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CULP, INC.

NYSE: CULP

Third Quarter Fiscal 2022

Summary Financial Information

March 2, 2022

THIRD QUARTER FISCAL 2022 FINANCIAL SUMMARY

- Net sales were $80.3 million, up 1.2 percent over the prior-year period, with mattress fabrics sales down 0.4 percent and upholstery fabrics sales up 2.7 percent compared with the third quarter of last year.
- Income from operations (operating income) was near expectations at $1.1 million, as compared with income from operations of $4.0 million for the prior-year period.
- Net loss was $(289,000), or $(0.02) per diluted share, compared with net income of $2.1 million, or $0.17 per diluted share, for the prior-year period. Net loss and earnings per diluted share for the third quarter of fiscal 2022 were significantly impacted by an abnormally high tax rate due to the company's mix of income between the U.S. and its foreign jurisdictions for the quarter.
- The company's financial position reflected total cash and investments of $22.2 million and no outstanding borrowings as of the end of the third quarter. (See summary of cash and investments table at back of presentation.)
- The company announced a quarterly cash dividend of 11.5 cents per share, payable in April 2022. At an annual indicated dividend of 46 cents per share, the yield is 5.67 percent, based upon the March 1, 2022, closing stock price of $8.11 per share.
- Through the first nine months of fiscal 2022, the company has returned $5.9 million to shareholders through quarterly dividends and share repurchases.

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THIRD QUARTER 2022 HIGHLIGHTS

($ in millions)

GAAP	Q3 FY22	Q3 FY21	Change	
			$	%
Sales	$80.3	$79.3	$1.0	1.2%
Operating income	$1.1	$4.0	$(2.9)	(72.7)%
Operating income margin	1.4%	5.1%		(370) bp
Pre-tax income	$1.0	$3.1	$(2.1)	(68.1)%
Pre-tax margin	1.2%	3.9%		(270) bp
Net income	$(0.3)	$2.1	$(2.4)	(113.9)%
EPS per diluted share	$(0.02)	$0.17	$(0.19)	(114.0)%

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THIRD QUARTER YTD 2022 HIGHLIGHTS

($ in millions)

GAAP	FY22 YTD	FY21 YTD	Change $	Change %
Sales	$237.9	$220.7	$17.2	7.8%
Operating income	$6.1	$10.4	($4.3)	(41.9)%
Operating income margin	2.5%	4.7%		(220) bp
Pre-tax income	$5.4	$8.5	$(3.1)	(36.2)%
Pre-tax margin	2.3%	3.9%		(160) bp
Net income (loss)	$2.8	$1.7*	$1.1	62.3%
EPS per diluted share	$0.23	$0.14*	$0.09	62.9%

* Refer also to the Reconciliation of Selected Income Statement Information to Adjusted Results for the nine-month period ending January 31, 2021, at the back of this presentation.

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Q3 SALES & OPERATING INCOME BRIDGES

($ in millions)

Sales	Change $	%
Q3 2021	$79.3	
Mattress fabrics decrease	(0.2)	(0.4)%
Upholstery fabrics increase	1.2	2.7%
Q3 2022	$80.3	1.2%

Operating Income	Change $	%
Q3 2021	$4.0	
Mattress fabrics decrease	(2.9)	(89.0)%
Upholstery fabrics decrease	(1.4)	(36.7)%
Unallocated corporate expense decrease	1.4	(45.3)%
Q3 2022	$1.1	(72.7)%

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Q3 YTD SALES & OPERATING INCOME BRIDGES

($ in millions)

Sales	Change $	Change %
Q3 YTD 2021	$220.7	
Mattress fabrics increase	7.6	6.7%
Upholstery fabrics increase	9.6	9.1%
Q3 YTD 2022	$237.9	7.8%

Operating Income	Change $	Change %
Q3 YTD 2021	$10.4	
Mattress fabrics decrease	(2.4)	(25.3)%
Upholstery fabrics decrease	(3.5)	(38.0)%
Unallocated corporate expense decrease	1.6	(18.6)%
Q3 YTD 2022	$6.1	(41.9)%

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Q3 MATTRESS FABRICS HIGHLIGHTS

($ in millions)

