CULP, INC.

NYSE: CULP

Third Quarter Fiscal 2023

Summary Financial Information

March 1, 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, or trends for our future operations, strategic initiatives and plans, 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 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 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. Additional risks and uncertainties that we do not presently know about or that we consider to be immaterial may also affect our business operations and financial results.

ABOUT NON-GAAP FINANCIAL INFORMATION

This presentation contains adjusted income statement information for the three-month period ending January 29, 2023, which discloses adjusted loss from operations, a non-GAAP performance measure that eliminates items which are not expected to occur on a regular basis. These items include, for the period presented, restructuring expense for the consolidation of certain leased facilities in Ouanaminthe, Haiti, during the third quarter of fiscal 2023. The company has included this adjusted information in order to show operational performance excluding the effects of items 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 loss from operations calculated in accordance with GAAP.

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 and payments on vendor-financed capital expenditures, plus any proceeds from sale of property, plant, and equipment, 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 possible financing arrangements for these expenditures), purchases of inventory or supplies, SG&A expenditure levels, compensation, and other commitments of cash, while still allowing for adequate cash to meet known future commitments for cash, such as debt repayment, and also for making decisions about dividend payments and share repurchases.

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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 income tax expense (benefit), net interest income, restructuring expense and restructuring related charges, and a gain on bargain purchase, as well as depreciation and amortization expense, and stock-based compensation expense. This measure also excludes other non-recurring charges and credits associated with our business, if and to the extent incurred in 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 operating income (loss) (measured on a trailing twelve-month basis and excluding certain non-recurring charges and credits, if applicable for the period presented) divided by average capital employed (excluding intangibles assets related to acquisitions at the divisional level only). 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 net asset base used to generate that income. Also, operating income on a trailing twelve-months 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.

THIRD QUARTER FISCAL 2023 FINANCIAL SUMMARY

- Net sales were $52.5 million, down 34.6 percent compared with the prior-year period, with mattress fabrics sales down 35.8 percent and upholstery fabrics sales down 33.5 percent compared with the third quarter of last year.
- Loss from operations was $(7.8) million, as compared with income from operations of $1.1 million for the prior-year period.
- The loss from operations for the third quarter of fiscal 2023 includes $711,000 in restructuring expense relating to a rationalization of the upholstery fabrics cut and sew platform located in Ouanaminthe, Haiti.
- Net loss was $(9.0) million, or $(0.73) per diluted share, compared with net loss of $(289,000), or $(0.02) per diluted share, for the prior-year period. The effective tax rate for the third quarter was negative (3.3)%, reflecting the company's mix of taxable income between its U.S. and foreign jurisdictions during the period.
- The company maintained a solid balance sheet, with total cash and investments of $16.7 million and no outstanding borrowings as of the end of the third quarter.

THIRD QUARTER FISCAL 2023 FINANCIAL SUMMARY (CONT'D)

- **Cash flow from operations and free cash flow were $4.6 million and $2.5 million, respectively, for the first nine months of fiscal 2023, compared with cash flow from operations and free cash flow of negative $(12.4) million and negative $(18.5) million, respectively, for the first nine months of fiscal 2022. (See reconciliation table at the back of this presentation)**
- **On January 19, 2023, the company closed on a new three-year secured credit facility of up to $35 million. Borrowing availability is based on certain of the company's accounts receivable and inventory and, as compared to the prior facility, provides enhanced liquidity and more flexibility due to minimal financial covenants.**

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THIRD QUARTER 2023 HIGHLIGHTS

($ in millions)

GAAP	Q3 FY23	Q3 FY22	Change $	Change %
Sales	52.5	80.3	(27.8)	(34.6%)
Operating income / (loss)	(7.8)	1.1	(8.9)	NM
Operating income margin	(14.8)%	1.4%		NM
Pre-tax income / (loss)	(8.7)	1.0	(9.7)	NM
Pre-tax margin	(16.5)%	1.2%		NM
Net income (loss)	(9.0)	(0.3)	(8.7)	NM
EPS per diluted share	(0.73)	(0.02)	(0.71)	NM

