

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): February 12, 2020

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 February 12, 2020, Crown Crafts, Inc. (the “Company”) issued a press release announcing its financial results for the third quarter of fiscal year 2020, which ended December 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 February 12, 2020.](#)

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: February 12, 2020

/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 February 12, 2020.



For immediate release

February 12, 2020

Crown Crafts Reports Fiscal 2020 Third Quarter Results

- Higher gross profit in spite of lower sales for the quarter and year-to-date periods
- Net income increases 34.8% for the quarter and 36.6% year-to-date
- Board declares a quarterly dividend of \$0.08 per share

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

“We are proud of our third quarter performance, which includes a 4.0% increase in the amount of our gross profit in spite of mostly flat sales compared with the same quarter from the previous year,” said E. Randall Chestnut, Chairman, President and Chief Executive Officer. “Throughout the past several months, Crown Crafts has navigated a landscape filled with increasing tariffs. We have worked with governmental authorities, customers and suppliers to meet these challenges, and I am delighted to say that our team has adjusted and performed well. We are very pleased to share the results of a strong third quarter.”

Financial Results

Net income for the third quarter of fiscal 2020 was \$2.1 million, or \$0.21 per diluted share, on net sales of \$18.6 million, compared with net income of \$1.6 million, or \$0.15 per diluted share, on net sales of \$18.7 million for the third quarter of fiscal 2019. Gross profit of 31.3% of net sales for the current year quarter was higher than the prior year quarter gross profit of 30.0% of net sales.

For the nine-month fiscal period, net income was \$5.0 million, or \$0.49 per diluted share, on net sales of \$53.1 million, compared with net income of \$3.6 million, or \$0.36 per diluted share, on net sales of \$54.7 million for the first nine months of fiscal 2019. Gross profit for the nine-month period was 30.6% of net sales, increased from 29.4% in the prior-year period.

The current year quarter and year-to-date periods were impacted favorably by \$276,000, or \$0.03 per share, due to the effect of certain tax credits. Current year net income for the year-to-date period was also impacted favorably by \$292,000, or \$0.03 per diluted share, due to the reversal of a portion of reserves for unrecognized tax benefits and the related interest and penalties that had been previously accrued. Net income for the year-to-date period of the prior year was unfavorably impacted when the Company incurred \$210,000 in pre-tax expenses to transfer its Sassy-branded inventory from Grand Rapids, Michigan to the Company’s facility in Compton, California. On an after-tax basis, these costs negatively affected the year-to-date period in the prior year by \$156,000.

Quarterly Cash Dividend

The Company also announced that its Board of Directors declared a quarterly cash dividend on the Company's Series A common stock of \$0.08 per share, which will be paid on April 3, 2020 to stockholders of record at the close of business on March 13, 2020. "We are pleased to reward our stockholders with another quarterly dividend payment," Chestnut said.

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 February 19, 2020. To access the replay, dial (877) 344-7529 in the United States or (412) 317-0088 from international locations and refer to conference number **10139008**.

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," "intends," "may," "will," "could," "would" and variations of such words and similar expressions may 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:

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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		Nine-Month Periods Ended	
	December 29, 2019	December 30, 2018	December 29, 2019	December 30, 2018
Net sales	\$ 18,587	\$ 18,668	\$ 53,089	\$ 54,664
Gross profit	5,821	5,597	16,241	16,095
Gross profit percentage	31.3%	30.0%	30.6%	29.4%
Income from operations	2,405	2,151	5,897	5,137
Income before income tax expense	2,377	2,091	5,895	4,891
Income tax expense	282	537	942	1,264
Net income	2,095	1,554	4,953	3,627
Basic earnings per share	\$ 0.21	\$ 0.15	\$ 0.49	\$ 0.36
Diluted earnings per share	\$ 0.21	\$ 0.15	\$ 0.49	\$ 0.36
Weighted Average Shares Outstanding:				
Basic	10,166	10,098	10,143	10,084
Diluted	10,177	10,099	10,144	10,086

CONSOLIDATED BALANCE SHEETS
SELECTED FINANCIAL DATA
In thousands

	December 29, 2019 (Unaudited)	March 31, 2019
Cash and cash equivalents	\$ 41	\$ 143
Accounts receivable, net of allowances	15,545	17,772
Inventories	23,640	19,534
Total current assets	41,564	38,679
Operating lease right of use assets	5,416	-
Finite-lived intangible assets - net	5,791	6,432
Goodwill	7,125	7,125
Total assets	\$ 62,150	\$ 54,779
Total current liabilities	14,019	7,711
Long-term debt	-	4,486
Operating lease liabilities, noncurrent	5,551	-
Shareholders' equity	41,563	41,388
Total liabilities and shareholders' equity	\$ 62,150	\$ 54,779