

CULP

CULP, INC.

NYSE: CULP

First Quarter Fiscal 2023

Summary Financial Information

August 31, 2022

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 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.

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 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 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.

ABOUT NON-GAAP FINANCIAL INFORMATION (2)

This 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, if applicable for the period presented) divided by average capital employed (excluding goodwill and intangibles and obligations 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 adjusted operating income we produce to the asset base used to generate that income. Also, adjusted 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.

FIRST QUARTER FISCAL 2023 FINANCIAL SUMMARY

- ✦ Net sales were \$62.6 million, down 24.6 percent over the prior-year period, with mattress fabrics sales down 31.8 percent and upholstery fabrics sales down 16.9 percent compared with the first quarter of last year.
- ✦ Loss from operations was \$(4.7) million, as compared with income from operations of \$3.3 million for the prior-year period and as compared sequentially to a loss from operations of \$(5.4) million for the fourth quarter of fiscal 2022.
- ✦ Net loss was \$(5.7) million, or \$(0.47) per diluted share, compared with net income of \$2.3 million, or \$0.18 per diluted share, for the prior-year period. The effective tax rate for the first quarter of fiscal 2022 was (18.7)% and was affected by the company's mix of income between its U.S. and foreign jurisdictions during this period.
- ✦ The company's financial position reflected total cash and investments of \$18.9 million and no outstanding borrowings as of the end of the first quarter of fiscal 2023.
- ✦ Cash flow from operations and free cash flow were \$5.3 million and \$4.5 million, respectively, for the first quarter of fiscal 2023, compared with cash flow from operations and free cash flow of \$1.6 million and \$(782,000), respectively, for the first quarter of fiscal 2022. (See reconciliation table at the back of this presentation)

FIRST QUARTER 2023 HIGHLIGHTS

(\$ in millions)

| GAAP | Q1 FY23 | Q1 FY22 | Change | |
|---------------------------|---------|---------|--------|----------|
| | | | \$ | % |
| Sales | 62.6 | 83.0 | (20.4) | (24.6%) |
| Operating income / (loss) | (4.7) | 3.3 | (8.1) | (242.8%) |
| Operating income margin | (7.6)% | 4.0% | | NM |
| Pre-tax income / (loss) | (4.8) | 3.2 | (8.0) | (252.2%) |
| Pre-tax margin | (7.7)% | 3.8% | | NM |
| Net income (loss) | (5.7) | 2.3 | (7.9) | (353.3%) |
| EPS per diluted share | (0.47) | 0.18 | (0.65) | (357.%) |

Q1 SALES & OPERATING INCOME BRIDGES

(\$ in millions)

| Sales | Change | |
|-----------------------------|--------|--------|
| | \$ | % |
| Q1 2022 | 83.0 | |
| Mattress fabrics decrease | -13.7 | -31.8% |
| Upholstery fabrics decrease | -6.8 | -16.9% |
| Q1 2023 | 62.6 | -24.6% |

| Operating Income | Change | |
|--|--------|---------|
| | \$ | % |
| Q1 2022 | 3.3 | |
| Mattress fabrics decrease | -6.5 | -180.9% |
| Upholstery fabrics decrease | -1.7 | -76.1% |
| Unallocated corporate expense decrease | 0.2 | -7.9% |
| Q1 2023 | -4.7 | -242.8% |

Q1 MATTRESS FABRICS HIGHLIGHTS

(\$ in millions)

| | Q1 FY23 | Q1 FY22 | Change | |
|---------------------------|---------|---------|--------|---------|
| | | | \$ | % |
| Sales | 29.4 | 43.1 | -13.7 | -31.8% |
| Operating Income / (Loss) | (2.9) | 3.6 | -6.5 | -180.9% |
| Operating Income Margin | -9.9% | 8.4% | | NM |
| Depreciation | 1.6 | 1.5 | 0.0 | 3.1% |