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THIRD QUARTER 2023 HIGHLIGHTS

($ in millions)

	As Reported January 29, 2023	Adjustments	January 29, 2023 Adjusted Results *
Loss from Operations	(7.8)	0.7	(7.1)
Operating Income Margin	-14.8%	NM	-13.5%

Notes

* These amounts exclude restructuring expense associated with the consolidation of certain leased facilities in Ouanaminthe, Haiti, during the quarter. See the Reconciliation of Selected Income Statement Information to Adjusted Results at the back of this presentation for additional details.

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Q3 SALES & OPERATING INCOME BRIDGES

($ in millions)

Sales	Change $	Change %
Q3 2022	80.3	
Mattress fabrics decrease	-13.7	-35.8%
Upholstery fabrics decrease	-14.0	-33.5%
Q3 2023	52.5	-34.6%

Operating Income	Change $	Change %
Q3 2022	1.1	
Mattress fabrics decrease	-4.6	NM
Upholstery fabrics decrease	-2.9	NM
Unallocated corporate expense increase	-0.7	-1.9%
Restructuring and Related Expense	-0.7	NM
Q3 2023	-7.8	NM

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Q3 MATTRESS FABRICS HIGHLIGHTS

($ in millions)

	Q3 FY23	Q3 FY22	Change $	Change %
Sales	24.7	38.4	-13.7	-35.8%
Operating Income / (Loss)	(4.2)	0.4	-4.6	NM
Operating Income Margin	-17.1%	0.9%		NM
Depreciation	1.5	1.5	0.0	-0.4%

Q3 MATTRESS FABRICS KEY POINTS

- Sales were down 35.8% compared to same period last year, and down 5.8% sequentially from the second quarter of 2023.
- Sales were pressured by weak demand, with mattress industry analysis reflecting significant unit contraction.
- Operating performance was primarily pressured by operating inefficiencies related to lower sales volume and holiday shutdowns across all locations.
- Continued short-term focus on inventory reduction and cash generation.
- Ongoing business transformation focused on long-term improvements in every facet of the business, including quality, sales, marketing, and operational processes; supply chain optimization; employee engagement; and management structure.
- Began roll out of some new customer programs near the end of the quarter, which are priced in line with current costs, and expect to benefit as these new programs expand across more sales channels and retail floors, and as additional new product rollouts launches in calendar 2023.
- Continued focus on product-driven strategy, with emphasis on innovation, design creativity, quality, and personalized customer service.
- Management remains focused on controlling costs and improving quality processes.

Q3 UPHOLSTERY FABRICS HIGHLIGHTS

($ in millions)

			Change	
	Q3 FY23	Q3 FY22	$	%
Sales	27.8	41.9	-14.0	-33.5%
Operating Income	(0.4)	2.4	-2.9	NM
Operating Income Margin	-1.5%	5.8%		NM
Depreciation	0.2	0.2	0.0	6.8%

Q3 UPHOLSTERY FABRICS KEY POINTS

- Overall sales were down 33.5% compared with the prior-year period (which was the segment's strongest quarterly performance since 2006), and down 13.5% sequentially over the second quarter of 2023.

- Sales for residential fabrics were affected by reduced demand, driven by high inventory levels for the residential home furnishings industry.

- Demand remained solid in the hospitality business, accounting for 30 percent of segment sales.

- Operating performance was primarily pressured by lower residential sales, as well as operating inefficiencies at Haiti cut and sew facility and in Read Window Products business.

- Benefitted from more favorable foreign exchange rate associated with China operations and reduced costs following recent closure of one China facility during prior quarter.

- Began rationalization and restructuring of Haiti cut and sew platform near the end of the quarter to better align capacity and cost structure of this operation with reduced demand; expect to complete this platform adjustment during the fourth quarter.

