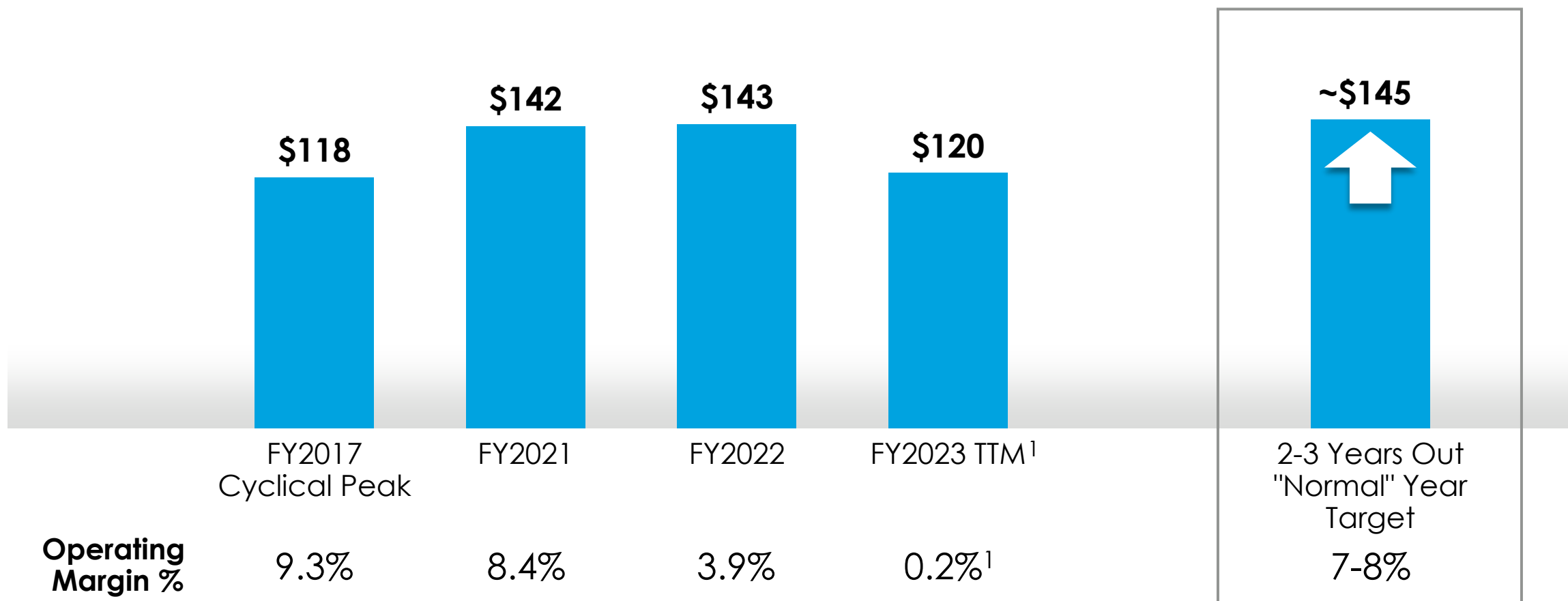
- ✓ Drive operating efficiencies
 - China Cut & Sew platform restructuring → ~\$900k savings
 - restructuring Haiti operations → ~\$1M savings
- ✓ Grow innovative products
 - LiveSmart® performance brand
 - LiveSmart Evolve®, performance plus recycled fibers
 - Nanobionic® wellness-focused technology
- ✓ Grow Hospitality segment
 - Targeting 25% of normalized sales, higher margin

**Accelerating
Segment
Performance**



Upholstery Fabrics Segment: Expect Improved Results

Sales (\$M) and Margin



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Consistent Capital Allocation Priorities

1 Maintain Strong Balance Sheet

- Minimal or no debt
- Prudentially suspended dividend June, 2022



2 Invest for Growth

- Invest in working capital, cap ex¹, organic growth
- Selective, non-capital intensive acquisitions



3 Return Capital to Shareholders – with excess cash

- Share repurchases: since 2012 repurchased ~12% of outstanding shares
- Regular and special dividends as appropriate



