

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) April 15, 2020

**Culp, Inc.**

(Exact Name of Registrant as Specified in its Charter)

North Carolina

(State or Other Jurisdiction  
of Incorporation)

1-12597

(Commission File Number)

56-1001967

(I.R.S. Employer  
Identification No.)

1823 Eastchester Drive  
High Point, North Carolina 27265  
(Address of Principal Executive Offices)  
(Zip Code)

(336) 889-5161

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former name or address, if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, par value \$0.05 per share	CULP	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

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

### **Item 1.01 – Entry Into a Material Definitive Agreement**

On April 15, 2020, Culp, Inc. (the “Company”) received a loan from Pinnacle Financial Partners (“Lender”) in an aggregate principal amount of \$7,605,500 (the “Loan”) pursuant to the U.S. Small Business Administration (the “SBA”) Paycheck Protection Program under Division A, Title I of the Coronavirus Relief and Economic Security Act of 2020 (the “CARES Act”). The Company plans to use the Loan proceeds for covered payroll costs, rent, and utilities in accordance with the applicable terms and conditions of the CARES Act. The Loan will help enable the Company to retain more of its employees, maintain payroll and benefits, and make lease and utility payments while producing and supplying critical products for essential businesses during the unprecedented business disruption arising from the COVID-19 global pandemic.

The Loan is evidenced by a Note dated as of April 14, 2020, issued by the Company to the Lender (the “Note”), and matures two years from the date of the Note. The Loan is unsecured and bears interest at a rate of 1.0% per annum. Monthly principal and interest payments will commence on November 14, 2020. The Company may prepay the principal of the Loan at any time without incurring any prepayment charges. The Note contains customary events of default relating to, among other things, payment defaults or breaches of the terms of the Note, bankruptcy, making materially false and misleading representations to the SBA or Lender, and material adverse changes in the Company’s financial condition or business operations. The occurrence of an event of default may require immediate repayment of all amounts outstanding under the Note, collection of all amounts owing from the Company, or filing suit and obtaining judgment against the Company.

Under the terms of the CARES Act, recipients of loans under the Paycheck Protection Program (the “PPP”) can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP. Such forgiveness will be determined, subject to limitations under the PPP, based on use of loan proceeds for covered payroll costs and certain rent, utility, and mortgage interest expenses, as well as the maintenance of employee and compensation levels. Any forgiveness of the Loan will be subject to approval by the SBA and Lender and will require documentation of expenditures in accordance with the SBA requirements. No assurance is provided that the Company will obtain forgiveness of the Loan in whole or in part.

The foregoing description is only a summary of certain provisions of the Note and is qualified in its entirety by the full text of the Note, a copy of which will be filed with the Company’s Annual Report on Form 10-K for the fiscal year ending May 3, 2020.

### **Item 2.03 – Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant**

The disclosure in Item 1.01 of this report is incorporated into this Item 2.03 by reference.

### **Item 8.01 – Other Events**

On April 21, 2020, the Company issued a press release providing a business update in response to the COVID-19 pandemic. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished in this Item 8.01 of this Current Report, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

### **Item 9.01(d) –Exhibits**

(d) Exhibits

99.1 – News Release dated April 21, 2020

## Forward-Looking Statements

This Current Report on Form 8-K 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), concerning the Company's expectations, anticipations, intentions, or beliefs regarding the Loan and the Company's potential uses of the Loan proceeds. These express or implied statements are not promises or guarantees and involve substantial risks and uncertainties that may cause actual events and results to differ materially from such statements. Important factors that could cause the Company's actual results to differ materially from those expressed or implied in the forward-looking statements include: (a) changes by the SBA or other governmental authorities regarding the CARES Act, the Payroll Protection Program, or related administrative matters; (b) actions by Lender, including without limitation Lender's interpretation and implementation of the Payroll Protection Program and the rules relating to loan forgiveness thereunder; (c) the Company's ability to comply with the terms of the Loan and the CARES Act, including to use the proceeds of the Loan as described herein; (d) financial market conditions; (e) concerns with or threats of, or the consequences of, pandemics, contagious diseases or health epidemics, including the novel coronavirus; and (f) the other risk factors disclosed in the Company's other reports filed with the Securities Exchange Commission. The Company disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events or otherwise, except as required by applicable law.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CULP, INC.  
(Registrant)