- Well positioned for long term with scalable platform and innovative product offerings, including popular portfolio of LiveSmart® performance products and new product technologies.

FREE CASH FLOW*

($ in millions)

	Q3 FY23 YTD	Q3 FY22 YTD
Net income	-26.8	2.8
Depreciation, amortization, & stock-based compensation	6.4	6.5
Non-cash inventory charges, Deferred taxes, other**	6.6	1.9
Gross cash flow	-13.8	11.2
Cash flow from working capital and changes in other assets/liabilities	18.4	-23.6
Cash flow from operations	4.6	-12.4
Capital expenditures, including payments that are vendor financed	-1.6	-5.3
Other	-0.5	-0.8
Free cash flow	2.5	-18.5

* See Reconciliation of Free Cash Flow at the back of this presentation.

** Includes non-cash inventory charge of $6.3 million for the nine-months ending January 29, 2023, which represents a $2.9 million impairment charge associated with our mattress fabrics segment, $3.3 million related to markdowns of inventory estimated based on our policy for aged inventory, and $98,000 for the loss on disposal and markdowns of inventory related to the exit of our cut and sew upholstery fabrics operation located in Shanghai, China.

Includes non-cash inventory charge of $1.4 million for the nine-months ending January 30, 2022, which represents markdowns of inventory estimated based on our policy for aged inventory.

RETURN ON CAPITAL*

($ in millions)

	January 29, 2023	January 30, 2022
Return on capital:		
Mattress fabrics	-24.8%	12.1%
Upholstery fabrics	1.3%	49.7%
Unallocated corporate	N/A	N/A
Consolidated	-28.1%	8.0%
Ending Capital Employed:		
Mattress fabrics	$65.9	$86.8
Upholstery fabrics	$15.5	$21.7
Unallocated corporate	$3.8	$3.9
Consolidated	$85.1	$112.4

* See reconciliation at the back of this presentation.

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OPERATING WORKING CAPITAL

($ in millions)

	January 29, 2023	May 1, 2022	January 30, 2022
Accounts receivable, net	21.2	22.2	39.0
Inventories, net	47.6	66.6	73.1
Accounts payable	(22.5)	(20.1)	(46.7)
Accounts payable – capital expenditures	(0.0)	(0.5)	(0.0)
Operating working capital	46.3	68.2	65.4
Percent of sales*	20.0%	23.1%	20.6%
Days sales outstanding	34.3	34.7	43.6
Inventory turns	4.0	3.1	4.0
Days accounts payable outstanding**	40.7	35.2	59.7

* Sales used in the calculation is an annualized amount derived from the year-to-date net sales.

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NET CASH, INVESTMENTS, AND EQUITY

($ amounts in millions (other than $ per share amounts), share amounts in thousands)

	Q3 FY23	Q4 FY22	Q3 FY22
Cash and cash equivalents	$16.7	$14.6	$11.8
Short-term investments (Available for Sale)	$0.0	$0.0	$0.4
Short-term investments (Held-to-Maturity)	$0.0	$0.0	$1.3
Long-term investments (Held-to-Maturity)	$0.0	$0.0	$8.7
Total cash and investments	$16.7	$14.6	$22.2
Total debt	$0.0	$0.0	$0.0
Net cash and investments	$16.7	$14.6	$22.2
Shareholders' equity attributable to Culp, Inc.	$93.5	$119.5	$126.7
Shares outstanding	12,312	12,229	12,218
Book value per share	$7.59	$9.77	$10.37
Tangible Book value per share	$7.40	$9.56	$10.15

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CULP, INC.