Q1 MATTRESS FABRICS KEY POINTS

- ◆ Sales were down 31.8% compared to same period last year, but only down 1.4% sequentially from the fourth quarter of 2022.
- ◆ Sales were affected by a slowdown in consumer demand in the domestic mattress industry, and by mattress manufacturers and retailers still working through an excess of inventory that has delayed the timing of shipments and new product rollouts.
- ◆ Operating performance was significantly pressured by operating inefficiencies due to lower sales volume; ongoing labor challenges, including inefficiencies associated with hiring and training; and higher raw material costs.
- ◆ Focused on working capital management and cash generation throughout the quarter, reducing inventory by \$2.5 million, balancing raw materials with production needs, and generating cash despite an operating loss for the quarter.
- ◆ Continued execution of product-driven strategy, with emphasis on innovation, design creativity, and personalized customer service.
- ◆ Announced Tommy Bruno will join the leadership team as Executive Vice President and expected to assume role of division president upon planned retirement of Sandy Brown. He brings significant bedding industry experience, including work with Tempur + Sealy and Comfort Revolution.
- ◆ Management remains focused on controlling costs and is implementing additional targeted price increase on certain product lines during second quarter of fiscal 2023 to offset rising raw material costs. Also moving and consolidating domestic cut and sew operation from current location to existing mattress fabrics location in Stokesdale, North Carolina, and continuing to make workforce adjustment to align with demand.
- ◆ Well positioned to meet customer demand and resume growth trajectory as market conditions normalize.

Q1 UPHOLSTERY FABRICS HIGHLIGHTS

(\$ in millions)

| | Q1 FY23 | Q1 FY22 | Change | |
|-------------------------|---------|---------|--------|----------|
| | | | \$ | % |
| Sales | 33.2 | 40.0 | -6.8 | -16.9% |
| Operating Income | 0.5 | 2.3 | -1.7 | -76.1% |
| Operating Income Margin | 1.6% | 5.7% | | (400) bp |
| Depreciation | 0.2 | 0.2 | 0.0 | -1.5% |

Q1 UPHOLSTERY FABRICS KEY POINTS

- ◆ Sales were down 16.9% compared to an exceptionally strong prior-year period. Sales were up 22.4% sequentially over the fourth quarter of 2022, which was adversely affected by COVID-related shutdowns in China.
- ◆ Sales for the residential fabric business were affected during the quarter by slowdown in new retail business for residential home furnishings industry.
- ◆ Top-line recovery continued in hospitality business, with higher sales for in hospitality/contract fabric business, although sales for Read Window Products were flat year-over-year primarily due to labor challenges affecting production output.
- ◆ Operating performance improved sequentially but still affected by lower sales; labor challenges and inflationary pressures affecting Read Window Products; and additional employee training costs and operating inefficiencies at new Haiti cut and sew facility as it continued to scale to full capacity. Operating performance for the quarter was positively affected by favorable foreign exchange rate associated with operations in China.
- ◆ New Haiti cut and sew facility is now fully staffed and production output per week is improving as employees gain more experience through extensive training.
- ◆ Well positioned for long term with scalable global platform and innovative product offerings, including popular portfolio of LiveSmart® performance products.

FREE CASH FLOW*

(\$ in millions)

| | Q1 FY23 | Q1 FY22 |
|--|---------|---------|
| Net income | -5.7 | 2.3 |
| Depreciation, amortization, & stock-based compensation | 2.1 | 2.1 |
| Deferred taxes, other | -0.2 | -0.3 |
| Gross cash flow | -3.8 | 4.1 |
| Cash flow from working capital and changes in other assets/liabilities | 9.1 | -2.5 |
| Cash flow from operations | 5.3 | 1.6 |
| Capital expenditures, including payments that are vendor financed | -0.7 | -2.0 |
| Other | -0.1 | -0.4 |
| Free cash flow | 4.5 | -0.8 |

* See reconciliation at the back of this presentation.

