

# CULP, INC.

**NYSE: CULP**

**Fourth Quarter Fiscal 2023**

**Summary Financial Information**

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**June 28, 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 asset impairments, including impairments of property, plant, and equipment, inventory, or intangible assets, as well as the impact of valuation allowances applied against our net deferred income tax assets, 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 April 30, 2023, which discloses adjusted loss from operations, a non-GAAP performance measure that eliminates items which are not expected to occur on a recurring or regular basis. These include, for the period presented, restructuring expense associated with the consolidation of certain leased facilities in Ouanaminthe, Haiti, during the fourth 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 recurring or 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. Management uses adjusted income statement information in evaluating the financial performance of our overall operations and business segments. 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 note receivable, 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.*

# 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, and restructuring expense and restructuring related charges, 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 adjusted operating income (loss) (measured on a trailing twelve-month basis) divided by average capital employed (excluding intangible assets related to acquisitions at the divisional level only). Adjusted operating income (loss) excludes certain charges or credits that are not expected to occur on a recurring or regular basis, if applicable for the period presented. 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.*

# FOURTH QUARTER FISCAL 2023 FINANCIAL SUMMARY

- ✦ Net sales were \$61.4 million, up 7.9 percent compared with the prior-year period, with mattress fabrics sales up 3.1 percent and upholstery fabrics sales up 13.1 percent compared with the fourth quarter of last year.
- ✦ Sequentially, net sales were up 17.0 percent compared with the third quarter of fiscal 2023, with mattress fabrics sales up 24.3 percent and upholstery fabrics sales up 10.4 percent.
- ✦ Loss from operations for the quarter was \$(4.0) million, as compared with loss from operations of \$(5.4) million for the prior-year period and loss from operations of \$(7.8) million for the third quarter of fiscal 2023 (which included \$711,000 in restructuring expense).
- ✦ Net loss was \$(4.7) million, or \$(0.38) per diluted share, compared with net loss of \$(6.0) million, or \$(0.49) per diluted share, for the prior-year period. The effective tax rate for the fourth quarter was negative (20.6)%, reflecting the company's mix of taxable income between its U.S. and foreign jurisdictions during the period.

# FOURTH QUARTER FISCAL 2023 FINANCIAL SUMMARY (CONT'D)

- ✦ The company maintained a solid balance sheet, with total cash and investments of \$21.0 million and no outstanding borrowings as of the end of fiscal 2023, up from total cash of \$14.6 million and no outstanding borrowings as of the end of fiscal 2022.
- ✦ Cash flow from operations and free cash flow were \$7.8 million and \$6.9 million, respectively, for fiscal 2023, compared with cash flow from operations and free cash flow of negative \$(17.4) million and negative \$(24.3) million, respectively, for fiscal 2022. (See reconciliation table at the back of this presentation)

# FOURTH QUARTER 2023 HIGHLIGHTS

(\$ in millions)

GAAP	Q4 FY23	Q4 FY22	Change	
			\$	%
Sales	61.4	56.9	4.5	7.9%
Operating income / (loss)	(4.0)	(5.4)	1.4	(25.2%)
Operating income margin	(6.6)%	(9.5)%		290 bp
Pre-tax income / (loss)	(3.9)	(5.8)	1.9	(32.7%)
Pre-tax margin	(6.3)%	(10.1)%		380 bp
Net income (loss)	(4.7)	(6.0)	1.3	(22.3%)
EPS per diluted share	(0.38)	(0.49)	0.11	(22.9%)

# FOURTH QUARTER 2023 HIGHLIGHTS

(\$ in millions)

	As Reported April 30, 2023	Adjustments	April 30, 2023 Adjusted Results **
Loss from Operations	(4.0)	0.1	(4.0)
Operating Income Margin	-6.6%	NM	-6.4%

## Notes

\* Please see the Reconciliation of Selected Income Statement Information to Adjusted Results for the Three Months Ended April 30, 2023, at the back of this presentation.

\*\* These amounts exclude \$70,000 in restructuring expense related to the consolidation of certain leased facilities in Ouanaminthe, Haiti. See the Reconciliation of Selected Income Statement Information to Adjusted Results for the Three Months Ended April 30, 2023 at the back of this presentation for additional details.



