

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

FORM 8-K

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

Date of report (Date of earliest event reported): November 13, 2019

Crown Crafts, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-7604

(Commission File Number)

58-0678148

(IRS Employer Identification No.)

916 South Burnside Avenue, Gonzales, LA

(Address of principal executive offices)

70737

(Zip Code)

Registrant's telephone number, including area code: (225) 647-9100

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

Emerging growth company

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | CRWS | Nasdaq Capital Market |

Item 2.02. Results of Operations and Financial Condition.

On November 13, 2019, Crown Crafts, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter of fiscal year 2020, which ended September 29, 2019. A copy of that press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02 and in Exhibit 99.1 attached hereto is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section. The information in this Item 2.02 and in Exhibit 99.1 attached hereto shall not be incorporated by reference into any registration statement or document pursuant to the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release dated November 13, 2019.](#)

SIGNATURES

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

CROWN CRAFTS, INC.

Date: November 13, 2019

/s/ Olivia W. Elliott
Olivia W. Elliott
Vice President and Chief Financial Officer

Exhibit Index

| <u>Exhibit No.</u> | <u>Description of Exhibit</u> |
|--------------------|--|
| 99.1 | Press Release dated November 13, 2019. |



For immediate release

November 13, 2019

Crown Crafts Reports Fiscal 2020 Second Quarter Results

- Improved gross margin for the quarter and year-to-date periods
- Finished quarter debt-free
- Board previously announced declaration of a special dividend of \$0.25 per share in addition to a quarterly dividend of \$0.08 per share

Gonzales, Louisiana – Crown Crafts, Inc. (NASDAQ-CM: CRWS) (the “Company”) today reported results for the second quarter of fiscal year 2020, which ended September 29, 2019.

“Although sales for the quarter were slightly down, our overall outlook remains strong. The decline in sales was primarily due to timing of retail shipments as well as a discontinued program with one retailer. Despite these factors, our management team maintained tight cost controls, resulting in increased gross margin and continued profitability this quarter,” said E. Randall Chestnut, Chairman, President and Chief Executive Officer.

“During the second quarter, we furthered our focus on product innovation by attending and presenting at Kind + Jugend 2019 in Cologne, Germany, one of the largest global trade shows in the industry. We introduced 75 new products from the Crown Crafts family of brands, and met with distributors and customers representing approximately 30 countries around the world,” Chestnut continued. “We remain excited about our global opportunities for growth and the appeal of our products to consumers worldwide.”

Financial Results

Net income for the second quarter of fiscal 2020 was \$1.8 million, or \$0.18 per diluted share, on net sales of \$18.6 million, compared with net income of \$1.8 million, or \$0.18 per diluted share, on net sales of \$20.5 million for the second quarter of fiscal 2019. Gross profit for the current year quarter increased to 31.6% of net sales from 31.0% of net sales in the prior year quarter.

For the six-month fiscal period, net income was \$2.9 million, or \$0.28 per diluted share, on net sales of \$34.5 million, compared with net income of \$2.1 million, or \$0.21 per diluted share, on net sales of \$36.0 million for the first six months of fiscal 2019. Current year net income was impacted favorably by \$292,000, or \$0.03 per diluted share, due to a reversal of a portion of reserves for unrecognized tax benefits and the related interest and penalties that had been previously accrued. Gross profit for the six-month period was 30.2% of net sales, up from 29.2% in the prior-year period.

Board Declares Special and Quarterly Cash Dividend

The Company announced on October 31, 2019 that its Board of Directors declared a special cash dividend on the Company's Series A common stock of \$0.25 per share, along with a quarterly cash dividend of \$0.08 per share. Both dividends will be paid on January 3, 2020 to stockholders of record at the close of business on December 13, 2019. "We are pleased to have finished the second quarter debt-free and to once again reward our stockholders with this special dividend, in addition to a quarterly dividend. We remain committed to delivering value to investors. Upon payment of this special dividend, Crown Crafts will have distributed more than \$40 million in total dividends to shareholders since 2010," Chestnut said. "These payments reflect the Board's confidence in the Company's overall financial health and future cash flow," he continued.

Conference Call

The Company will host a teleconference today at 1:00 p.m. Central Standard Time to discuss the Company's results, during which interested individuals will be given the opportunity to ask appropriate questions. To join the teleconference, dial (844) 861-5504 and ask to be joined into the Crown Crafts, Inc. call. The teleconference can also be accessed in listen-only mode by visiting the Company's website at www.crowncrafts.com. The financial information to be discussed during the teleconference may be accessed prior to the call on the investor relations portion of the Company's website. A telephone replay of the teleconference will be available one hour after the end of the call through 4:00 p.m. Central Standard Time on November 20, 2019. To access the replay, dial (877) 344-7529 in the United States or (412) 317-0088 from international locations and refer to conference number 10135979.