NYSE:CULP **www.culp.com**

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RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

($ in thousands)

	Quarter Ended May 1, 2022	Quarter Ended July 31, 2022	Quarter Ended October 30, 2022	Quarter Ended January 29, 2023	Trailing 12 Months January 29, 2023
Net loss (1)	$ (6,023)	$ (5,699)	$ (12,173)	$ (8,968)	$ (32,863)
Income tax expense	253	896	1,150	286	2,585
Interest income, net	(26)	(17)	(79)	(196)	(318)
Depreciation expense	1,791	1,770	1,719	1,739	7,019
Restructuring expense	—	—	615	711	1,326
Restructuring related charge	—	—	98	—	98
Amortization expense	142	105	109	109	465
Stock based compensation	253	252	313	322	1,140
Adjusted EBITDA (1)	$ (3,610)	$ (2,693)	$ (8,248)	$ (5,997)	$ (20,548)
% Net Sales	(6.3)%	(4.3)%	(14.1)%	(11.4)%	(8.9)%

	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%
% Over (Under)	(196.8)%	(151.8)%	(331.6)%	(311.6)%	(234.0)%

* Net loss and Adjusted EBITDA for the quarter ended October 30, 2022, and the trailing twelve month periods includes a non-cash charge totaling $5.2 million, which represents a $2.9 million impairment charge associated with our mattress fabrics segment and $2.3 million related to markdowns of inventory estimated based on our policy for aged inventory.

Q3 RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS
FOR THREE MONTHS ENDED JANUARY 29, 2023
Unaudited
(Amounts in Thousands)

	As Reported January 29, 2023	Adjustments *	January 29, 2023 Adjusted Results
Net sales	$ 52,523	—	$ 52,523
Cost of sales	(50,430)	—	(50,430)
Gross profit	2,093	—	2,093
Selling, general and administrative expenses	(9,165)	—	(9,165)
Restructuring expense (1)	(711)	711	—
Loss from operations	$ (7,783)	711	$ (7,072)

* Restructuring expense of $711,000 for the three-months ending January 29, 2023, represents lease termination costs of $434,000 and an impairment loss regarding leasehold improvements totaling $277,000 that related to the consolidation of certain leased facilities located in Ouanaminthe, Haiti.

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RECONCILIATION OF FREE CASH FLOW

RECONCILIATION OF FREE CASH FLOW
FOR THE NINE MONTHS ENDED JANUARY 29, 2023
AND JANUARY 30, 2022
Unaudited
(Amounts in Thousands)

	FY 2023	FY 2022
A) Net cash provided by (used in) operating activities	$ 4,583	$ (12,369)
B) Minus: Capital Expenditures	(1,602)	(5,288)
C) Plus: Proceeds from the sale of equipment	465	—
D) Plus: Proceeds from the sale of long-term investments (rabbi trust)	70	33
E) Minus: Purchase of long-term investments (rabbi trust)	(870)	(873)
F) Effects of exchange rate changes on cash and cash equivalents	(149)	32
Free Cash Flow	$ 2,497	$ (18,465)

CULP, INC.
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE TWELVE MONTHS ENDED JANUARY 29, 2023
Unaudited
(Amounts in Thousands)

	Adjusted Operating (Loss) Income Twelve Months Ended January 29, 2023 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ (19,053)	$ 76,826	(24.8)%
Upholstery Fabrics	268	20,290	1.3%
Unallocated Corporate	(9,626)	3,955	N.M.
Total	$ (28,411)	$ 101,072	(28.1)%

Average Capital Employed	As of the three Months Ended January 29, 2023			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 75,393	39,817	35,388	150,598
Total liabilities	(9,511)	(24,367)	(23,216)	(57,094)
Subtotal	$ 65,882	$ 15,450	$ 12,172	$ 93,504
Cash and cash equivalents	—	—	(16,725)	(16,725)
Short-term investments - Available-For-Sale	—	—	—	—
Short-term investments - Held-To-Maturity	—	—	—	—
Short-term investments - Rabbi Trust	—	—	(2,420)	(2,420)
Current income taxes receivable	—	—	(238)	(238)
Long-term investments - Held-To-Maturity	—	—	—	—
Long-term investments - Rabbi Trust	—	—	(7,725)	(7,725)
Deferred income taxes - non-current	—	—	(463)	(463)
Deferred compensation - current	—	—	2,420	2,420
Accrued restructuring	—	—	-	—
Income taxes payable - current	—	—	467	467
Income taxes payable - long-term	—	—	2,648	2,648
Deferred income taxes - non-current	—	—	6,089	6,089
Deferred compensation non-current	—	—	7,590	7,590
Total Capital Employed	$ 65,882	$ 15,450	$ 3,815	$ 85,147