	Q3 FY22	Q3 FY21	Change $	Change %
Sales	$38.4	$38.6	$(0.2)	(0.4)%
Operating Income	0.4	3.3	$(2.9)	(89.0)%
Operating Income Margin	0.9%	8.5%		(760) bp
Depreciation	$1.5	$1.4	$0.1	6.6%

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Q3 YTD MATTRESS FABRICS HIGHLIGHTS

($ in millions)

	FY22	FY21	Change $	Change %
Sales	$122.4	$114.7	$7.7	6.7%
Operating Income	7.1	9.5	$(2.4)	(25.3)%
Operating Income Margin	5.8%	8.3%		(250) bp
Depreciation	$4.6	$4.6	$0.0	0.7%

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Q3 MATTRESS FABRICS KEY POINTS

- Sales were relatively stable compared with the prior-year period; included pricing and surcharge actions that were in effect during the quarter.
- Sales were tempered by lower demand for mattress covers due to high customer inventory levels; delayed customer product rollouts; traditional holiday slowdowns; and the impact of the Omicron variant and inflationary pressures on consumer spending.
- Maintained focus on product innovation, creative designs, and personalized customer attention; leveraged resilient manufacturing and sourcing platform.
- Favorable showing at recent Las Vegas market received positive customer response.
- On-shore, near-shore, and off-shore supply chain strategy and fabric-to-cover model remains preferred platform for sewn mattress cover customers.
- Operating performance pressured by unfavorable product mix impacting efficiencies at U.S. and Canadian locations; higher freight, raw material, and labor costs; ongoing labor challenges; and normal holiday shutdowns.
- Selective pricing action taken in third quarter, with additional targeted price increases being taken in fourth quarter to help mitigate rising costs.
- Committed to controlling costs, managing and reducing inventories, retaining talent, and improving operating efficiencies.
- Enthusiastic about strong new placements and product development opportunities for fiscal 2023. Business well positioned to sustain its competitive advantage and extend market reach as external conditions improve.

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Q3 UPHOLSTERY FABRICS HIGHLIGHTS

($ in millions)

	Q2 FY22	Q2 FY22	Change	
			$	%
Sales	$41.9	$38.6	$3.3	2.7%
Operating Income	$2.4	$3.9	$(1.4)	(36.7)%
Operating Income Margin	5.8%	9.5%		(370) bp
Depreciation	$0.2	$0.2	$0.0	(12.8)%

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Q3 YTD UPHOLSTERY FABRICS HIGHLIGHTS

($ in millions)

	FY22	FY21	Change $	Change %
Sales	$115.5	$105.9	$9.6	9.1%
Operating Income	5.7	9.3	$(3.6)	(38.0)%
Operating Income Margin	5.0%	8.7%		(370) bp
Depreciation	$0.6	$0.6	$0.0	(5.4)%

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Q3 UPHOLSTERY FABRICS KEY POINTS

- Sales were higher than expected, driven by solid demand and supplemented by pricing and surcharge actions in effect during the quarter. Benefitted from product innovation strategy and continued popularity of LiveSmart® performance products.
- Encouraged by continued recovery in hospitality business, with higher sales in both hospitality/contract and Read Window Products business.
- Commenced production at new facility in Haiti during the third quarter. Ramp up has been slower than expected, but production expected to increase in upcoming months.
- Operating performance pressured by higher freight and raw material costs, start-up costs for new Haiti facility, unfavorable currency fluctuations in China, and a lower contribution from Read Window Products.
- Implemented additional pricing action during third quarter to help offset rise in operating costs; expect to benefit more fully from this action during fourth quarter.
- Expect near-term challenges, including inflationary conditions, labor availability in U.S. operations, and customer supply chain constraints, to continue. Also expect slowdown in new business for residential home furnishings industry, as compared to peak from post-COVID stay-at-home surge.
- Sales and operating performance for the fourth quarter, as compared sequentially to the third quarter, will be affected by the timing of Chinese New Year holiday.
- Demand trends are still favorable. Business is well positioned for long term with product-driven strategy and innovative product lines, supported by flexible Asian platform, stable supply chain partners, and expanded Haiti capacity.