About Crown Crafts, Inc.

Crown Crafts, Inc. designs, markets and distributes infant, toddler and juvenile consumer products. Founded in 1957, Crown Crafts is one of America's largest producers of infant bedding, toddler bedding, bibs and developmental toys. The Company operates through its three wholly owned subsidiaries, NoJo Baby & Kids, Inc., Sassy Baby, Inc. and Carousel Designs, LLC, which market a variety of infant, toddler and juvenile products under Company-owned trademarks, as well as licensed collections and exclusive private label programs. Sales are made directly to retailers such as mass merchants, large chain stores and juvenile specialty stores, as well as directly to consumers through www.babybedding.com. For more information, visit the Company's website at www.crowncrafts.com.

The foregoing contains forward-looking statements within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current expectations, projections, estimates and assumptions. Words such as "expects," "believes," "anticipates" and variations of such words and similar expressions identify such forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause future results to differ materially from those suggested by the forward-looking statements. These risks include, among others, general economic conditions, including changes in interest rates, in the overall level of consumer spending and in the price of oil, cotton and other raw materials used in the Company's products, changing competition, changes in the retail environment, the Company's ability to successfully integrate newly acquired businesses, the level and pricing of future orders from the Company's customers, the extent to which the Company's business is concentrated in a small number of customers, the Company's dependence upon third-party suppliers, including some located in foreign countries, customer acceptance of both new designs and newly-introduced product lines, actions of competitors that may impact the Company's business, disruptions to transportation systems or shipping lanes used by the Company or its suppliers, and the Company's dependence upon licenses from third parties. Reference is also made to the Company's periodic filings with the Securities and Exchange Commission for additional factors that may impact the Company's results of operations and financial condition. The Company does not undertake to update the forward-looking statements contained herein to conform to actual results or changes in our expectations, whether as a result of new information, future events or otherwise.

Contact:

Olivia W. Elliott
Vice President and Chief Financial Officer or
(225) 647-9124
oelliott@crowncrafts.com

Halliburton Investor Relations
(972) 458-8000

CROWN CRAFTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
SELECTED FINANCIAL DATA
In thousands, except percentages and per share data
(Unaudited)

| | Three-Month Periods Ended | | Six-Month Periods Ended | |
|---|---------------------------|-----------------------|-------------------------|-----------------------|
| | September 29, 2019 | September 30, 2018 | September 29, 2019 | September 30, 2018 |
| Net sales | \$ 18,560 | \$ 20,536 | \$ 34,502 | \$ 35,996 |
| Gross profit | 5,869 | 6,370 | 10,420 | 10,498 |
| Gross profit percentage | 31.6% | 31.0% | 30.2% | 29.2% |
| Income from operations | 2,393 | 2,543 | 3,492 | 2,986 |
| Income before income tax expense | 2,382 | 2,456 | 3,518 | 2,800 |
| Income tax expense | 603 | 647 | 660 | 727 |
| Net income | 1,779 | 1,809 | 2,858 | 2,073 |
| Basic earnings per share | \$ 0.18 | \$ 0.18 | \$ 0.28 | \$ 0.21 |
| Diluted earnings per share | \$ 0.18 | \$ 0.18 | \$ 0.28 | \$ 0.21 |
| Weighted Average Shares Outstanding: | | | | |
| Basic | 10,143 | 10,086 | 10,131 | 10,078 |
| Diluted | 10,143 | 10,088 | 10,131 | 10,080 |

CONSOLIDATED BALANCE SHEETS
SELECTED FINANCIAL DATA
In thousands

| | September 29, 2019 (Unaudited) | March 31, 2019 |
|--|-----------------------------------|----------------|
| Cash and cash equivalents | \$ 200 | \$ 143 |
| Accounts receivable, net of allowances | 14,214 | 17,772 |
| Inventories | 21,941 | 19,534 |
| Total current assets | 37,349 | 38,679 |
| Operating lease right of use assets | 1,276 | - |
| Finite-lived intangible assets - net | 6,005 | 6,432 |
| Goodwill | 7,125 | 7,125 |
| Total assets | \$ 54,051 | \$ 54,779 |
| Operating lease liabilities, current | 682 | - |
| Total current liabilities | 9,679 | 7,711 |
| Long-term debt | - | 4,486 |
| Operating lease liabilities, noncurrent | 655 | - |
| Shareholders' equity | 42,747 | 41,388 |
| Total liabilities and shareholders' equity | \$ 54,051 | \$ 54,779 |