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

FORM 8-K/A
(Amendment No. 1)

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

Date of report (Date of earliest event reported): **March 17, 2023**

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))

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

Title of each class	Trading Symbol	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. ☐

EXPLANATORY NOTE

On March 20, 2023, Crown Crafts, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Initial Report”) announcing the Company’s acquisition (the “Acquisition”) of Manhattan Group, LLC, doing business as Manhattan Toy Company (“MTC”), and its wholly-owned subsidiary, Manhattan Toy Europe Limited, pursuant to the Equity Purchase Agreement, dated as of March 17, 2023, between the Company and H Enterprises International, LLC (“Seller”), whereby the Company purchased all of the issued and outstanding membership interests of MTC from Seller.

The Initial Report noted that the financial statements and pro forma financial information required by Item 9.01 of Form 8-K would be filed no later than 71 days after the date on which the Initial Report was required to be filed with the Securities and Exchange Commission (the “SEC”). The Company is filing this Amendment No. 1 to Current Report on Form 8-K/A (this “Amendment”) to amend and restate Item 9.01 of the Initial Report to provide the financial statements and pro forma financial information required by Item 9.01 of Form 8-K. No other modifications to the Initial Report are being made by this Amendment. This Amendment should be read in conjunction with the Initial Report.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses or Funds Acquired.*

The audited consolidated financial statements of Manhattan Group, LLC and Subsidiary as of December 31, 2022, and for the year then ended, and the report of BerganKDV, Ltd. thereon, are filed herewith as Exhibit 99.3.

(b) *Pro Forma Financial Information.*

The unaudited pro forma condensed combined financial statements of the Company reflecting the Acquisition are filed herewith as Exhibit 99.4. The unaudited pro forma condensed combined balance sheet as of January 1, 2023 is presented as if the Acquisition had occurred on that date. The unaudited pro forma condensed combined statements of income for the year ended April 3, 2022 and for the nine-month period ended January 1, 2023 is presented as if the Acquisition had occurred on March 29, 2021.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only. The unaudited pro forma condensed combined financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the Acquisition been completed as of the dates indicated above or that may be achieved in the future. The preparation of the unaudited pro forma condensed combined financial statements and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma condensed combined financial statements should be read together with:

- the notes accompanying the unaudited pro forma condensed combined financial statements;
- the Company’s audited consolidated financial statements, included in the Company’s Annual Report on Form 10-K for the year ended April 3, 2022, filed with the SEC on June 8, 2022;
- the Company’s unaudited consolidated financial statements, included in the Company’s Quarterly Report on Form 10-Q for the three- and nine-month periods ended January 1, 2023, filed with the SEC on February 15, 2023; and
- the audited consolidated financial statements of Manhattan Group, LLC and Subsidiary as of December 31, 2022, and for the year then ended, filed herewith as Exhibit 99.3.

(d) *Exhibits.*

2.1 Equity Purchase Agreement, dated as of March 17, 2023, between the Company and H Enterprises International, LLC.*+

23.1 Consent of BerganKDV, Ltd.

99.1 Press release issued March 20, 2023+

99.2 Sixteenth Amendment to Financing Agreement, dated as of March 17, 2023, by and among the Company, NoJo Baby & Kids, Inc., Sassy Baby, Inc., Manhattan Group, LLC, Manhattan Toy Europe Limited and The CIT Group/Commercial Services, Inc.+

99.3 Audited consolidated financial statements of Manhattan Group, LLC and Subsidiary as of December 31, 2022, and for the year then ended.

99.4 Unaudited pro forma condensed combined financial statements of the Company reflecting the Acquisition.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Certain schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted schedules upon request; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

+ Previously filed.

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: May 26, 2023

/s/ Craig J. Demarest
CRAIG J. DEMAREST
Vice President and Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the registration statements No. 333-136868, No. 333-183298, No. 333-200037 and No. 333-258678 on Form S-8 of Crown Crafts, Inc. of our report, dated March 3, 2023, with respect to the consolidated financial statements of Manhattan Group, LLC and Subsidiary as of December 31, 2022, and for the year then ended, filed with the Current Report on Form 8-K/A of Crown Crafts, Inc.

/s/ BerganKDV, Ltd.