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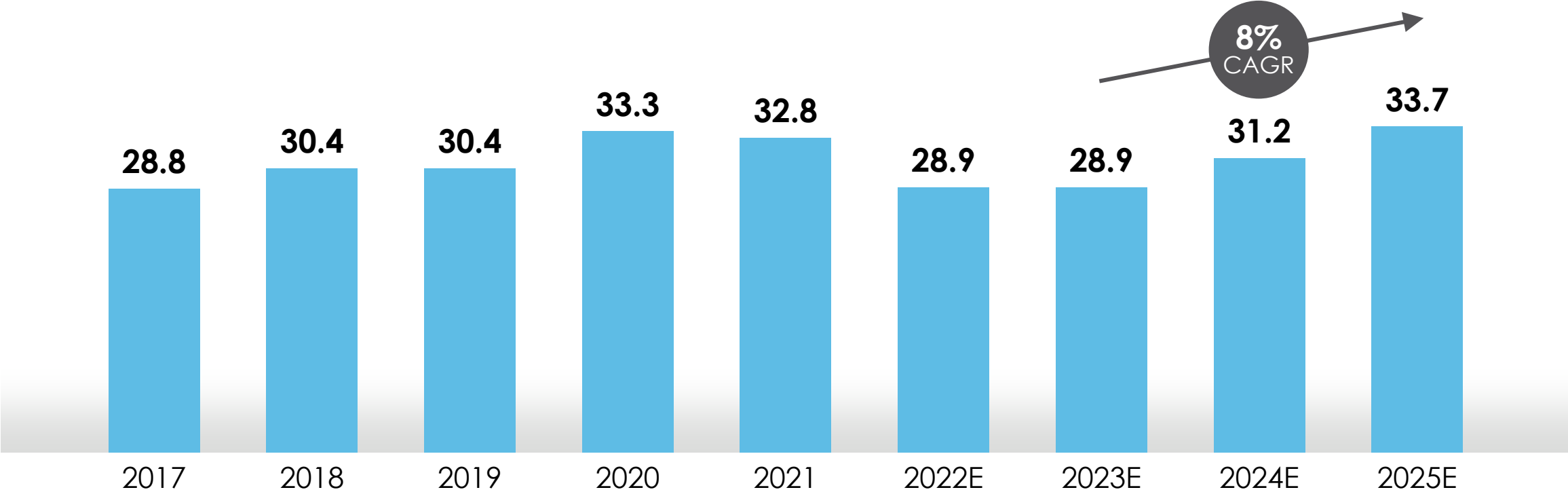
Expect Improved Outlook FY'24 and Beyond

Potential Tailwinds

- 
- ✓ Improved macro environment
 - ✓ New products, normalized margins
 - ✓ Impact of quality / efficiency improvements
 - ✓ Lower raw material costs (60-70% of total costs)

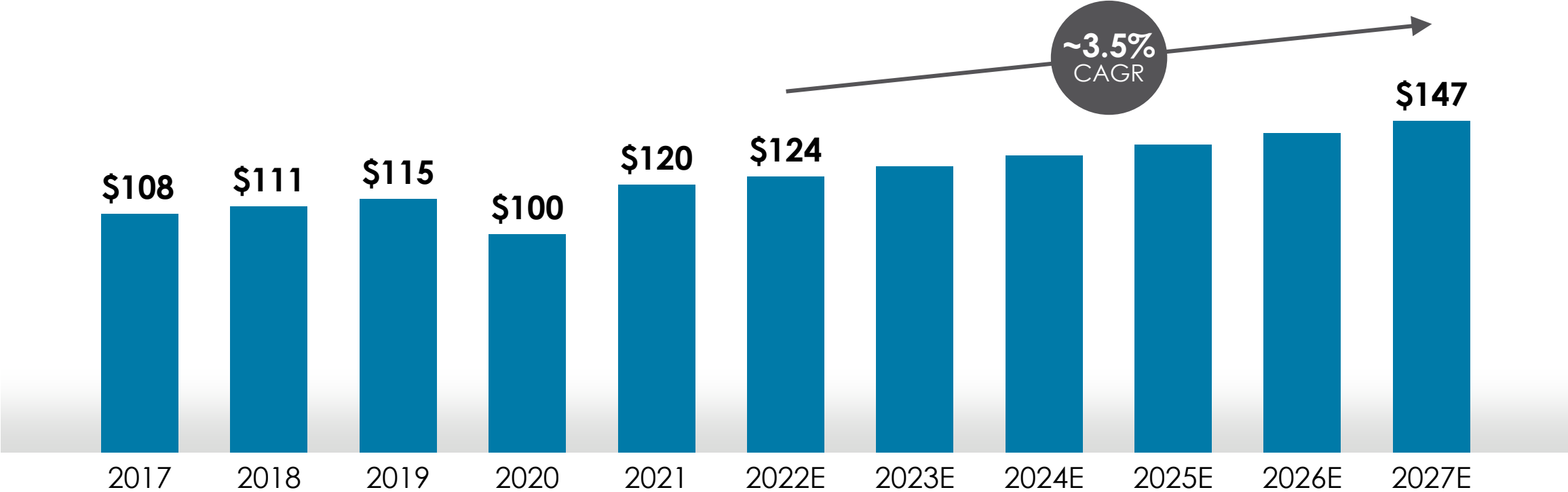
Mattress Volumes Expected to Grow in 2024 and Beyond