RETURN ON CAPITAL*

(\$ in millions)

| | July 31, 2022 | August 1, 2021 |
|---------------------------------|------------------|-------------------|
| Return on capital: | | |
| Mattress fabrics | -2.9% | 19.5% |
| Upholstery fabrics | 19.6% | 75.9% |
| Unallocated corporate | N/A | N/A |
| Consolidated | -7.1% | 15.5% |
| Ending Capital Employed: | | |
| Mattress fabrics | \$78.9 | \$75.5 |
| Upholstery fabrics | \$20.3 | \$15.2 |
| Unallocated corporate | \$4.3 | \$2.3 |
| Consolidated | \$103.5 | \$93.0 |

* See reconciliation at the back of this presentation.

OPERATING WORKING CAPITAL

(\$ in millions)

| | July 31, 2022 | August 1, 2021 |
|---|------------------|-------------------|
| Accounts receivable, net | 24.8 | 35.0 |
| Inventories, net | 63.7 | 58.6 |
| Accounts payable | (29.1) | (45.3) |
| Accounts payable – capital expenditures | (0.3) | (0.0) |
| Operating working capital | 59.1 | 48.3 |
| Percent of sales* | 23.61% | 14.54% |
| Days sales outstanding | 34.1 | 38.4 |
| Inventory turns | 3.6 | 4.9 |
| Days accounts payable outstanding** | 45.8 | 58.5 |

* 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.

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(\$ in thousands)

| | Quarter Ended October 31, 2021 | Quarter Ended January 30, 2022 | Quarter Ended May 1, 2022 | Quarter Ended July 31, 2022 | Trailing 12 Months July 31, 2022 |
|--------------------------|--------------------------------------|--------------------------------------|---------------------------------|-----------------------------------|---|
| Net income (loss) | \$ 851 | \$ (289) | \$ (6,023) | \$ (5,699) | \$ (11,160) |
| Income tax expense | 444 | 1,284 | 253 | 896 | 2,877 |
| Interest income, net | (59) | (214) | (26) | (17) | (316) |
| Depreciation expense | 1,745 | 1,732 | 1,791 | 1,770 | 7,038 |
| Amortization expense | 146 | 150 | 142 | 105 | 543 |
| Stock based compensation | 435 | 171 | 253 | 252 | 1,111 |
| Adjusted EBITDA | \$ 3,562 | \$ 2,834 | \$ (3,610) | \$ (2,693) | \$ 93 |
| % Net Sales | 4.8% | 3.5% | (6.3)% | (4.3)% | 0.0% |

| | Quarter Ended November 1, 2020 | Quarter Ended January 31, 2021 | Quarter Ended May 2, 2021 | Quarter Ended August 1, 2021 | Trailing 12 Months August 1, 2021 |
|--------------------------|--------------------------------------|--------------------------------------|---------------------------------|------------------------------------|--|
| Net income | \$ 2,384 | \$ 2,082 | \$ 1,485 | \$ 2,250 | \$ 8,201 |
| Income tax expense | 1,613 | 899 | 857 | 905 | 4,274 |
| Interest income, net | (59) | (90) | (36) | (74) | (259) |
| Gain on bargain purchase | — | — | (819) | — | (819) |
| Depreciation expense | 1,716 | 1,665 | 1,643 | 1,726 | 6,750 |
| Amortization expense | 117 | 115 | 116 | 121 | 469 |
| Stock based compensation | 348 | 292 | 485 | 274 | 1,399 |
| Adjusted EBITDA | \$ 6,119 | \$ 4,963 | \$ 3,731 | \$ 5,202 | \$ 20,015 |
| % Net Sales | 8.0% | 6.3% | 4.7% | 6.3% | 6.3% |
| % Over (Under) | (41.8)% | (42.9)% | (196.8)% | (151.8)% | (99.5)% |

NET CASH, INVESTMENTS, AND EQUITY

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

| | Q1 FY23 | Q1 FY21 |
|---|---------------|---------------|
| Cash and cash equivalents | \$18.9 | \$26.1 |
| Short-term investments (Available for Sale) | \$0.0 | \$9.7 |
| Short-term investments (Held-to-Maturity) | \$0.0 | \$1.7 |
| Long-term investments (Held-to-Maturity) | \$0.0 | \$6.6 |
| Total cash and investments | \$18.9 | \$44.0 |
| Total debt | | |
| Net cash and investments | \$18.9 | \$44.0 |
| Shareholders' equity attributable to Culp, Inc. | \$114.0 | \$129.5 |
| Shares outstanding | 12,275 | 12,276 |
| Book value per share | \$9.29 | \$10.55 |
| Tangible Book value per share | \$9.08 | \$10.32 |

CULP

CULP, INC.