# Q4 SALES & OPERATING INCOME BRIDGES

(\$ in millions)

Sales	Change	
	\$	%
Q4 2022	56.9	
Mattress fabrics increase	0.9	3.1%
Upholstery fabrics increase	3.6	13.1%
Q4 2023	61.4	7.9%

Operating Income	Change	
	\$	%
Q4 2022	-5.4	
Mattress fabrics increase	0.4	-12.8%
Upholstery fabrics increase	1.7	NM
Unallocated corporate expense increase	-0.7	28.4%
Restructuring and Related Expense	-0.1	NM
Q4 2023	-4.0	-25.2%

# Q4 MATTRESS FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY23	Q4 FY22	Change	
			\$	%
Sales	30.7	29.8	0.9	3.1%
Operating Income / (Loss)	(2.5)	(2.9)	0.4	-12.8%
Operating Income Margin	-8.2%	-9.7%		150 bp
Depreciation	1.4	1.6	-0.2	-10.1%

# Q4 MATTRESS FABRICS KEY POINTS

- ❖ Sales were up 3.1% compared to the same period last year, and up 24.3% sequentially from the third quarter of 2023.
- ❖ Sequential sales improvement was driven by the roll out of new customer programs, despite continued soft demand in the domestic mattress industry
- ❖ Operating performance was supported by higher sales, improved operating inefficiencies, a favorable product mix, and lower costs resulting from the restructuring and rationalization of the cut and sew mattress cover platform in North Carolina initiated during the second quarter.
- ❖ Expect to benefit from additional new product launches in calendar 2023, which are priced in line with current costs and are expected to support growth in market position.
- ❖ Ongoing comprehensive business transformation focused on long-term improvements including quality, sales, marketing, operations, supply chain optimization, employee engagement, and management organization.
- ❖ Continued focus on product-driven strategy, with emphasis on innovation, design creativity, quality, and customer relationships.

# Q4 UPHOLSTERY FABRICS HIGHLIGHTS

(\$ in millions)

	Q4 FY23	Q4 FY22	Change	
			\$	%
Sales	30.7	27.2	3.6	13.1%
Operating Income	1.6	(0.1)	1.7	NM
Operating Income Margin	5.2%	-0.4%		570 bp
Depreciation	0.2	0.2	0.0	-5.4%

# Q3 UPHOLSTERY FABRICS KEY POINTS

- ❖ Overall sales were up 13.1% compared with the prior-year period (which was adversely affected by COVID-related shutdowns in China during the quarter), and up 10.4% sequentially over the third quarter of fiscal 2023.
- ❖ Sales for the residential fabrics business improved sequentially due to a seasonal pick-up in demand following shutdowns for the Chinese New Year holiday, which fell entirely within the third quarter this year. Sales also reflected a non-recurring payment relating to newly negotiated terms with a customer.
- ❖ Demand remained solid in the hospitality/contract business, accounting for approximately 32 percent of segment sales.
- ❖ Operating performance was supported by higher sales, including the non-recurring customer payment mentioned above, as well as a favorable product mix, lower inventory markdowns, and reduced overhead costs resulting from restructuring the cut and sew platforms during earlier periods.
- ❖ Results also included higher incentive compensation expense due to significant contribution to the company's free cash flow for fiscal 2023.
- ❖ Well positioned for long term with more scalable platform and innovative product offerings, including popular portfolio of LiveSmart® performance products and new product technologies such as recently launched fabric collection featuring Nanobionic® infrared technology.

# FREE CASH FLOW\*

(\$ in millions)

	FY23	FY22
Net income	-31.5	-3.2
Depreciation, amortization, & stock-based compensation	8.4	8.7
Non-cash inventory charges, Deferred taxes, other**	5.8	3.1
Gross cash flow	-17.3	8.6
Cash flow from working capital and changes in other assets/liabilities	25.1	-26.0
Cash flow from operations	7.8	-17.4
Capital expenditures, including payments that are vendor financed	-2.1	-5.7
Other	1.2	-1.1
Free cash flow	6.9	-24.3

\* See back of this presentation for Reconciliation of Free Cash Flow for the twelve-month periods ending April 30, 2023, and May 1, 2022.

\*\* Includes non-cash inventory charge of \$5.8 million for the twelve-months ending April 30, 2023, which represents a \$2.9 million impairment charge associated with our mattress fabrics segment, \$2.8 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 a non-cash inventory charge of \$1.9 million for the twelve-months ending May 1, 2022, which represents markdowns of inventory estimated based on our policy for aged inventory.