Mattress Units – Domestic Shipments (Millions)



Furniture and Bedding Sales Also Expected to Resume Growth

Furniture and Bedding Sales (\$B)
(Domestic and Imported)

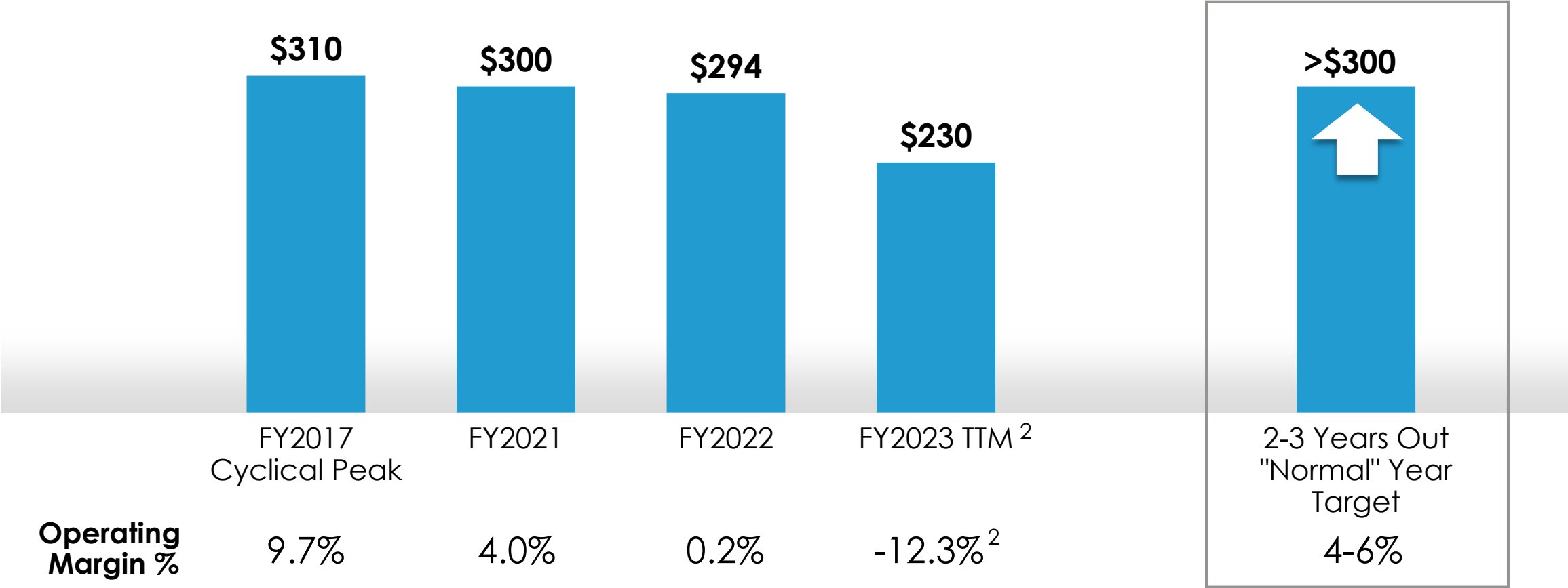


Targeted Timeline to Renewed Growth



Culp Target Outlook: Solid Recovery as Market Returns to “Normalized” Growth

Sales (\$M) and Margin¹



1. Margin percentages include unallocated corporate expense
2. For the trailing twelve-month period ending as of the end of the third quarter of fiscal 2023

How We Will Measure Progress Going Forward in FY24

Our targets and plans include:

- Meaningful consolidated sales growth, with stronger improvements in Mattress Fabrics
- Return to consolidated profitability, strengthening throughout the year
- Upholstery Fabrics consistently profitable with slow build throughout year
- Mattress Fabrics breakeven by mid part of FY24 to small profitability during back half
- Stable cash position with investment in working capital to support growth