Minneapolis, Minnesota
May 25, 2023

Manhattan Group, LLC and Subsidiary

Consolidated Financial Statements

December 31, 2022

Manhattan Group, LLC and Subsidiary
Table of Contents

Independent Auditor's Report

To the Board of Directors
Manhattan Group, LLC and Subsidiary
Minneapolis, Minnesota

Opinion

We have audited the consolidated financial statements of Manhattan Group, LLC and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statement of operations and comprehensive loss, changes in member's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Manhattan Group, LLC and its subsidiary as of December 31, 2022 and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Manhattan Group, LLC and subsidiary, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, in 2022, the entity adopted new accounting guidance Financial Accounting Standards Board Accounting Standards Codification Topic 842: *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Manhattan Group, LLC and subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Manhattan Group, LLC and subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Manhattan Group, LLC and subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

/s/ BerganKDV, Ltd.

Minneapolis, Minnesota
March 3, 2023

CONSOLIDATED FINANCIAL STATEMENTS

Manhattan Group, LLC and Subsidiary
Consolidated Balance Sheet
As of December 31, 2022

Assets		
Current assets		
Cash and cash equivalents	$	757,784
Accounts receivable, net of allowances of $1,395,297		6,176,153
Inventories		11,215,043
Prepaid expenses and other assets		493,403
Total current assets		18,642,383
Property and equipment, net		69,029
Right-of-use (ROU) asset, net		996,843
Total assets	$	19,708,255
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	$	730,941
Accounts payable - related party		43,651
Accrued expenses		1,505,475
Current portion of operating lease liabilities		263,393
Total current liabilities		2,543,460
Operating lease liabilities, net of current portion		888,257
Total liabilities		3,431,717
Member's Equity		
Contributed capital		32,432,581
Accumulated deficit		(15,428,020)
Accumulated other comprehensive loss		(728,023)
Total member's equity		16,276,538
Total liabilities and member's equity	$	19,708,255

See notes to consolidated financial statements.

Manhattan Group, LLC and Subsidiary
Consolidated Statement of Operations
and Comprehensive Loss
Year Ended December 31, 2022

Net sales	$	25,780,982
Cost of sales		18,829,291
Gross profit		6,951,691
Selling, general and administrative expenses		8,897,341
Loss from operations		(1,945,650)
Interest expense		(642,237)
Other expense, net		(109,611)
Net loss		(2,697,498)
Other comprehensive loss		
Foreign currency translation adjustment		(67,399)
Comprehensive loss	$	(2,764,897)

See notes to consolidated financial statements.

Manhattan Group, LLC and Subsidiary
Consolidated Statement of Member's Equity
Year Ended December 31, 2022

	Contributed Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balances, December 31, 2021 as restated	$ 19,282,581	$ (12,730,522)	$ (660,624)	$ 5,891,435
Net loss	-	(2,697,498)	-	(2,697,498)
Comprehensive loss	-	-	(67,399)	(67,399)
Capital contribution	13,150,000	-	-	13,150,000
Balances, December 31, 2022	$ 32,432,581	$ (15,428,020)	$ (728,023)	$ 16,276,538

See notes to consolidated financial statements.

Manhattan Group, LLC and Subsidiary
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows - Operating Activities	
Net loss	$ (2,697,498)
Adjustments to reconcile net loss to net cash flows - operating activities	
Depreciation and amortization	35,219
Amortization of ROU asset	217,058
Net changes in assets and liabilities	
Accounts receivable, net	2,363,303
Inventories	(3,876,805)
Prepaid expenses and other assets	(113,943)
ROU asset	(1,160,431)
Accounts payable	(1,294,476)
Accounts payable - related party	5,705
Accrued expenses	48,191
Lease liabilities	1,098,180
Net cash flows - operating activities	(5,375,497)
Cash Flows - Investing Activities	
Purchase of property and equipment	(23,070)
Net cash flows - investing activities	(23,070)
Cash Flows - Financing Activities	
Proceeds from line of credit	8,300,000
Payments on line of credit	(3,334,252)
Net cash flows - financing activities	4,965,748
Net change in cash and cash equivalents	(432,819)
Effect of exchange rate changes on cash and cash equivalents	55,600
Cash and Cash Equivalents	
Beginning of year	1,135,003
End of year	$ 757,784
Supplemental cash flow information	
Cash paid for interest	$ 651,468
Noncash extinguishment of line of credit	$ (13,150,000)
Noncash capital contribution	$ 13,150,000

See notes to consolidated financial statements.