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FREE CASH FLOW*

($ in millions)

	Q3 FY22 YTD	Q3 FY21 YTD
Net income	2.8	1.7
Depreciation, amortization, & stock-based compensation	6.5	6.3
Deferred taxes, other	0.5	5.4
Gross cash flow	9.8	13.5
Cash flow from working capital and changes in other assets/liabilities	(22.1)	8.2
Cash flow from operations	(12.4)	21.7
Capital expenditures, including payments that are vendor financed	(5.3)	(4.3)
Investment in unconsolidated joint venture	(0.0)	(0.1)
Other	(0.8)	(0.2)
Free cash flow	$(18.5)	$17.1

* See reconciliation at the back of this presentation.

RETURN ON CAPITAL*

($ in millions)

	January 30, 2022	January 31, 2021
Return on capital:		
Mattress fabrics	12.2%	9.8%
Upholstery fabrics	48.4%	53.3%
Unallocated corporate	N/A	N/A
Consolidated	8.0%	6.6%
Ending Capital Employed:		
Mattress fabrics	$86.4	$ 69.9
Upholstery fabrics	$22.1	$ 15.2
Unallocated corporate	$3.9	$ 0.8
Consolidated	$112.4	$ 85.8

* See reconciliation at the back of this presentation.

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ADJUSTED EBITDA

CULP, INC.
CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA
FOR THE TWELVE MONTHS ENDED JANUARY 30, 2022, AND JANUARY 31, 2021
Unaudited
(Amounts in Thousands)

	Quarter Ended May 2, 2021	Quarter Ended August 1, 2021	Quarter Ended October 31, 2021	Quarter Ended January 30, 2022	Trailing 12 Months January 30, 2022
Net income (loss)	$ 1,485	$ 2,250	$ 851	$ (289)	$ 4,297
Income tax expense	857	905	444	1,284	3,490
Interest income, net	(36)	(74)	(59)	(214)	(383)
Gain on bargain purchase	(819)	—	—	—	(819)
Depreciation expense	1,643	1,726	1,745	1,732	6,846
Amortization expense	116	121	146	150	533
Stock based compensation	485	274	435	171	1,365
Adjusted EBITDA	$ 3,731	$ 5,202	$ 3,562	$ 2,834	$ 15,329
% Net Sales	4.7%	6.3%	4.8%	3.5%	4.8%

	Quarter Ended May 3, 2020	Quarter Ended August 2, 2020	Quarter Ended November 1, 2020	Quarter Ended January 31, 2021	Trailing 12 Months January 31, 2021
Net (loss) income	$ (27,825)	$ (2,733)	$ 2,384	$ 2,082	$ (26,092)
Loss before income taxes from discontinued operation	8,698	—	—	—	8,698
Income tax (benefit) expense from continuing operations	(2,237)	4,324	1,613	899	4,599
Interest income, net	(37)	(7)	(59)	(90)	(193)
Asset impairments from continuing operations	13,712	—	—	—	13,712
Depreciation expense - continuing operations	1,882	1,822	1,716	1,665	7,085
Amortization expense - continuing operations	117	118	117	115	467
Stock based compensation	(199)	126	348	292	567
Adjusted EBITDA	$ (5,889)	$ 3,650	$ 6,119	$ 4,963	$ 8,843
% Net Sales	(12.4)%	5.7%	8.0%	6.3%	3.3%
% Over (Under)	N.M.	42.5%	(41.8)%	(42.9)%	73.3%

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OPERATING WORKING CAPITAL

($ in millions)

	Jan 30, 2022	May 2, 2021	Jan 31, 2021
Accounts receivable, net	$39.0	$37.7	$36.4
Inventories, net	73.1	55.9	57.8
Accounts payable	(46.7)	(42.5)	(44.9)
Accounts payable – capital expenditures	(0.0)	(0.3)	(0.2)
Operating working capital	$65.4	$50.8	$49.0
Percent of sales*	20.6%	16.9%	16.7%
Days sales outstanding	43.6	42.8	41.5
Inventory turns	4.0	4.8	4.7
Days accounts payable outstanding**	61.0	58.0	62.8

* 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)

	Q3 FY22	Q4 FY21	Q3 FY21
Cash and cash equivalents	$11.8	$37.0	$36.0
Short-term investments (Available for Sale)	0.4	5.6	5.5
Short-term investments (Held-to-Maturity)	1.3	3.2	9.8
Long-term investments (Held-to-Maturity)	8.7	1.1	0.5
Total cash and investments	$22.2	$46.9	$51.8
Total debt	$ 0.0	$ 0.0	$0.0
Net cash and investments	$22.2	$46.9	$51.8
Shareholders' equity attributable to Culp, Inc.	$126.7	$129.0	$128.4
Shares outstanding	12,218	12,313	12,308
Book value per share	$10.37	$10.48	$10.43
Tangible Book value per share	$10.15	$10.23	$10.18

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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 we will realize these expectations or meet our guidance, or that these beliefs will prove correct.

Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on our business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect us adversely. The future performance of our business depends in part on our success in conducting and finalizing acquisition negotiations and integrating acquired businesses into our existing operations. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in tariffs or trade policy, or changes in the value of the U.S. dollar versus other currencies, could affect our financial results because a significant portion of our operations are located outside the United States. Strengthening of the U.S. dollar against other currencies could make our products less competitive on the basis of price in markets outside the United States, and strengthening of currencies in Canada and China can have a negative impact on our sales of products produced in those places. Also, economic or political instability in international areas could affect our operations or sources of goods in those areas, as well as demand for our products in international markets. The impact of public health epidemics on employees, customers, suppliers, and the global economy, such as the global coronavirus pandemic currently affecting countries around the world, could also adversely affect our operations and financial performance. In addition, the impact of potential goodwill or intangible asset impairments could affect our financial results. Increases in freight costs, labor costs, and raw material prices, including increases in market prices for petrochemical products, can also significantly affect the prices we pay for shipping, labor, and raw materials, respectively, and in turn, increase our operating costs and decrease our profitability. Finally, disruption in our customers' supply chains for non-fabric components may cause declines in new orders and/or delayed shipping of existing orders while our customers wait for other components, which could adversely affect our financial results. Further information about these factors, as well as other factors that could affect our future operations or financial results and the matters discussed in forward-looking statements, is included in Item 1A "Risk Factors" in our 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 (loss) and adjusted earnings per share, non-GAAP performance measures that eliminate a non-cash income tax charge in connection with the establishment of a full valuation allowance against the company's U.S. net deferred income tax assets, 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 or earnings per share calculated in accordance with GAAP. In addition, the calculation of the company's income taxes involves numerous estimates and assumptions, which we have made in good faith.

This presentation contains disclosures about free cash flow, a non-GAAP liquidity measure that we define as net cash 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, 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, in each case to the extent any such amount is incurred during the period presented. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the back of this presentation. Management believes the disclosure of free cash flow provides useful information to investors because it measures our available cash flow for potential debt repayment, stock repurchases, dividends, additions to cash and investments, or other corporate purposes. We note, however, that not all of the company's free cash flow is available for discretionary spending, as we may have mandatory debt payments and other cash requirements that must be deducted from our cash available for future use. In operating our business, management uses free cash flow to make decisions about what commitments of cash to make for operations, such as capital expenditures (and 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 income (loss) excluding loss before income taxes from discontinued operations, income tax expense (benefit) from continuing operations, and net interest income, as well as depreciation and amortization expense from continuing operations, and stock-based compensation expense. This measure also excludes asset impairment charges from continuing operations, gain on bargain purchase, and other non-recurring charges and credits associated with our business, 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 presentation. We believe presentation of Adjusted EBITDA is useful to investors because earnings before interest income and expense, income taxes, depreciation and amortization, and similar performance measures that exclude certain charges from earnings, are often used by investors and financial analysts in evaluating and comparing companies in our industry. We note, however, that such measures are not defined uniformly by various companies, with differing expenses being excluded from net income to calculate these performance measures. For this reason, Adjusted EBITDA should not be viewed in isolation by investors and should not be used as a substitute for net income calculated in accordance with GAAP, nor should it be used for direct comparisons with similarly titled performance measures reported by other companies. Use of Adjusted EBITDA as an analytical tool has limitations in that this measure does not reflect all expenses that are necessary to fund and operate our business, including funds required to pay taxes, service our debt, and fund capital expenditures, among others. Management uses Adjusted EBITDA to help it analyze the company's earnings and operating performance, by excluding the effects of expenses that depend upon capital structure and debt level, tax provisions, and non-cash items such as depreciation, amortization and stock-based compensation expense that do not require immediate uses of cash.