# RETURN ON CAPITAL\*

(\$ in millions)

	April 30, 2023	May 1, 2022
<b>Return on capital:</b>		
<b>Mattress fabrics</b>	<b>-25.8%</b>	<b>5.3%</b>
<b>Upholstery fabrics</b>	<b>11.2%</b>	<b>29.7%</b>
<b>Unallocated corporate</b>	<b>N/A</b>	<b>N/A</b>
<b>Consolidated</b>	<b>-28.7%</b>	<b>0.7%</b>
<b>Ending Capital Employed:</b>		
<b>Mattress fabrics</b>	<b>\$64.1</b>	<b>\$84.0</b>
<b>Upholstery fabrics</b>	<b>\$9.5</b>	<b>\$25.2</b>
<b>Unallocated corporate</b>	<b>\$3.2</b>	<b>\$3.8</b>
<b>Consolidated</b>	<b>\$76.8</b>	<b>\$113.1</b>

\* See reconciliation at the back of this presentation.

# OPERATING WORKING CAPITAL

(\$ in millions)

	April 30, 2023	May 1, 2022	January 30, 2022
Accounts receivable, net	24.8	22.2	39.0
Inventories, net	45.1	66.6	73.1
Accounts payable	(29.4)	(20.1)	(46.7)
Accounts payable – capital expenditures	(0.1)	(0.5)	(0.0)
<b>Operating working capital</b>	<b>40.4</b>	<b>68.2</b>	<b>65.4</b>
Percent of sales	17.2%	23.1%	16.6%
Days sales outstanding	34.5	34.7	43.6
Inventory turns	4.7	3.1	4.0
Days accounts payable outstanding*	48.7	35.2	59.7

\* Accounts payable also includes accounts payable – capital expenditures.



# NET CASH, INVESTMENTS, AND EQUITY

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

	Q4 FY23	Q4 FY22
Cash and cash equivalents	\$21.0	\$14.6
Total debt	\$0.0	\$0.0
Net cash and investments	\$21.0	\$14.6
Shareholders' equity attributable to Culp, Inc.	89.1	119.5
Shares outstanding	12,327	12,229
Book value per share	\$7.23	\$9.77
Tangible Book value per share	7.04	9.56

CULP

# CULP, INC.

**NYSE:CULP**

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**Investor Contact:**

**Ken Bowling, *Chief Financial Officer***

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**336-881-5630**

# RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(\$ in thousands)

	Quarter Ended July 31, 2022	Quarter Ended October 30, 2022	Quarter Ended January 29, 2023	Quarter Ended April 30, 2023	Trailing 12 Months April 30, 2023
Net loss (1)	\$ (5,698)	\$ (12,173)	\$ (8,968)	\$ (4,681)	\$ (31,520)
Income tax expense	896	1,150	286	798	3,130
Interest income, net	(17)	(79)	(196)	(239)	(531)
Depreciation expense	1,768	1,719	1,739	1,619	6,845
Restructuring expense	—	615	711	70	1,396
Restructuring related charge	—	98	—	—	98
Amortization expense	105	109	109	115	438
Stock based compensation	252	313	322	258	1,145
<b>Adjusted EBITDA (1)</b>	<b>\$ (2,694)</b>	<b>\$ (8,248)</b>	<b>\$ (5,997)</b>	<b>\$ (2,060)</b>	<b>\$ (18,999)</b>
<b>% Net Sales</b>	<b>(4.3)%</b>	<b>(14.1)%</b>	<b>(11.4)%</b>	<b>(3.4)%</b>	<b>(8.1)%</b>

	Quarter Ended August 1, 2021	Quarter Ended October 31, 2021	Quarter Ended January 30, 2022	Quarter Ended May 1, 2022	Trailing 12 Months May 1, 2022
Net income (loss)	\$ 2,250	\$ 851	\$ (289)	\$ (6,023)	\$ (3,211)
Income tax expense	905	444	1,284	253	2,886
Interest income, net	(74)	(59)	(214)	(9)	(356)
Depreciation expense	1,726	1,745	1,732	1,791	6,994
Amortization expense	121	146	150	142	559
Stock based compensation	274	435	171	253	1,133
<b>Adjusted EBITDA</b>	<b>\$ 5,202</b>	<b>\$ 3,562</b>	<b>\$ 2,834</b>	<b>\$ (3,593)</b>	<b>\$ 8,005</b>
<b>% Net Sales</b>	<b>6.3%</b>	<b>4.8%</b>	<b>3.5%</b>	<b>(6.3)%</b>	<b>2.7%</b>
<b>% Over (Under)</b>	<b>(151.8)%</b>	<b>(331.6)%</b>	<b>(311.6)%</b>	<b>(42.7)%</b>	<b>(337.3)%</b>

(1) Net loss and adjusted EBITDA for the quarter ended October 30, 2022, and the twelve month period ended April 30, 2023, 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.