Manhattan Group, LLC and Subsidiary
Notes to Consolidated Financial Statements

NOTE 1 – NATURE OF BUSINESS

Organization and Business
Manhattan Group, LLC ("Manhattan") is a limited liability company and wholly-owned subsidiary of H Enterprises International, Inc. ("HEII"). Manhattan and its wholly owned subsidiary, Manhattan Toy Europe LTD ("MTE") (together, the "Company") are engaged in the design, manufacture, and distribution of toy and gift products to the independent and national gift, toy, and juvenile markets throughout the world.

NOTE 2 – RESTATEMENT OF PRIOR PERIOD CONSOLIDATED FINANCIAL STATEMENTS

The Company has restated its previously issued consolidated financial statements as of December 31, 2021 to correct accounting for sales commission expense and related accrued sales commissions for the year then ended. Due to this error, the ending balance for accrued sales commissions as of December 31, 2021 was materially misstated. The accompanying consolidated financial statements as of December 31, 2021 have been restated to reflect the correction. As of December 31, 2021 accumulated deficit and accrued expenses were decreased by $399,001.

The effect on the Company's previously issued consolidated financial statements as of December 31, 2021 is summarized as follows:

	As previously Reported	Restatement	Restated
Accrued expenses	$ (1,874,343)	$ 399,001	$ (1,475,342)
Total liabilities	$ (12,123,590)	$ 399,001	$ (11,724,589)
Accumulated deficit Balance, December 31, 2021	$ (13,129,523)	$ 399,001	$ (12,730,522)
Total member's equity Balance, December 31, 2021	$ 5,492,434	$ 399,001	$ 5,891,435

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The consolidated financial statements include the accounts of Manhattan and MTE. All significant intercompany accounts and transactions have been eliminated in consolidation.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency Translation and Comprehensive Loss
The financial statements of MTE are translated into U.S. dollars at current rates, except for revenues, costs, and expenses are translated at average rates for the reporting period. Gains and losses resulting from currency transactions are included in income currently, while those resulting from translation of financial statements are included in other comprehensive loss.

Cash
Cash equivalents consist of short-term investments with an original maturity when purchased of three months or less. Substantially all of the Company's cash and cash equivalents are held at one financial institution which, at times, may exceed federally insured limits. Cash held in foreign locations totaled $561,980, at December 31, 2022.

Revenue Recognition under Topic 606
Revenue is recognized when promised goods are transferred to customers in an amount that reflects the consideration that the Company expects to be entitled in exchange for those goods by following a five step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Company satisfies a performance obligation. The Company has assessed revenue recognition under the five-step process, as follows:

Identify the contract with a customer. The Company generally considers a sales contract or agreement with an approved purchase order as a customer contract provided that collection is considered probable, which is assessed based on the creditworthiness of the customer as determined by credit checks, payment histories, and/or other circumstances. The Company combines contracts with a customer if contracts are negotiated with a single commercial substance or contain price dependencies.

Identify the performance obligations in the contract. The performance obligation includes contract design, manufacture, and distribution of toy and gift products and the eventual shipment or delivery of product to the customer.

Determine the transaction price. The transaction price for the Company's contracts with its customers generally consist of fixed and variable consideration. Variable consideration is included provided it is probable that a significant reversal of revenue will not occur when the uncertainty related to variable consideration is resolved. Fixed consideration includes amounts to be contractually billed to the customer and payable in cash. Variable consideration, such as volume rebates, are estimated using the "expected value approach" based on customer purchase history and expected or budgeted annual purchase orders. Transaction prices do not include amounts collected on behalf of third parties. The Company generally invoices customers at time of delivery when using Company vehicles to deliver product or at time of shipment, if using a common carrier. Customer invoices are generally due within 30 to 90 days after issuance.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition under Topic 606 (Continued)

Allocate the transaction price to the performance obligations in the contract. The Company's contracts generally consist of a single performance obligation, as such, the transaction price is allocated to the single performance obligation.