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

RECONCILIATION OF FREE CASH FLOW

RECONCILIATION OF FREE CASH FLOW
FOR THE TWELVE MONTHS ENDED OCTOBER 31, 2021,
AND NOVEMBER 1, 2020
Unaudited
(Amounts in Thousands)

	FY 2022	FY 2021
A) Net cash (used in) provided by operating activities	**$ (12,369)**	21,651
B) Minus: Capital Expenditures	**(5,288)**	(4,320)
C) Plus: Proceeds from the sale of equipment	**—**	12
D) Minus: Investment in unconsolidated joint venture	**—**	(90)
E) Plus: Proceeds from the sale of long-term investments (rabbi trust)	**33**	117
F) Minus: Purchase of long-term investments (rabbi trust)	**(873)**	(438)
G) Effects of exchange rate changes on cash and cash equivalents	**32**	191
Free Cash Flow	**$ (18,465)**	17,123

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Q3 YTD RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

CULP, INC.
RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS
FOR THE NINE MONTHS ENDED JANUARY 31, 2021
Unaudited
(Amounts in Thousands, Except for Per Share Data)

	As Reported January 31, 2021	Adjustments	January 31, 2021 Adjusted Results
Income before income taxes	$ 8,538	—	8,538
Income tax expense (1)	(6,836)	4,110	(2,726)
Income from investment in unconsolidated joint venture	31	—	31
Net income	$ 1,733	4,110	5,843
Net income per share - basic	$ 0.14		$ 0.48
Net income per share - diluted	$ 0.14		$ 0.48
Average shares outstanding-basic	12,297		12,297
Average shares outstanding-diluted	12,299		12,299

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 of fiscal 2021 regarding Global Intangible Low Taxed Income ("GILTI") tax provisions of the Tax Cuts and Jobs Act of 2017.*

Q3 FY22 RETURN ON CAPITAL EMPLOYED BY SEGMENT

CULP,INC.
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE TWELVE MONTHS ENDED JANUARY 30, 2022
Unaudited
(Amounts in Thousands)

	Adjusted Operating Income Twelve Months Ended January 30, 2022 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 9,388	$ 76,918	12.2%
Upholstery Fabrics	8,354	17,248	48.4%
Unallocated Corporate	(10,042)	2,069	N.M.
Total	$ 7,700	$ 96,235	8.0%

Average Capital Employed

	As of the three Months Ended January 30, 2022			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 102,940	67,702	40,925	211,567
Total liabilities	(16,540)	(45,596)	(22,697)	(84,833)
Subtotal	$ 86,400	$ 22,106	$ 18,228	$ 126,734
Cash and cash equivalents	—	—	(11,780)	(11,780)
Short-term investments - Available-For-Sale	—	—	(438)	(438)
Short-term investments - Held-To-Maturity	—	—	(1,315)	(1,315)
Current income taxes receivable	—	—	(367)	(367)
Long-term investments - Held-To-Maturity	—	—	(8,677)	(8,677)
Long-term investments - Rabbi Trust	—	—	(9,223)	(9,223)
Deferred income taxes - non-current	—	—	(500)	(500)
Income taxes payable - current	—	—	240	240
Income taxes payable - long-term	—	—	3,099	3,099
Deferred income taxes - non-current	—	—	5,484	5,484
Deferred compensation	—	—	9,180	9,180
Total Capital Employed	$ 86,400	$ 22,106	$ 3,931	$ 112,437

	As of the three Months Ended October 31, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 96,960	56,292	56,073	209,325
Total liabilities	(18,818)	(38,560)	(23,493)	(80,871)
Subtotal	$ 78,142	$ 17,732	$ 32,580	$ 128,454
Cash and cash equivalents	—	—	(16,956)	(16,956)
Short-term investments - Available-For-Sale	—	—	(9,709)	(9,709)
Short-term investments - Held-To-Maturity	—	—	(1,564)	(1,564)
Current income taxes receivable	—	—	(613)	(613)
Long-term investments - Held-To-Maturity	—	—	(8,353)	(8,353)
Long-term investments - Rabbi Trust	—	—	(9,036)	(9,036)
Deferred income taxes - non-current	—	—	(452)	(452)
Income taxes payable - current	—	—	646	646
Income taxes payable - long-term	—	—	3,099	3,099
Deferred income taxes - non-current	—	—	4,918	4,918
Deferred compensation	—	—	9,017	9,017
Total Capital Employed	$ 78,142	$ 17,732	$ 3,577	$ 99,451