# Q4 RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS

**CULP, INC.**  
**RECONCILIATION OF SELECTED INCOME STATEMENT INFORMATION TO ADJUSTED RESULTS**  
**FOR THREE MONTHS ENDED APRIL 30, 2023**  
**Unaudited**  
**(Amounts in Thousands)**

	As Reported April 30, 2023	Adjustments	April 30, 2023 Adjusted Results
Net sales	\$ 61,426	—	\$ 61,426
Cost of sales	(54,538)	—	(54,538)
Gross profit	6,888	—	6,888
Selling, general and administrative expenses	(10,845)	—	(10,845)
Restructuring expense (1)	(70)	70	—
Loss from operations	<u>\$ (4,027)</u>	<u>70</u>	<u>\$ (3,957)</u>

## Notes

(1) Restructuring expense of \$70,000 for the three-months ending April 30, 2023, represents employee termination benefits of \$39,000 and other associated costs of \$31,000 that related to the consolidation of certain leased facilities located in Ouanaminthe, Haiti.

# RECONCILIATION OF FREE CASH FLOW

**RECONCILIATION OF FREE CASH FLOW  
FOR THE TWELVE MONTHS ENDED APRIL 30, 2023  
AND MAY 1, 2022  
Unaudited  
(Amounts in Thousands)**

	FY 2023	FY 2022
A) Net cash provided by (used in) operating activities	\$ 7,804	\$ (17,441)
B) Minus: Capital Expenditures	(2,108)	(5,695)
C) Plus: Proceeds from the sale of equipment	468	-
D) Plus: Proceeds from note receivable	15	-
E) Plus: Proceeds from the sale of long-term investments (rabbi trust)	2,058	56
F) Minus: Purchase of long-term investments (rabbi trust)	(1,185)	(1,088)
G) Effects of exchange rate changes on cash and cash equivalents	(202)	(91)
Free Cash Flow	<u>\$ 6,850</u>	<u>\$ (24,259)</u>

**CULP, INC.**  
**RETURN ON CAPITAL EMPLOYED BY SEGMENT**  
**FOR THE TWELVE MONTHS ENDED APRIL 30, 2023**  
**Unaudited**  
**(Amounts in Thousands)**

	Adjusted Operating (Loss) Income Twelve Months Ended	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
	April 30, 2023 (1)		Employed (2)
Mattress Fabrics	\$ (18,681)	\$ 72,282	(25.8)%
Upholstery Fabrics	1,994	17,853	11.2%
Unallocated Corporate	(10,297)	3,808	N.M.
<b>Total</b>	<b>\$ (26,984)</b>	<b>\$ 93,943</b>	<b>(28.7)%</b>

	As of the three Months Ended April 30, 2023				As of the three Months Ended January 29, 2023				As of the three Months Ended October 30, 2022			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	\$ 75,494	39,127	37,562	152,183	\$ 75,393	39,817	35,388	150,598	\$ 78,366	44,934	38,330	161,630
Total liabilities	(11,387)	(29,638)	(22,078)	(63,103)	(9,511)	(24,367)	(23,216)	(57,094)	(9,895)	(26,108)	(23,519)	(59,522)
Subtotal	\$ 64,107	\$ 9,489	\$ 15,484	\$ 89,080	\$ 65,882	\$ 15,450	\$ 12,172	\$ 93,504	\$ 68,471	\$ 18,826	\$ 14,811	\$ 102,108
Cash and cash equivalents	—	—	(20,964)	(20,964)	—	—	(16,725)	(16,725)	—	—	(19,137)	(19,137)
Short-term investments - Rabbi Trust	—	—	(1,404)	(1,404)	—	—	(2,420)	(2,420)	—	—	(2,237)	(2,237)
Current income taxes receivable	—	—	—	—	—	—	(238)	(238)	—	—	(510)	(510)
Long-term investments - Rabbi Trust	—	—	(7,067)	(7,067)	—	—	(7,725)	(7,725)	—	—	(7,526)	(7,526)
Deferred income taxes - non-current	—	—	(480)	(480)	—	—	(463)	(463)	—	—	(493)	(493)
Deferred compensation - current	—	—	1,404	1,404	—	—	2,420	2,420	—	—	2,237	2,237
Accrued restructuring	—	—	—	—	—	—	—	—	—	—	33	33
Income taxes payable - current	—	—	753	753	—	—	467	467	—	—	969	969
Income taxes payable - long-term	—	—	2,675	2,675	—	—	2,648	2,648	—	—	2,629	2,629
Deferred income taxes - non-current	—	—	5,954	5,954	—	—	6,089	6,089	—	—	5,700	5,700
Deferred compensation non-current	—	—	6,842	6,842	—	—	7,590	7,590	—	—	7,486	7,486
<b>Total Capital Employed</b>	<b>\$ 64,107</b>	<b>\$ 9,489</b>	<b>\$ 3,197</b>	<b>\$ 76,793</b>	<b>\$ 65,882</b>	<b>\$ 15,450</b>	<b>\$ 3,815</b>	<b>\$ 85,147</b>	<b>\$ 68,471</b>	<b>\$ 18,826</b>	<b>\$ 3,962</b>	<b>\$ 91,259</b>