Recognize revenue when or as the Company satisfies a performance obligation. Revenues are recognized at a point in time, which is generally upon shipment of the product. Product shipped to customers is typically by a common carrier, at which point ownership and the associated risks pass to the customer. Management exercises judgment in determining when such performance obligations for goods have been satisfied. In making such judgments, management typically relies on delivery information obtained from employees and common carriers to determine when the customer has obtained control of the goods.

Shipping and Handling Costs
Inbound shipping costs are included in the carrying value of inventory and as a component of cost of sales as the merchandise is sold. Amounts billed to customers related to shipping and handling is included in net sales. The Company accrues liabilities for shipping and handling costs that occur after control has transferred to the customer.

Customer Allowances
The Company has arrangements in place with certain of its customers which allow for the customer to use a specified percentage of its net purchases towards advertisements of the Company's products, freight and defective goods. These amounts are recorded as a reduction to sales and amounted to $2,042,624 during the year ended December 31, 2022. The Company also had accrued expenses related to customer allowances of $684,229 as of December 31, 2022, that were offset against related accounts receivables.

Accounts Receivable
The Company performs initial and ongoing credit evaluations of its customers, generally does not require collateral, and maintains allowances for potential credit losses. The establishment of accounts receivable allowances and related bad debt expense is based on historical loss experience and estimated exposure on specific accounts receivables. Actual results could differ from these estimates. The Company does not accrue interest on outstanding accounts receivable balances.

Inventories
Inventories, which consist of finished goods, are valued at the lower of cost (first-in, first-out) or net realizable value.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment
Property and equipment are stated at historical cost less accumulated depreciation. Furniture, office equipment, computer equipment and software with estimated useful lives ranging from one to seven years are depreciated using the straight-line method. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life (seven years) or the term of the related leases. The cost and related accumulated depreciation or amortization of assets sold or otherwise disposed of are removed from the related accounts with resulting gains or losses included in operations. Maintenance and repairs are charged to expenses as incurred while major accruals or betterments which extend the useful lives are capitalized.

Impairment of Long-Lived Assets
The Company continually evaluates events and circumstances which have occurred that indicate whether the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of long-lived assets may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Company uses an estimate of the undiscounted cash flows over the remaining life of the long-lived assets in measuring whether the long-lived assets are recoverable. There was no impairment recognized during the year ended December 31, 2022.

Leases
Effective January 1, 2022, the Company classifies leases as either operating or finance leases at the commencement date of the lease. A lease is classified as a finance lease if any of the five criteria are met: (1) ownership transfers at the end of the lease term, (2) there is an option to purchase the underlying assets and the lessee is reasonably certain to exercise the option, (3) the term of the lease is for a major part of the remaining economic life of the underlying assets, (4) the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying assets are of such a specialized nature that they are expected to have no alternative use to the lessor at the end of the lease term. Leases that do not meet any of the five criteria above for a finance lease are classified as operating leases.

The Company recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Company does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Company are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Company has elected the practical expedient that allows for private companies to utilize the risk-free rate based on asset class.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)
Prior to January 1, 2022, the Company accounted for its leases as either operating or capital leases. Assets and liabilities for operating leases were not recorded but were recorded within operations on a straight-line basis over the term of the lease.

Royalty Fees
The Company enters into royalty agreements with various licensors. The agreements generally require an initial royalty advance plus annual minimum royalty amounts. The royalty fees are calculated on an agreed upon formula that is generally calculated based on net sales (gross sales less returns, discounts, allowances, etc.). As of December 31, 2022, the accrued royalty fees were $187,075. During the year ended December 31, 2022, royalty fees expensed in cost of sales were $987,542.

Income Taxes
As a limited liability company ("LLC"), Manhattan is not subject to U.S. income taxes; rather, the tax consequences of its U.S. operations are passed through to its members. MTE is a disregarded entity for U.S. income tax purposes; accordingly, tax consequences of its operations are passed through to Manhattan's member. United Kingdom ("UK") income taxes for MTE are accounted for using the liability method. Since its inception, MTE has incurred losses and therefore has no tax liability and any net deferred tax assets are fully reserved.