NYSE:CULP

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RECONCILIATION OF FREE CASH FLOW

**RECONCILIATION OF FREE CASH FLOW
FOR THE THREE MONTHS ENDED JULY 31, 2022,
AND AUGUST 1, 2021
Unaudited
(Amounts in Thousands)**

| | <u>FY 2023</u> | <u>FY 2022</u> |
|--|-----------------|-----------------|
| A) Net cash (used in) provided by operating activities | \$ 5,309 | \$ 1,571 |
| B) Minus: Capital Expenditures | (711) | (1,953) |
| C) Plus: Proceeds from the sale of equipment | 166 | — |
| D) Plus: Proceeds from the sale of long-term investments (rabbi trust) | 23 | — |
| E) Minus: Purchase of long-term investments (rabbi trust) | (236) | (403) |
| F) Effects of exchange rate changes on cash and cash equivalents | (66) | 3 |
| Free Cash Flow | <u>\$ 4,485</u> | <u>\$ (782)</u> |

CULP, INC.
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE TWELVE MONTHS ENDED JULY 31, 2022
Unaudited
(Amounts in Thousands)

| | Adjusted Operating (Loss) Income | | | | Return on Avg. Capital Employed (2) | | |
|-----------------------|---|------------------------------------|--|---|---|--|---|
| | Twelve Months Ended July 31, 2022 (1) | Average Capital Employed (3) | | Twelve Months Ended July 31, 2022 (1) | Average Capital Employed (3) | | Return on Avg. Capital Employed (2) |
| Mattress Fabrics | \$ (2,319) | \$ 80,780 | | \$ (2,319) | \$ 80,780 | | (2.9)% |
| Upholstery Fabrics | 3,900 | 19,936 | | 3,900 | 19,936 | | 19.6% |
| Unallocated Corporate | (8,959) | 3,567 | | (8,959) | 3,567 | | N.M. |
| Total | \$ (7,378) | \$ 104,283 | | \$ (7,378) | \$ 104,283 | | (7.1)% |

| | As of the three Months Ended July 31, 2022 | | | | 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 | Mattress Fabrics | Upholstery Fabrics | Unallocated Corporate | Total |
| Total assets (4) | \$ 90,842 | 61,053 | 38,595 | 180,490 | \$ 92,609 | 51,124 | 33,830 | 177,563 | \$ 103,370 | 67,272 | 40,925 | 211,567 |
| Total liabilities | (11,934) | (30,762) | (23,799) | (66,495) | (8,569) | (25,915) | (23,578) | (58,062) | (16,540) | (45,596) | (22,697) | (84,833) |
| Subtotal | \$ 78,908 | \$ 20,291 | \$ 14,796 | \$ 113,995 | \$ 84,040 | \$ 25,209 | \$ 10,252 | \$ 119,501 | \$ 86,830 | \$ 21,676 | \$ 18,228 | \$ 126,734 |
| Cash and cash equivalents | — | — | (18,874) | (18,874) | — | — | (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 | — | — | (798) | (798) | — | — | (857) | (857) | — | — | (367) | (367) |
| Long-term investments - Held-To-Maturity | — | — | — | — | — | — | — | — | — | — | (8,677) | (8,677) |
| Long-term investments - Rabbi Trust | — | — | (9,567) | (9,567) | — | — | (9,357) | (9,357) | — | — | (9,223) | (9,223) |
| Deferred income taxes - non-current | — | — | (546) | (546) | — | — | (528) | (528) | — | — | (500) | (500) |
| Income taxes payable - current | — | — | 587 | 587 | — | — | 413 | 413 | — | — | 240 | 240 |
| Income taxes payable - long-term | — | — | 3,118 | 3,118 | — | — | 3,097 | 3,097 | — | — | 3,099 | 3,099 |
| Deferred income taxes - non-current | — | — | 6,007 | 6,007 | — | — | 6,004 | 6,004 | — | — | 5,484 | 5,484 |
| Deferred compensation | — | — | 9,528 | 9,528 | — | — | 9,343 | 9,343 | — | — | 9,180 | 9,180 |
| Total Capital Employed | \$ 78,908 | \$ 20,291 | \$ 4,251 | \$ 103,450 | \$ 84,040 | \$ 25,209 | \$ 3,817 | \$ 113,066 | \$ 86,830 | \$ 21,676 | \$ 3,931 | \$ 112,437 |