	As of the three Months Ended August 1, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 96,416	55,617	60,215	212,248
Total liabilities	(21,298)	(39,983)	(21,418)	(82,699)
Subtotal	$ 75,118	$ 15,634	$ 38,797	$ 129,549
Cash and cash equivalents	—	—	(26,061)	(26,061)
Short-term investments - Available-For-Sale	—	—	(9,698)	(9,698)
Short-term investments - Held-To-Maturity	—	—	(1,661)	(1,661)
Current income taxes receivable	—	—	(524)	(524)
Long-term investments - Held-To-Maturity	—	—	(6,629)	(6,629)
Long-term investments - Rabbi Trust	—	—	(8,841)	(8,841)
Deferred income taxes - non-current	—	—	(455)	(455)
Income taxes payable - current	—	—	253	253
Income taxes payable - long-term	—	—	3,365	3,365
Deferred income taxes - non-current	—	—	4,917	4,917
Deferred compensation	—	—	8,795	8,795
Total Capital Employed	$ 75,118	$ 15,634	$ 2,258	$ 93,010

	As of the three Months Ended May 2, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 97,431	54,305	62,344	214,080
Total liabilities	(22,410)	(38,709)	(23,955)	(85,074)
Subtotal	$ 75,021	$ 15,596	$ 38,389	$ 129,006
Cash and cash equivalents	—	—	(37,009)	(37,009)
Short-term investments - Available-For-Sale	—	—	(5,542)	(5,542)
Short-term investments - Held-To-Maturity	—	—	(3,161)	(3,161)
Long-term investments - Held-To-Maturity	—	—	(1,141)	(1,141)
Long-term investments - Rabbi Trust	—	—	(8,415)	(8,415)
Deferred income taxes - non-current	—	—	(545)	(545)
Income taxes payable - current	—	—	229	229
Income taxes payable - long-term	—	—	3,326	3,326
Deferred income taxes - non-current	—	—	5,330	5,330
Deferred compensation	—	—	8,365	8,365
Total Capital Employed	$ 75,021	$ 15,596	$ (174)	$ 90,443

	As of the three Months Ended January 31, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 91,412	53,233	67,333	211,978
Total liabilities	(21,503)	(38,061)	(24,052)	(83,616)
Subtotal	$ 69,909	$ 15,172	$ 43,281	$ 128,362
Cash and cash equivalents	—	—	(35,987)	(35,987)
Short-term investments - Available-For-Sale	—	—	(5,548)	(5,548)
Short-term investments - Held-To-Maturity	—	—	(9,785)	(9,785)
Long-term investments - Held-To-Maturity	—	—	(512)	(512)
Long-term investments - Rabbi Trust	—	—	(8,232)	(8,232)
Deferred income taxes - non-current	—	—	(640)	(640)
Income taxes payable - current	—	—	1,129	1,129
Income taxes payable - long-term	—	—	3,325	3,325
Deferred income taxes - non-current	—	—	5,543	5,543
Deferred compensation	—	—	8,179	8,179
Total Capital Employed	$ 69,909	$ 15,172	$ 753	$ 85,834

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 76,918	$ 17,248	$ 2,069	$ 96,235

Q3 FY21 RETURN ON CAPITAL EMPLOYED BY SEGMENT

	Adjusted Operating Income Twelve Months Ended January 31, 2021 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 6,760	$ 69,193	9.8%
Upholstery Fabrics	9,753	18,285	53.3%
Unallocated Corporate	(10,357)	5,755	N.M.
Total	$ 6,156	#REF!	#REF!

Average Capital Employed	As of the three Months Ended January 31, 2021		
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate
Total assets (4)	$ 91,412	53,233	67,333
Total liabilities	(21,503)	(38,061)	(24,052)
Subtotal	$ 69,909	$ 15,172	$ 43,281
Cash and cash equivalents	—	—	(35,987)
Short-term investments - Available-For-Sale	—	—	(5,548)
Short-term investments - Held-To-Maturity	—	—	(9,785)
Current income taxes receivable	—	—	—
Long-term investments - Held-To-Maturity	—	—	(512)
Long-term investments - Rabbi Trust	—	—	(8,232)
Deferred income taxes - non-current	—	—	(640)
Income taxes payable - current	—	—	1,129
Income taxes payable - long-term	—	—	3,325
Deferred income taxes - non-current	—	—	5,543
Deferred compensation	—	—	8,179
Total Capital Employed	$ 69,909	$ 15,172	$ 753

