

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): August 17, 2022

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))

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

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.

Item 2.02. Results of Operations and Financial Condition.

On August 17, 2022, Crown Crafts, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter of fiscal year 2023, which ended July 3, 2022. 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 5.07. Submission of Matters to a Vote of Security Holders.

The 2022 Annual Meeting of Stockholders (the “Annual Meeting”) of the Company was held on August 16, 2022 at the Company’s executive offices, located at 916 South Burnside Avenue, Third Floor, Gonzales, Louisiana. The following tables reflect the tabulation of the votes with respect to each proposal submitted to a vote of the Company’s stockholders at the Annual Meeting.

At the Annual Meeting, the Company’s stockholders:

- (i) elected the Class I director nominee;
- (ii) ratified the appointment of KPMG LLP as the Company’s independent registered public accounting firm for the fiscal year ending April 2, 2023; and
- (iii) approved (on an advisory basis) the compensation of the Company’s named executive officers.

PROPOSAL 1: ELECTION OF DIRECTOR

To elect a Class I director to the Company’s Board of Directors (the “Board”) to serve until the Company’s Annual Meeting of Stockholders to be held in 2025 and until their successor is elected and qualified or until their earlier death, resignation or removal from office.

<u>Nominee</u>	<u>For</u>	<u>Authority Withheld</u>	<u>Broker Non-Votes</u>
Olivia W. Elliott	4,430,601	89,022	2,394,066

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To ratify the appointment of KPMG LLP as the Company’s independent registered public accounting firm for the fiscal year ending April 3, 2022.

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
6,673,959	228,410	11,320	0

PROPOSAL 3: APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY’S NAMED EXECUTIVE OFFICERS

To approve, on an advisory basis, the compensation of the Company’s named executive officers.

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
3,645,972	828,892	44,759	2,394,066

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 [Press Release dated August 17, 2022.](#)
104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

Date: August 17, 2022

CROWN CRAFTS, INC.

/s/ Craig J. Demarest

CRAIG J. DEMAREST

Vice President and Chief Financial Officer



For immediate release

August 17, 2022

Crown Crafts Reports Fiscal 2023 First Quarter Results

- Improved gross profit of 32.8% of net sales
- Balance sheet remains strong
- 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 first quarter of fiscal year 2023, which ended July 3, 2022.

“Although it was a challenging quarter, our customer relationships remain strong, we have maintained our shelf space at our retailers, and our partnerships remain strong as we navigate the current market challenges,” said Olivia W. Elliott, President and Chief Executive Officer of the Company. “While consumers became more price-sensitive during the quarter in response to rising inflation and retailers began reducing their purchases as their inventories increased, we believe Crown Crafts remains in a strong position to withstand these challenges. We are continuing to implement our long-term strategic plan, which includes expanding in the toy category, growing our product offerings both organically and through acquisition, increasing our direct sales to consumers, reducing operating costs, and making further investments to enhance our technology and improve our organizational structure.”

Financial Results

Net income for the first quarter of fiscal 2023 was \$1.4 million, or \$0.14 per diluted share, on net sales of \$15.7 million, compared with net income of \$2.7 million, or \$0.27 per diluted share, on net sales of \$18.7 million for the first quarter of fiscal 2022. Gross profit for the current-year quarter was 32.8% of net sales, up from 24.9% of net sales in the prior-year quarter.

Prior-year net income was impacted favorably by a pre- and post-tax \$1,985,000 gain on extinguishment of debt related to the forgiveness of the Company’s Paycheck Protection Program Loan (the “PPP Loan”). The prior-year quarter also included net sales and a net loss of \$631,000 and \$802,000, respectively, associated with the Carousel Designs business, which ceased operations in May 2021.

Excluding the impact of the PPP Loan and Carousel from the prior-year quarter, net sales, gross margin percentage, net income and diluted earnings per share would have been \$18.1 million, 29.3%, \$1.5 million and \$0.15, respectively.

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 October 7, 2022, to stockholders of record at the close of business on September 16, 2022. "The Board is pleased that our balance sheet remains strong and we can continue to reward our stockholders with an attractive dividend as a result of our Company's financial strength, outstanding team and exciting prospects for the future," Elliott said.

Conference Call

The Company will host a teleconference today at 1:00 p.m. Central Daylight 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 17, 2022. To access the replay, dial (877) 344-7529 in the United States or (412) 317-0088 from international locations and refer to conference number 8238401.

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, toys and disposable products. The Company operates through its two wholly-owned subsidiaries, NoJo Baby & Kids, Inc. and Sassy Baby, Inc., 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. 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:

Craig J. Demarest
Vice President and Chief Financial Officer
(225) 647-9118
cdemarest@crowncrafts.com

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	
	July 3, 2022	June 27, 2021
Net sales	\$ 15,710	\$ 18,712
Gross profit	5,153	4,656
Gross profit percentage	32.8%	24.9%
Income from operations	1,740	1,290
Gain on extinguishment of debt	-	1,985
Income before income tax expense	1,900	3,274
Income tax expense	466	609
Net income	1,434	2,665
Basic and diluted earnings per share	\$ 0.14	\$ 0.27
Weighted Average Shares Outstanding:		
Basic	10,076	10,004
Diluted	10,100	10,056

CONSOLIDATED BALANCE SHEETS
SELECTED FINANCIAL DATA
In thousands

	July 3, 2022	April 3, 2022
	(Unaudited)	
Cash and cash equivalents	\$ 4,141	\$ 1,598
Accounts receivable, net of allowances	17,644	23,226
Inventories	26,350	20,653
Total current assets	49,363	46,508
Operating lease right of use assets	2,151	2,423
Finite-lived intangible assets - net	2,534	2,654
Goodwill	7,125	7,125
Total assets	\$ 62,559	\$ 60,155
Total current liabilities	13,263	11,786
Operating lease liabilities, noncurrent	570	809
Shareholders' equity	46,674	45,801
Total liabilities and shareholders' equity	\$ 62,559	\$ 60,155