| | As of the three Months Ended October 31, 2021 | | | | As of the three Months Ended August 1, 2021 | | | |
|---|---|-----------------------|--------------------------|------------------|---|-----------------------|--------------------------|------------------|
| | Mattress Fabrics | Upholstery Fabrics | Unallocated Corporate | Total | Mattress Fabrics | Upholstery Fabrics | Unallocated Corporate | Total |
| Total assets (4) | \$ 97,390 | 55,862 | 56,073 | 209,325 | \$ 96,846 | 55,187 | 60,215 | 212,248 |
| Total liabilities | (18,818) | (38,560) | (23,493) | (80,871) | (21,298) | (39,983) | (21,418) | (82,699) |
| Subtotal | \$ 78,572 | \$ 17,302 | \$ 32,580 | \$ 128,454 | \$ 75,548 | \$ 15,204 | \$ 38,797 | \$ 129,549 |
| Cash and cash equivalents | — | — | (16,956) | (16,956) | — | — | (26,061) | (26,061) |
| Short-term investments - Available-For-Sale | — | — | (9,709) | (9,709) | — | — | (9,698) | (9,698) |
| Short-term investments - Held-To-Maturity | — | — | (1,564) | (1,564) | — | — | (1,661) | (1,661) |
| Current income taxes receivable | — | — | (613) | (613) | — | — | (524) | (524) |
| Long-term investments - Held-To-Maturity | — | — | (8,353) | (8,353) | — | — | (6,629) | (6,629) |
| Long-term investments - Rabbi Trust | — | — | (9,036) | (9,036) | — | — | (8,841) | (8,841) |
| Deferred income taxes - non-current | — | — | (452) | (452) | — | — | (455) | (455) |
| Income taxes payable - current | — | — | 646 | 646 | — | — | 253 | 253 |
| Income taxes payable - long-term | — | — | 3,099 | 3,099 | — | — | 3,365 | 3,365 |
| Deferred income taxes - non-current | — | — | 4,918 | 4,918 | — | — | 4,917 | 4,917 |
| Deferred compensation | — | — | 9,017 | 9,017 | — | — | 8,795 | 8,795 |
| Total Capital Employed | \$ 78,572 | \$ 17,302 | \$ 3,577 | \$ 99,451 | \$ 75,548 | \$ 15,204 | \$ 2,258 | \$ 93,010 |

| | Mattress Fabrics | Upholstery Fabrics | Unallocated Corporate | Total |
|-------------------------------------|---------------------|-----------------------|--------------------------|-------------------|
| Average Capital Employed (3) | \$ 80,780 | \$ 19,936 | \$ 3,567 | \$ 104,283 |

(1) See last page of this presentation for calculation.

(2) Return on average capital employed represents the last twelve months operating income as of August 1, 2021, 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 August 1, 2021, May 2, 2021, January 31, 2021, November 1, 2020, and August 2, 2020.