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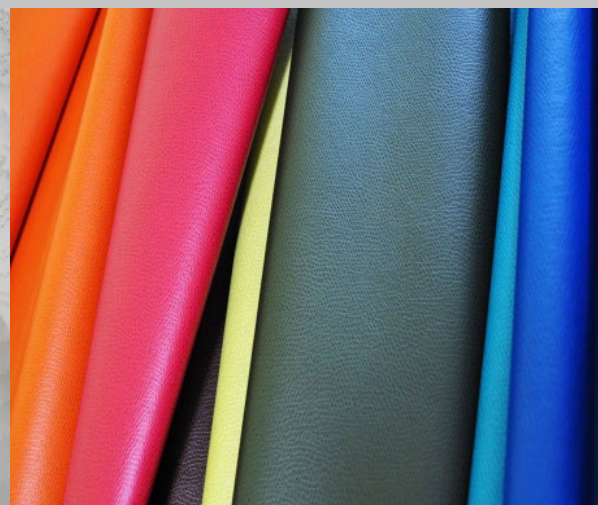
Clear road map
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growth





CULP

Appendix



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 (continued)

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, 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)

Robert G. Culp, IV

- Mr. Culp is the President and Chief Executive Officer of Culp, Inc. (since 2020). He has been employed with Culp since 1998. He was named President of Culp Home Fashions in 1994 and Chief Operating Officer in 2019.
- Director since 2020

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.
- Director since 2019
- Member of Compensation Committee; CG&N Committee (Chair); and Audit Committee

Board of Directors (continued)

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; Audit Committee; and Executive 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

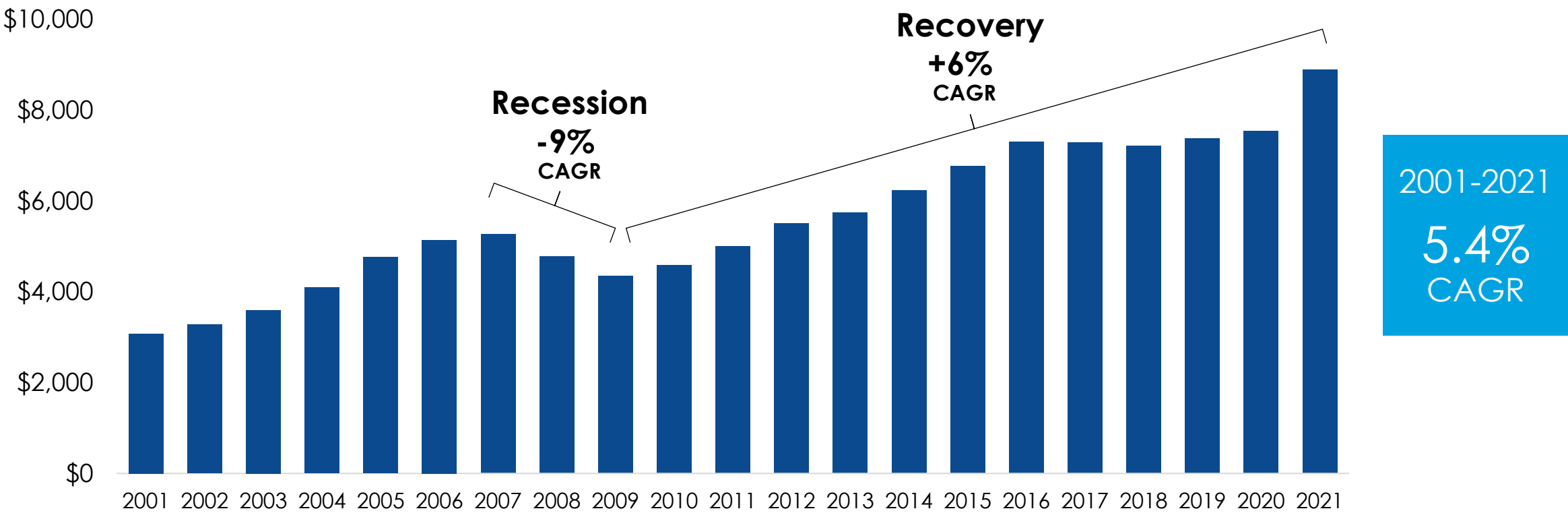
Franklin N. Saxon (Chairman of the Board)

- Mr. Saxon was employed by Culp, Inc. from 1983 to 2022, serving in various senior management capacities, including Chief Executive Officer and Chief Financial Officer, President of Culp Velvets/prints division, and Chief Operating Officer. He served as President and Chief Executive Officer from 2007 through 2019 and as Executive Chairman from 2020 to 2022.