The Company applies a recognition and measurement threshold for the accounting and financial statement disclosure of uncertain tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step is to determine whether it is more likely than not that a tax position will be sustained upon the technical merits of the position. The second is to recognize in the financial statements each tax position that meets the more likely than not criteria, measured at the largest amount of benefit that has a greater than 50% likelihood of being realized. No adjustment to the Company's accounts have been made based on this criteria.

Fair Value Disclosure of Financial Instruments
The Company's financial instruments consist of short-term trade receivables and payables for which their current carrying amounts approximate fair value. Additionally, the borrowing rates currently available to the Company and their current borrowings balance approximates the fair value for debt agreements with similar terms and average maturities.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement
Effective January 1, 2022, the Company adopted the new lease accounting guidance in Accounting Standards Update "ASU" No. 2016-02,*Leases (Topic 842)*, utilizing the modified retrospective optional method, where the cumulative catch-up adjustment is recorded at the date of adoption. Operating leases with a duration greater than one year, are included in operating lease right-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion in the consolidated balance sheet as of December 31, 2022. The Company has elected the package of practical expedients permitted in Topic 842. Accordingly, the Company did not reassess at adoption (a) whether the contract contains a lease under Topic 842, (b) whether classification of the operating lease would be different in accordance with Topic 842, or (c) initial direct costs for existing leases. The Company also elected the practical expedients (1) to discount the lease liability using the risk-free rate, (2) to use hindsight for assessing the lease term and impairment of the ROU asset, and (3) to not separate lease and non-lease components.

As a result of the adoption of the new lease accounting standard, the Company′s consolidated balance sheet was materially impacted by the recognition of its ROU assets and lease liabilities of $1,234,846 and $1,380,954 at January 1, 2022. There was no significant impact on the consolidated statement of income or consolidated statement of cash flows as a result of the adoption.

Recently Issued Accounting Pronouncements
Financial Instruments – Credit Losses
In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13,*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 amends the guidance on the impairment of financial instruments and adds an impairment model, known as current expected credit losses model, that is based on expected losses rather than incurred losses. Under the new guidance in ASU 2016-13, an entity recognizes, as an allowance, its estimate of expected credit losses. In November 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), which defers the effective date of ASU 2016-13 for annual reporting periods beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of this standard will have on its consolidated financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events
The Company evaluated its December 31, 2022, consolidated financial statements for subsequent events through March 3, 2023, the date the consolidated financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements, except as disclosed in Note 6.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is comprised as follows at December 31, 2022:

Furniture and office equipment	$	1,359,118
Computer equipment and software		1,509,312
Leasehold improvements		972,849
		3,841,279
Less: accumulated depreciation and amortization		(3,772,250)
Total	$	69,029

Depreciation and amortization expense was $35,219 for the year ended December 31, 2022.

NOTE 5 – ACCRUED EXPENSES

Accrued expenses is comprised as follows at December 31, 2022:

Accrued compensation and related taxes	$	181,912
Accrued sales commissions		134,797
Accrued customer incentives		357,939
Accrued payables		728,945
Other accrueds		101,882
Total	$	1,505,475

NOTE 6 – FINANCING AGREEMENTS

The Company has an uncollateralized revolving line of credit with HEII ("Revolver"). As of December 31, 2022, the Revolver allowed for borrowing up to $16,000,000 and was scheduled to mature on April 30, 2023.

NOTE 6 – FINANCING AGREEMENTS (CONTINUED)

On December 22, 2022, HEII converted outstanding borrowings of $13,500,000 to contributed capital.

On February 16, 2023, the revolving line of credit was extended through April 30, 2024. The amended terms of the Revolver reduced the total available borrowings to $5,000,000. Interest accrues at 6% and is payable monthly. The Revolver is subject to termination upon a sale by HEII of a majority interest in the Company ("Change in Control"). Upon change in control, all amounts outstanding under the Revolver will be immediately due and payable.

The Company had outstanding borrowings under the Revolver of $0 as of December 31, 2022. Interest expense for the Revolver was $642,237 for the year ended December 31, 2022.