	As of the three Months Ended May 3, 2020		
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate
Total assets (4)	$ 82,060	38,517	94,507
Total liabilities	(9,239)	(20,908)	(55,239)
Subtotal	$ 72,821	$ 17,609	$ 39,268
Cash and cash equivalents	—	—	(69,790)
Short-term investments - Available for Sale	—	—	(923)
Short-term investments - Held-to-Maturity	—	—	(4,271)
Current income taxes receivable	—	—	(1,585)
Current assets - Discontinued Operation	—	—	—
Long-term investments - Held-to-Maturity	—	—	(2,076)
Long-term investments - Rabbi Trust	—	—	(7,834)
Noncurrent income taxes receivable	—	—	—
Deferred income taxes - non-current	—	—	(793)
Long-term note receivable affiliated with discontinued operation	—	—	—
Noncurrent assets - Discontinued Operation	—	—	—
Current liabilities - Discontinued Operation	—	—	—
Line of credit - China operations	—	—	1,015
Paycheck Protection Program Loan	—	—	7,606
Income taxes payable - current	—	—	395
Line of credit - U.S. operations	—	—	29,750
Income taxes payable - long-term	—	—	3,796
Deferred income taxes - non-current	—	—	1,818
Deferred compensation	—	—	7,720
Non-current liabilities - Discontinued Operation	—	—	—
Non-controlling interest - Discontinued Operation	—	—	—
Total Capital Employed	$ 72,821	$ 17,609	$ 4,096

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate
Average Capital Employed (3)	$ 69,193	$ 18,285	$ 5,755

Notes

(1) See last page of this presentation for calculation.
(2) Return on average capital employed represents the last twelve months operating income as of January 30, 2022, divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments Available-For-Sale, and short-term and long-term investments Held-To-Maturity, long-term investments – Rabbi Trust, income taxes receivable and payable, noncurrent deferred income tax assets and liabilities, and deferred compensation.
(3) Average capital employed was computed using the five quarterly periods ending January 30, 2022, October 31, 2021, August 1, 2021, May 2, 2021, and January 31, 2021.
(4) Intangible assets are included in unallocated corporate for all periods presented and therefore, have no effect on capital employed and return on capital employed for our mattress fabrics and upholstery fabrics segments.

CULP

CONSOLIDATED STATEMENTS OF ADJUSTED INCOME

CULP, INC.
CONSOLIDATED STATEMENTS OF ADJUSTED OPERATING INCOME (LOSS)
FOR THE TWELVEMONTHS ENDED JANUARY 30, 2022, AND JANUARY 31, 2021
Unaudited
(Amounts in Thousands)

	Quarter Ended				
	5/2/2021	8/1/2021	10/31/2021	01/30/2022	Trailing 12 Months 01/30/2022
Mattress Fabrics	$ 2,274	$ 3,611	$ 3,139	$ 364	$ 9,388
Upholstery Fabrics	2,613	2,267	1,028	2,446	8,354
Unallocated Corporate	(3,248)	(2,560)	(2,527)	(1,707)	(10,042)
Adjusted Operating income	$ 1,639	$ 3,318	$ 1,640	$ 1,103	$ 7,700

	Quarter Ended				
	5/3/2020	8/2/2020	11/1/2020	01/31/2021	Trailing 12 Months 01/31/2021
Mattress Fabrics	$ (2,764)	$ 1,845	$ 4,382	$ 3,297	$ 6,760
Upholstery Fabrics	490	2,113	3,287	3,863	9,753
Unallocated Corporate	(2,008)	(2,075)	(3,151)	(3,123)	(10,357)
Subtotal	$ (4,282)	$ 1,883	$ 4,518	$ 4,037	$ 6,156
Asset Impairments	(13,712)	—	—	—	(13,712)
Adjusted Operating (loss) income	$ (17,994)	$ 1,883	$ 4,518	$ 4,037	$ (7,556)
% Over (Under)	(109.1)%	76.2%	(63.7)%	(72.7)%	N.M.

CULP