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

By: /s/ Thomas B. Gallagher, Jr.  
Corporate Controller  
(principal accounting officer)

**Dated: April 21, 2020**

## EXHIBIT INDEX

Exhibit Number

Exhibit

[99.1](#)

[News Release dated April 21, 2020](#)

## Culp Expands Production of Critical Products in Support of COVID-19 Relief Efforts

HIGH POINT, N.C.--(BUSINESS WIRE)--April 21, 2020--Culp, Inc. (NYSE: CULP) today announced updates to recent measures the company has taken across several locations in its global platform in North America and Asia to increase production of face masks, bedding covers, and fabrics for healthcare operations and consumer health. These additional steps include:

- Expanding its work with several companies to produce face masks for supply to FEMA. These non-medical grade, three-layer cotton masks are made in accordance with FDA standards and are sewn at the company's CLASS facilities in North Carolina and Haiti;
- Producing and supplying face masks for consumers and healthcare workers through the company's Culp Hospitality platform in Knoxville, Tennessee, (Read Window Products) and through the company's strategic partner relationships in Vietnam, which are now sewing face masks instead of upholstery fabric kits for the company. These non-medical grade, three-layer cotton masks are also made in accordance with FDA standards;
- Producing and supplying sewn bedding covers and bedding fabrics used for hospital beds at the company's CLASS facility in North Carolina and through the company's Asian platform;
- Working to assist other companies by using certain of Culp's lamination equipment and finishing capabilities at the company's facilities in Stokesdale, North Carolina, and Canada for their production of critical products for the healthcare industry, including woven medical gowns; and
- Utilizing the company's full-scale research and development team to develop fabrics and other solutions for current and future personal protection equipment ("PPE") needs.

Iv Culp, chief executive officer of Culp, Inc., said, "As the COVID-19 pandemic has spread across the world, I am extremely proud of our employees and strategic partners across our global platform for stepping up to assist in Culp's relief efforts. We are utilizing our production and sourcing capabilities in the United States, Haiti, Canada, and Asia to supply much-needed PPE for healthcare workers and the communities we serve, and to support numerous customer requests for bedding covers and mattress fabrics used for hospital beds. Our mattress fabrics and upholstery fabrics divisions are working cross-functionally in these efforts and leveraging their resources to meet critical needs. Our plans are to produce at least one million face masks and to supply fabric and covers for tens of thousands of hospital mattresses over the next few months. The initiative to reprioritize some of our operations to produce PPE is not about profit, but rather to support our nation during this crisis while also keeping as many workers as possible employed. Culp associates are honored by the opportunity to pitch in and support our front-line workers, our healthcare operators, our communities, and our nation during this unprecedented time."

---

## **About the Company**

*Culp, Inc. is one of the world's largest marketers of mattress fabrics for bedding and upholstery fabrics for residential and commercial furniture. The company markets a variety of fabrics to its global customer base of leading bedding and furniture companies, including fabrics produced at Culp's manufacturing facilities and fabrics sourced through other suppliers. Culp has operations located in the United States, Canada, China, and Haiti.*

*This release contains "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 21E of the Securities 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, except as required by law, 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," "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, 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 concerns with or threats of, or the consequences of, pandemics, contagious diseases or health epidemics, including the novel coronavirus; financial market conditions; consumer confidence; trends in disposable income; and general economic conditions. The impact of these factors could adversely affect our operations and financial performance. 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 Form 10-K filed with the Securities and Exchange Commission on July 12, 2019 for the fiscal year ended April 28, 2019, and our subsequent periodic reports filed with the Securities and Exchange Commission.*

## **Contacts**

Investor Contact: Kenneth R. Bowling  
Chief Financial Officer  
336-881-5630

Media Contact: Teresa A. Huffman  
Senior Vice President, Human Resources  
336-889-5161