NOTE 7– RELATED PARTY TRANSACTIONS

The Company participates in a medical and dental insurance plan administered by HEII for U.S. employees. Costs for these plans for the year ended December 31, 2022, were $474,398. In addition, certain management services are provided by HEII for which the Company was charged $31,800 for the year ended December 31, 2022. Additionally, the Company uses certain personnel and retained consultants provided by HEII. Amounts billed by HEII for such services were $260,004, for the year ended December 31, 2022. These management services are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss, with any unpaid portion also included in the HEII accounts payable within the consolidated balance sheets.

NOTE 8 – CONCENTRATIONS

Significant Customers
During the year ended December 31, 2022, the Company had sales to two unrelated customers that totaled approximately 45% of net sales. Accounts receivable from one customer was $3,981,461 at December 31, 2022. Loss of this customer could adversely impact the Company's results in the near term.

Significant Vendors
During the year ended December 31, 2022, the Company had purchases to four unrelated vendors that totaled approximately 71% of purchases. Loss of these vendors could adversely impact the Company's results in the near term.

NOTE 9 – LEASES

The Company has operating lease agreements for buildings with remaining lease terms of 3 to 5 years. Some leases include options to extend, minimum annual rental payment increases and the Company to pay real estate taxes, insurance, and repairs.

Future minimum lease payments under non-cancellable leases are as follows as of December 31,:

	Operating
2023	$ 277,061
2024	289,689
2025	287,257
2026	284,826
2027	47,705
Total lease payments	1,186,538
Less: Amount representing interest	(34,888)
Present value of lease liabilities	$ 1,151,650

Cash paid for operating leases for the year ended December 31, 2022 was $256,827. As of December 31, 2022, operating leases had a weighted-average remaining lease term of approximately 49 months and the weighted-average discount rate was approximately 1.46%.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Contingent Liabilities
The Company is involved in litigation in the normal course of business. While the outcome of these matters cannot be predicted with certainty, management believes the resolution of these matters will not have a materially adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 11 – EMPLOYEE BENEFITS

HEII sponsors a defined contribution retirement savings plan for eligible employees. Under the plan, the Company makes a fixed contribution for each eligible employee. Participants can also make "pre-tax dollar" contributions to the plan. To encourage participant contributions, the Company also makes additional matching contributions of 50% or more of the participants' contributions up to 6% of base pay if the Company's performance goals are met.

Exhibit 99.4

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On March 17, 2023 (the "Closing Date"), Crown Crafts, Inc. (the "Company") completed the acquisition of Manhattan Group, LLC ("Manhattan Group") (the "Acquisition"), and its wholly-owned subsidiary Manhattan Toy Europe Limited, pursuant to the Equity Purchase Agreement, dated as of such date, between the Company and H Enterprises International, LLC ("Seller"), whereby the Company purchased all of the issued and outstanding membership interests of Manhattan Group from Seller (the "Purchase Agreement"). The purchase price for the Acquisition was $17.0 million in cash, on a cash-free, debt-free basis, subject to adjustment to the extent that actual net working capital as of the Closing Date differs from target net working capital of $13.75 million. The Acquisition was funded with available cash and borrowings under the Company's line of credit with The CIT Group/Commercial Services.

The Acquisition will be accounted for under the acquisition method of accounting for business combinations under the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 805, *Business Combinations*, with the Company being the accounting acquirer under this guidance. The accompanying unaudited pro forma condensed combined financial statements, and the related notes thereto, were prepared in accordance with Article 11 of Regulation S-X, as amended by SEC Final Rule Release No. 33-10786, *Amendments to Financial Disclosures About Acquired and Disposed Businesses,* and are presented to illustrate the estimated effects of the Acquisition and the issuance of debt used to fund the Acquisition.

The accompanying unaudited pro forma condensed combined balance sheet combines the Company's historical consolidated balance sheet as of January 1, 2023 with Manhattan Group's historical consolidated balance sheet as of December 31, 2022, giving effect to the Acquisition as if it was completed on January 1, 2023.

The accompanying unaudited pro forma condensed combined statement of income for the year ended April 3, 2022 ("Fiscal 2022") combines the Company's historical consolidated statement of income for its Fiscal 2022 with Manhattan Group's consolidated statement of income for its fiscal year ended December 31, 2021. The accompanying unaudited pro forma condensed combined statement of income for the nine-month period ended January 1, 2023 combines the Company's historical consolidated statement of income for the nine-month period ended January 1, 2023 with Manhattan Group's consolidated statement of income for the nine-month period ended December 31, 2022. The accompanying unaudited pro forma condensed combined statements of income give effect to the Acquisition as if it was completed on March 29, 2021.