- Director since 1987

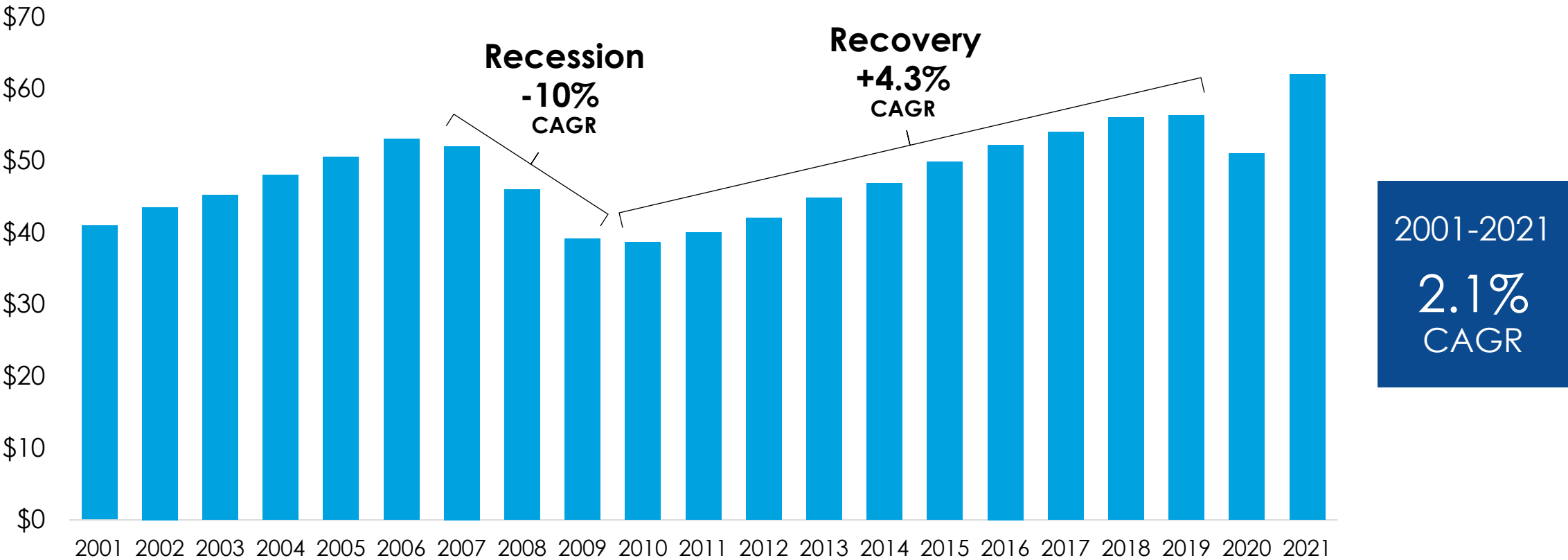
Mattress Sales – Solid Long-Term Growth Trend

Domestic Wholesale Mattress Dollar Sales
(\$Millions)



Home Furnishing Sales – Solid Long-Term Growth Trend

Annual U.S. Home Furnishing Retail Sales 2001-2021
(\$ Billions)



Reconciliation of Free Cash Flow

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>YTD FY2023</u>
Net cash (used in) provided by operating activities	\$26,795	\$32,981	\$27,473	\$13,873	\$4,970	\$21,478	(\$17,441)	4,583
Minus: Capital Expenditures	(11,475)	(11,858)	(8,005)	(3,261)	(4,585)	(6,664)	(5,695)	(1,602)
Plus: Proceeds from the sale of property, plant and equipment	233	141	6	1,894	672	12	-	465
Plus: Proceeds from long-term note receivable associated with discontinued operation	-	-	-	-	1,523	-	-	-
Minus: Investment in unconsolidated joint venture	-	(1,129)	(661)	(120)	(220)	(90)	-	-
Plus: Proceeds from life insurance policy	-	-	-	394	-	-	-	-
Minus: Payments on vendor-financed capital expenditures	-	(1,050)	(3,750)	(1,412)	-	-	-	-
Plus: Proceeds from the sale of long-term investments (Rabbi Trust)	-	-	57	1,233	-	157	56	70
Minus: Purchase of long-term investments (Rabbi Trust)	(1,649)	(1,351)	(1,902)	(1,011)	(788)	(619)	(1,088)	(870)
Minus: Premium payment on life insurance policy	(18)	(18)	(18)	-	-	-	-	-
Excess tax benefit related to stock options exercised	841	657	-	-	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	498	(56)	85	(93)	(119)	131	(91)	(149)
Free Cash Flow	\$15,225	\$18,317	\$13,285	\$11,497	\$1,453	\$14,405	(\$24,259)	\$2,497

ABOUT NON-GAAP FINANCIAL INFORMATION

This document 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, plus proceeds from long-term note receivable associated with discontinued operation, less investment in unconsolidated joint venture, plus proceeds from life insurance policies, less premium payments on life insurance policies, 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, plus the excess tax benefit related to stock options exercised, 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 this report. 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.