	As of the three Months Ended July 31, 2022				As of the three Months Ended May 1, 2022			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	\$ 90,842	51,053	38,595	180,490	\$ 92,609	51,124	33,830	177,563
Total liabilities	(11,934)	(30,762)	(23,799)	(66,495)	(8,569)	(25,915)	(23,578)	(58,062)
Subtotal	\$ 78,908	\$ 20,291	\$ 14,796	\$ 113,995	\$ 84,040	\$ 25,209	\$ 10,252	\$ 119,501
Cash and cash equivalents	—	—	(18,874)	(18,874)	—	—	(14,550)	(14,550)
Current income taxes receivable	—	—	(798)	(798)	—	—	(857)	(857)
Long-term investments - Rabbi Trust	—	—	(9,567)	(9,567)	—	—	(9,357)	(9,357)
Deferred income taxes - non-current	—	—	(546)	(546)	—	—	(528)	(528)
Income taxes payable - current	—	—	587	587	—	—	413	413
Income taxes payable - long-term	—	—	3,118	3,118	—	—	3,097	3,097
Deferred income taxes - non-current	—	—	6,007	6,007	—	—	6,004	6,004
Deferred compensation	—	—	9,528	9,528	—	—	9,343	9,343
<b>Total Capital Employed</b>	<b>\$ 78,908</b>	<b>\$ 20,291</b>	<b>\$ 4,251</b>	<b>\$ 103,450</b>	<b>\$ 84,040</b>	<b>\$ 25,209</b>	<b>\$ 3,817</b>	<b>\$ 113,066</b>

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
<b>Average Capital Employed (3)</b>	<b>\$ 72,282</b>	<b>\$ 17,853</b>	<b>\$ 3,808</b>	<b>\$ 93,943</b>

Notes

- (1) Return on average capital employed represents the twelve months operating (loss) income as of April 30, 2023, divided by average capital employed. Average capital employed does not include cash and cash equivalents, 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.
- (2) Average capital employed was computed using the five quarterly periods ending April 30, 2023, January 29, 2023, October 30, 2022, July 31, 2022, and May 1, 2022.
- (3) 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, INC.**  
**RETURN ON CAPITAL EMPLOYED BY SEGMENT**  
**FOR THE TWELVE MONTHS ENDED MAY 1, 2022**  
**Unaudited**  
**(Amounts in Thousands)**

	Adjusted Operating Income (Loss) Twelve Months Ended			Average Capital Employed (3)	Return on Avg. Capital Employed (2)
	May 1, 2022 (1)				
Mattress Fabrics	\$ 4,212	\$ 80,088			5.3%
Upholstery Fabrics	5,626	18,911			29.7%
Unallocated Corporate	(9,160)	2,682			N.M.
<b>Total</b>	<b>\$ 678</b>	<b>\$ 101,681</b>			<b>0.7%</b>

  

