

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 10, 2020

Crown Crafts, Inc.

(Exact name of registrant as specified in its charter)

Delaware

1-7604

58-0678148

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

916 South Burnside Avenue, Gonzales, LA

70737

(Address of principal executive offices)

(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 10, 2020, Crown Crafts, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter of fiscal year 2021, which ended September 27, 2020. 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 10, 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: November 10, 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 November 10, 2020.



For immediate release

November 10, 2020

Crown Crafts Reports Fiscal 2021 Second Quarter Results

- Net sales increased 16.7% for the quarter
- Record net income of \$2.5 million for the quarter, an increase of 39.8%
- Company ended the quarter with a \$6.8 million cash balance
- Board declares 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 2021, which ended September 27, 2020.

“We once again demonstrated strong performance with improvements in net sales, gross margin and net income for both the quarter and year-to-date periods. We are pleased with this performance, which has been driven by increased consumer demand for our products despite the challenging economic environment,” said E. Randall Chestnut, Chairman, President and Chief Executive Officer. “Our financial position remains strong and we will continue to maintain a tight control over costs. Additionally, our continued focus on developing products that meet the high standards of parents has led to our Sassy® Stacks of Circles™ Ring Stacker being awarded Newsweek’s Best in STEM 2021 Award for all age groups,” Chestnut continued.

Financial Results

Net income for the second quarter of fiscal 2021 was \$2.5 million, or \$0.24 per diluted share, on net sales of \$21.7 million, compared with net income of \$1.8 million, or \$0.18 per diluted share, on net sales of \$18.6 million for the second quarter of fiscal 2020. Gross profit for the current year quarter increased to 32.8% of net sales, up from 31.6% of net sales in the prior-year quarter. The net income of \$2.5 million for the quarter was the best second quarter since 2002, excluding the effect of a gain on debt refinancing in the second quarter of fiscal 2007*, and the best of any quarter in more than ten years.

For the six-month fiscal period, net income was \$3.7 million, or \$0.36 per diluted share, on net sales of \$37.9 million, compared with net income of \$2.9 million, or \$0.28 per diluted share, on net sales of \$34.5 million for the first six months of fiscal 2020. Prior 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 liabilities and the related interest and penalties that had been previously accrued. Gross profit for the six-month period was 32.0% of net sales, up from 30.2% of net sales in the prior-year period.

Board Declares Special and Quarterly Cash Dividends

The Company also announced 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 December 31, 2020 to stockholders of record at the close of business on December 11, 2020. "These dividends are a reflection of the Board's continued optimism regarding our long-range outlook and the strength of our future cash flow from operations," Chestnut said. "Upon payment of the special and quarterly dividends, Crown Crafts will have distributed more than \$46 million in total dividends to shareholders since 2010," he continued.

Conference Call

The Company will host a teleconference on Wednesday, November 11, 2020 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 18, 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 10148765.

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.

() Adjusted net income for the second quarter of fiscal 2007 is a non-GAAP financial measure. Reported net income for the second quarter of fiscal 2007 was \$5.4 million. After excluding the effect of a \$4.1 gain on debt refinancing (\$3.7 million net of income taxes), adjusted net income for the second quarter of fiscal 2007 was \$1.7 million.*

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, the impact of the COVID-19 pandemic on the Company's business operations, 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
(225) 647-9124
oelliott@crowncrafts.com

CROWN CRAFTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
SELECTED FINANCIAL DATA

In thousands, except percentages and per share data

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
Net sales	\$ 21,659	\$ 18,560	\$ 37,864	\$ 34,502
Gross profit	7,094	5,869	12,117	10,420
Gross profit percentage	32.8%	31.6%	32.0%	30.2%
Income from operations	3,292	2,393	4,935	3,492
Income before income tax expense	3,290	2,382	4,930	3,518
Income tax expense	803	603	1,228	660
Net income	2,487	1,779	3,702	2,858
Basic earnings per share	\$ 0.24	\$ 0.18	\$ 0.36	\$ 0.28
Diluted earnings per share	\$ 0.24	\$ 0.18	\$ 0.36	\$ 0.28
Weighted Average Shares Outstanding:				
Basic	10,208	10,143	10,189	10,131
Diluted	10,214	10,143	10,193	10,131

CONSOLIDATED BALANCE SHEETS
SELECTED FINANCIAL DATA
In thousands

	September 27, 2020 (Unaudited)	March 29, 2020
Cash and cash equivalents	\$ 6,832	\$ 282
Accounts receivable, net of allowances	18,797	17,803
Inventories	19,191	17,732
Total current assets	45,545	37,041
Operating lease right of use assets	4,029	4,896
Finite-lived intangible assets - net	5,174	5,577
Goodwill	7,125	7,125
Total assets	\$ 64,417	\$ 57,173
Total current liabilities	12,826	6,479
Long-term debt	1,057	2,578
Operating lease liabilities, noncurrent	4,242	4,959
Shareholders' equity	45,507	42,436
Total liabilities and shareholders' equity	\$ 64,417	\$ 57,173