Average Capital Employed	As of the three Months Ended October 30, 2022			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 78,366	44,934	38,330	161,630
Total liabilities	(9,895)	(26,108)	(23,519)	(59,522)
Subtotal	$ 68,471	$ 18,826	$ 14,811	$ 102,108
Cash and cash equivalents	—	—	(19,137)	(19,137)
Short-term investments - Available-For-Sale	—	—	—	—
Short-term investments - Held-To-Maturity	—	—	—	—
Short-term investments - Rabbi Trust	—	—	(2,237)	(2,237)
Current income taxes receivable	—	—	(510)	(510)
Long-term investments - Held-To-Maturity	—	—	—	—
Long-term investments - Rabbi Trust	—	—	(7,526)	(7,526)
Deferred income taxes - non-current	—	—	(493)	(493)
Deferred compensation - current	—	—	2,237	2,237
Accrued restructuring	—	—	33	33
Income taxes payable - current	—	—	969	969
Income taxes payable - long-term	—	—	2,629	2,629
Deferred income taxes - non-current	—	—	5,700	5,700
Deferred compensation non-current	—	—	7,486	7,486
Total Capital Employed	$ 68,471	$ 18,826	$ 3,962	$ 91,259

Average Capital Employed	As of the three Months Ended July 31, 2022			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 90,842	51,053	38,595	180,490
Total liabilities	(11,934)	(30,762)	(23,799)	(66,495)
Subtotal	$ 78,908	$ 20,291	$ 14,796	$ 113,995
Cash and cash equivalents	—	—	(18,874)	(18,874)
Short-term investments - Available-For-Sale	—	—	—	—
Short-term investments - Held-To-Maturity	—	—	—	—
Short-term investments - Rabbi Trust	—	—	—	—
Current income taxes receivable	—	—	(798)	(798)
Long-term investments - Held-To-Maturity	—	—	—	—
Long-term investments - Rabbi Trust	—	—	(9,567)	(9,567)
Deferred income taxes - non-current	—	—	(546)	(546)
Deferred compensation - current	—	—	—	—
Accrued restructuring	—	—	—	—
Income taxes payable - current	—	—	587	587
Income taxes payable - long-term	—	—	3,118	3,118
Deferred income taxes - non-current	—	—	6,007	6,007
Deferred compensation non-current	—	—	9,528	9,528
Total Capital Employed	$ 78,908	$ 20,291	$ 4,251	$ 103,450

	As of the three Months Ended May 1, 2022				As of the three Months Ended January 30, 2022			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 92,609	51,124	33,830	177,563	$ 103,370	67,272	40,925	211,567
Total liabilities	(8,569)	(25,915)	(23,578)	(58,062)	(16,540)	(45,596)	(22,697)	(84,833)
Subtotal	$ 84,040	$ 25,209	$ 10,252	$ 119,501	$ 86,830	$ 21,676	$ 18,228	$ 126,734
Cash and cash equivalents	—	—	(14,550)	(14,550)	—	—	(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	—	—	(857)	(857)	—	—	(367)	(367)
Long-term investments - Held-To-Maturity	—	—	—	—	—	—	(8,677)	(8,677)
Long-term investments - Rabbi Trust	—	—	(9,357)	(9,357)	—	—	(9,223)	(9,223)
Deferred income taxes - non-current	—	—	(528)	(528)	—	—	(500)	(500)
Income taxes payable - current	—	—	413	413	—	—	240	240
Income taxes payable - long-term	—	—	3,097	3,097	—	—	3,099	3,099
Deferred income taxes - non-current	—	—	6,004	6,004	—	—	5,484	5,484
Deferred compensation	—	—	9,343	9,343	—	—	9,180	9,180
Total Capital Employed	$ 84,040	$ 25,209	$ 3,817	$ 113,066	$ 86,830	$ 21,676	$ 3,931	$ 112,437