(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.
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE TWELVE MONTHS ENDED AUGUST 1, 2021
Unaudited
(Amounts in Thousands)

| | Adjusted Operating Income (Loss) | | | Return on Avg. Capital Employed (2) |
|-----------------------|----------------------------------|------------------------------|--|-------------------------------------|
| | Twelve Months Ended | Average Capital Employed (3) | | |
| | August 1, 2021 (1) | | | |
| Matress Fabrics | \$ 13,564 | \$ 69,590 | | 19.5% |
| Upholstery Fabrics | 12,030 | 15,851 | | 75.9% |
| Unallocated Corporate | (12,082) | 1,905 | | N.M. |
| Total | \$ 13,512 | \$ 87,347 | | 15.5% |

| | As of the three Months Ended August 1, 2021 | | | | As of the three Months Ended May 2, 2021 | | | | As of the three Months Ended January 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) | \$ 96,846 | 55,187 | 60,215 | 212,248 | \$ 97,861 | 53,875 | 62,344 | 214,080 | \$ 91,842 | 52,803 | 67,333 |
| Total liabilities | (21,298) | (39,983) | (21,418) | (82,699) | (22,410) | (38,709) | (23,955) | (85,074) | (21,503) | (38,061) | (24,052) | (83,616) |
| Subtotal | \$ 75,548 | \$ 15,204 | \$ 38,797 | \$ 129,549 | \$ 75,451 | \$ 15,166 | \$ 38,389 | \$ 129,006 | \$ 70,339 | \$ 14,742 | \$ 43,281 | \$ 128,362 |
| Cash and cash equivalents | — | — | (26,061) | (26,061) | — | — | (37,009) | (37,009) | — | — | (35,987) | (35,987) |
| Short-term investments - Available-For-Sale | — | — | (9,698) | (9,698) | — | — | (5,542) | (5,542) | — | — | (5,548) | (5,548) |
| Short-term investments - Held-To-Maturity | — | — | (1,661) | (1,661) | — | — | (3,161) | (3,161) | — | — | (9,785) | (9,785) |
| Current income taxes receivable | — | — | (524) | (524) | — | — | — | — | — | — | — | — |
| Long-term investments - Held-To-Maturity | — | — | (6,629) | (6,629) | — | — | (1,141) | (1,141) | — | — | (512) | (512) |
| Long-term investments - Rabbi Trust | — | — | (8,841) | (8,841) | — | — | (8,415) | (8,415) | — | — | (8,232) | (8,232) |
| Deferred income taxes - non-current | — | — | (455) | (455) | — | — | (545) | (545) | — | — | (640) | (640) |
| Income taxes payable - current | — | — | 253 | 253 | — | — | 229 | 229 | — | — | 1,129 | 1,129 |
| Income taxes payable - long-term | — | — | 3,365 | 3,365 | — | — | 3,326 | 3,326 | — | — | 3,325 | 3,325 |
| Deferred income taxes - non-current | — | — | 4,917 | 4,917 | — | — | 5,330 | 5,330 | — | — | 5,543 | 5,543 |
| Deferred compensation | — | — | 8,795 | 8,795 | — | — | 8,365 | 8,365 | — | — | 8,179 | 8,179 |
| Total Capital Employed | \$ 75,548 | \$ 15,204 | \$ 2,258 | \$ 93,010 | \$ 75,451 | \$ 15,166 | \$ (174) | \$ 90,443 | \$ 70,339 | \$ 14,742 | \$ 753 | \$ 85,834 |