Average Capital Employed	As of the three Months Ended May 1, 2022				As of the three Months Ended January 30, 2022				As of the three Months Ended October 31, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	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	\$ 97,390	\$ 55,862	\$ 56,073	\$ 209,325
Total liabilities	(8,569)	(25,915)	(23,578)	(58,062)	(16,540)	(45,596)	(22,697)	(84,833)	(18,818)	(38,560)	(23,493)	(80,871)
Subtotal	\$ 84,040	\$ 25,209	\$ 10,252	\$ 119,501	\$ 86,830	\$ 21,676	\$ 18,228	\$ 126,734	\$ 78,572	\$ 17,302	\$ 32,580	\$ 128,454
Cash and cash equivalents	—	—	(14,550)	(14,550)	—	—	(11,780)	(11,780)	—	—	(16,956)	(16,956)
Short-term investments - Available-For-Sale	—	—	—	—	—	—	(438)	(438)	—	—	(9,709)	(9,709)
Short-term investments - Held-To-Maturity	—	—	—	—	—	—	(1,315)	(1,315)	—	—	(1,564)	(1,564)
Current income taxes receivable	—	—	(857)	(857)	—	—	(367)	(367)	—	—	(613)	(613)
Long-term investments - Held-To-Maturity	—	—	—	—	—	—	(8,677)	(8,677)	—	—	(8,353)	(8,353)
Long-term investments - Rabbi Trust	—	—	(9,357)	(9,357)	—	—	(9,223)	(9,223)	—	—	(9,036)	(9,036)
Deferred income taxes - non-current	—	—	(528)	(528)	—	—	(500)	(500)	—	—	(452)	(452)
Income taxes payable - current	—	—	413	413	—	—	240	240	—	—	646	646
Income taxes payable - long-term	—	—	3,097	3,097	—	—	3,099	3,099	—	—	3,099	3,099
Deferred income taxes - non-current	—	—	6,004	6,004	—	—	5,484	5,484	—	—	4,918	4,918
Deferred compensation	—	—	9,343	9,343	—	—	9,180	9,180	—	—	9,017	9,017
<b>Total Capital Employed</b>	<b>\$ 84,040</b>	<b>\$ 25,209</b>	<b>\$ 3,817</b>	<b>\$ 113,066</b>	<b>\$ 86,830</b>	<b>\$ 21,676</b>	<b>\$ 3,331</b>	<b>\$ 112,437</b>	<b>\$ 78,572</b>	<b>\$ 17,302</b>	<b>\$ 3,577</b>	<b>\$ 99,451</b>

  

	As of the three Months Ended August 1, 2021				As of the three Months Ended May 2, 2021			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets (4)	\$ 96,846	\$ 55,187	\$ 60,215	\$ 212,248	\$ 97,861	\$ 53,875	\$ 62,344	\$ 214,080
Total liabilities	(21,298)	(39,983)	(21,418)	(82,699)	(22,410)	(38,709)	(23,955)	(85,074)
Subtotal	\$ 75,548	\$ 15,204	\$ 38,797	\$ 129,549	\$ 75,451	\$ 15,166	\$ 38,389	\$ 129,006
Cash and cash equivalents	—	—	(26,061)	(26,061)	—	—	(37,009)	(37,009)
Short-term investments - Available-For-Sale	—	—	(9,698)	(9,698)	—	—	(5,542)	(5,542)
Short-term investments - Held-To-Maturity	—	—	(1,661)	(1,661)	—	—	(3,161)	(3,161)
Current income taxes receivable	—	—	(524)	(524)	—	—	—	—
Long-term investments - Held-To-Maturity	—	—	(6,629)	(6,629)	—	—	(1,141)	(1,141)
Long-term investments - Rabbi Trust	—	—	(8,841)	(8,841)	—	—	(8,415)	(8,415)
Deferred income taxes - non-current	—	—	(455)	(455)	—	—	(545)	(545)
Income taxes payable - current	—	—	253	253	—	—	229	229
Income taxes payable - long-term	—	—	3,365	3,365	—	—	3,326	3,326
Deferred income taxes - non-current	—	—	4,917	4,917	—	—	5,330	5,330
Deferred compensation	—	—	8,795	8,795	—	—	8,365	8,365
<b>Total Capital Employed</b>	<b>\$ 75,548</b>	<b>\$ 15,204</b>	<b>\$ 2,258</b>	<b>\$ 93,010</b>	<b>\$ 75,451</b>	<b>\$ 15,166</b>	<b>\$ (174)</b>	<b>\$ 90,443</b>

  

Average Capital Employed (3)	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
	\$ 80,088	\$ 18,911	\$ 2,682	\$ 101,681

Notes

- Return on average capital employed represents the last twelve months operating income (loss) as of May 1, 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.
- Average capital employed was computed using the five quarterly periods ending May 1, 2022, January 30, 2022, October 31, 2021, August 1, 2021, and May 2, 2021.
- 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.