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 76,826	$ 20,290	$ 3,955	$ 101,072

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 29, 2023, divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments Available-For-Sale, short-term and long-term investments Held-To-Maturity, short-term and long-term investments – Rabbi Trust, accrued restructuring, income taxes receivable and payable, noncurrent deferred income tax assets and liabilities, and current and non-current deferred compensation.

(3) Average capital employed was computed using the five quarterly periods ending January 29, 2023, October 30, 2022, July 31, 2022, May 1, 2022, and January 30, 2022.

(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

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

	Adjusted Operating Income (Loss) Twelve Months Ended January 30, 2022 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 9,388	$ 77,348	12.1%
Upholstery Fabrics	8,354	16,818	49.7%
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)	$ 103,370	67,272	40,925	211,567
Total liabilities	(16,540)	(45,596)	(22,697)	(84,833)
Subtotal	$ 86,830	$ 21,676	$ 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	$ 86,830	$ 21,676	$ 3,931	$ 112,437

	As of the three Months Ended October 31, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 97,390	55,862	56,073	209,325
Total liabilities	(18,818)	(38,560)	(23,493)	(80,871)
Subtotal	$ 78,572	$ 17,302	$ 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	$ 78,572	$ 17,302	$ 3,577	$ 99,451

	As of the three Months Ended August 1, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 96,846	55,187	60,215	212,248
Total liabilities	(21,298)	(39,983)	(21,418)	(82,699)
Subtotal	$ 75,548	$ 15,204	$ 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	$ 75,548	$ 15,204	$ 2,258	$ 93,010

	As of the three Months Ended May 2, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 97,861	53,875	62,344	214,080
Total liabilities	(22,410)	(38,709)	(23,955)	(85,074)
Subtotal	$ 75,451	$ 15,166	$ 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	$ 75,451	$ 15,166	$ (174)	$ 90,443

	As of the three Months Ended January 31, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	$ 91,842	52,803	67,333	211,978
Total liabilities	(21,503)	(38,061)	(24,052)	(83,616)
Subtotal	$ 70,339	$ 14,742	$ 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	$ 70,339	$ 14,742	$ 753	$ 85,834

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 77,348	$ 16,818	$ 2,069	$ 96,235

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, 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 and goodwill 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, INC.
CONSOLIDATED STATEMENTS OF ADJUSTED OPERATING INCOME (LOSS)
FOR THE TWELVE MONTHS ENDED JANUARY 29, 2023, AND JANUARY 30, 2022
Unaudited
(Amounts in Thousands)

	Quarter Ended				Trailing 12 Months
	5/1/2022	7/31/2022	10/30/2022	01/29/2023	01/29/2023
Mattress Fabrics	$ (2,901)	$ (2,921)	$ (9,002)	$ (4,229)	$ (19,053)
Upholstery Fabrics	(116)	542	262	(420)	268
Unallocated Corporate	(2,366)	(2,359)	(2,478)	(2,423)	(9,626)
Operating loss	$ (5,383)	$ (4,738)	$ (11,218)	$ (7,072)	$ (28,411)

	Quarter Ended				Trailing 12 Months
	5/2/2021	8/1/2021	10/31/2021	01/30/2022	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)
Operating income	$ 1,639	$ 3,318	$ 1,640	$ 1,103	$ 7,700
% Over (Under)	(428.4)%	(242.8)%	(784.0)%	(741.2)%	(469.0)%