| | As of the three Months Ended November 1, 2020 | | | | As of the three Months Ended August 2, 2020 | | | |
|---|---|--------------------|-----------------------|-------------------|---|--------------------|-----------------------|-------------------|
| | Mattress Fabrics | Upholstery Fabrics | Unallocated Corporate | Total | Mattress Fabrics | Upholstery Fabrics | Unallocated Corporate | Total |
| | Total assets (4) | \$ 83,667 | 46,837 | 72,272 | 202,776 | \$ 79,016 | 41,239 | 64,332 |
| Total liabilities | (21,628) | (30,287) | (23,610) | (75,525) | (14,444) | (23,644) | (20,630) | (58,718) |
| Subtotal | \$ 62,039 | \$ 16,550 | \$ 48,662 | \$ 127,251 | \$ 64,572 | \$ 17,595 | \$ 43,702 | \$ 125,869 |
| Cash and cash equivalents | — | — | (45,288) | (45,288) | — | — | (39,986) | (39,986) |
| Short-term investments - Available-For-Sale | — | — | (5,462) | (5,462) | — | — | (983) | (983) |
| Short-term investments - Held-To-Maturity | — | — | (5,005) | (5,005) | — | — | (5,092) | (5,092) |
| Current income taxes receivable | — | — | — | — | — | — | (782) | (782) |
| Long-term investments - Held-To-Maturity | — | — | (759) | (759) | — | — | (1,314) | (1,314) |
| Long-term investments - Rabbi Trust | — | — | (8,060) | (8,060) | — | — | (7,916) | (7,916) |
| Deferred income taxes - non-current | — | — | (645) | (645) | — | — | (593) | (593) |
| Income taxes payable - current | — | — | 1,413 | 1,413 | — | — | 613 | 613 |
| Income taxes payable - long-term | — | — | 3,325 | 3,325 | — | — | 3,591 | 3,591 |
| Deferred income taxes - non-current | — | — | 6,089 | 6,089 | — | — | 5,311 | 5,311 |
| Deferred compensation | — | — | 8,000 | 8,000 | — | — | 7,869 | 7,869 |
| Total Capital Employed | \$ 62,039 | \$ 16,550 | \$ 2,270 | \$ 80,859 | \$ 64,572 | \$ 17,595 | \$ 4,420 | \$ 86,587 |

| | Mattress Fabrics | Upholstery Fabrics | Unallocated Corporate | Total |
|-------------------------------------|------------------|--------------------|-----------------------|------------------|
| Average Capital Employed (3) | \$ 69,590 | \$ 15,851 | \$ 1,905 | \$ 87,347 |

CULP, INC.
CONSOLIDATED STATEMENTS OF ADJUSTED OPERATING INCOME (LOSS)
FOR THE TWELVE MONTHS ENDED JULY 31, 2022, AND AUGUST 1, 2021
Unaudited
(Amounts in Thousands)

| | Quarter Ended | | | | Trailing 12 Months 7/31/2022 |
|------------------------------------|-----------------|-----------------|-------------------|-------------------|------------------------------------|
| | 10/31/2021 | 1/30/2022 | 5/1/2022 | 7/31/2022 | |
| Mattress Fabrics | \$ 3,139 | \$ 364 | \$ (2,901) | \$ (2,921) | \$ (2,319) |
| Upholstery Fabrics | 1,028 | 2,446 | (116) | 542 | 3,900 |
| Unallocated Corporate | (2,527) | (1,707) | (2,366) | (2,359) | (8,959) |
| Operating income (loss) | <u>\$ 1,640</u> | <u>\$ 1,103</u> | <u>\$ (5,383)</u> | <u>\$ (4,738)</u> | <u>\$ (7,378)</u> |

| | Quarter Ended | | | | Trailing 12 Months 8/1/2021 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------------------|
| | 11/1/2020 | 1/31/2021 | 5/2/2021 | 8/1/2021 | |
| Mattress Fabrics | \$ 4,382 | \$ 3,297 | \$ 2,274 | \$ 3,611 | \$ 13,564 |
| Upholstery Fabrics | 3,287 | 3,863 | 2,613 | 2,267 | 12,030 |
| Unallocated Corporate | (3,151) | (3,123) | (3,248) | (2,560) | (12,082) |
| Operating income | <u>\$ 4,518</u> | <u>\$ 4,037</u> | <u>\$ 1,639</u> | <u>\$ 3,318</u> | <u>\$ 13,512</u> |
| % Over (Under) | <u>(63.7)%</u> | <u>(72.7)%</u> | <u>(428.4)%</u> | <u>(242.8)%</u> | <u>(154.6)%</u> |