The estimated purchase price of the Acquisition will be allocated to the assets acquired and liabilities assumed based upon their estimated fair values as of the Closing Date. Any excess value of the estimated consideration transferred over the net assets acquired will be recognized as goodwill. The Company has made a preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on management's preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed using information currently available. The finalization of the Company's purchase accounting assessment may result in changes to the valuation of assets acquired and liabilities assumed, which could have a material impact on the presentation of the accompanying unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements, and the related notes thereto, should be read in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended April 3, 2022, and Manhattan Group's audited consolidated financial statements as of December 31, 2022, and for the year then ended, which are included in this Amendment No. 1 to Current Report on Form 8-K/A. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the accompanying unaudited pro forma condensed combined financial statements.

The accompanying unaudited pro forma condensed combined financial statements are based upon available information and certain assumptions that the management of the Company believes are reasonable under the circumstances. The accompanying unaudited pro forma condensed combined financial statements, and the related notes thereto, are presented for illustrative purposes only, and do not purport to represent what the actual consolidated combined balance sheet or statement of income would have been had the Acquisition occurred on the dates indicated, nor are they necessarily indicative of the combined company's future results of operations or financial position. Additionally, the unaudited pro forma condensed combined financial statements do not reflect the costs of any integration activities or benefits that may result from the realization of future cost savings from operating efficiencies, or any revenue, tax, or other synergies that may result from the Acquisition.

The Company and Manhattan Group have different year end dates for their fiscal periods. Since the most recent audited financial statements of the Company were not older than fifteen months as of the time that the Current Report on Form 8-K reporting the Acquisition was initially filed on March 20, 2023, Manhattan Group's consolidated financial statements as of December 31, 2021, and for the year then ended, were combined with the Company's audited consolidated financial statements as of April 3, 2022, and for the year then ended, without reflecting an adjustment to align those different fiscal year ends.

CROWN CRAFTS, INC. AND SUBSIDIARIES
UNAUDITED PROFORMA CONDENSED COMBINED BALANCE SHEET
(amounts in thousands)

	Crown Crafts, Inc. as of January 1, 2023	Manhattan Group, LLC as of December 31, 2022	Transaction Adjustments		Financing Adjustments		Pro Forma Condensed Combined as of January 1, 2023
ASSETS							
Current assets:							
Cash and cash equivalents	$ 3,076	$ 758	$ (16,864)	2a	$ 13,900	2l	$ 870
Accounts receivable							
Due from factor	17,190	-	-		-		17,190
Other	1,684	6,176	(3,055)	2b	-		4,805
Inventories, net	25,782	11,215	1,298	2b, c	-		38,295
Prepaid expenses and other current assets	1,501	493	343	2b	-		2,337
Total current assets	49,233	18,642	(18,278)		13,900		63,497
Operating lease right of use assets	1,320	997	(33)	2d	-		2,284
Property, plant and equipment - net	1,312	69	125	2e	-		1,506
Other assets:							
Goodwill	7,125	-	486	2h	-		7,611
Intangible assets - net	2,293	-	1,300	2f	-		3,593
Other	86	-	-		-		86
Total other assets	9,504	-	1,786		-		11,290
Total Assets	$ 61,369	$ 19,708	$ (16,400)		$ 13,900		$ 78,577
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	$ 6,391	$ 775	$ 835	2b	$ -		$ 8,001
Accrued wages and benefits	776	182	-		-		958
Accrued royalties	853	-	-		-		853
Dividends payable	813	-	-		-		813
Operating lease liabilities, current	963	263	(56)	2d	-		1,170
Other accrued liabilities	126	1,323	(531)	2b, i	-		918
Total current liabilities	9,922	2,543	248		-		12,713
Non-current liabilities:							
Deferred income taxes	1,215	-	-		-		1,215
Long-term debt	-	-	-		13,900	2l	13,900
Operating lease liabilities, noncurrent	443	888	(131)	2b	-		1,200
Reserve for unrecognized tax liabilities	837	-	-		-		837
Total non-current liabilities	2,495	888	(131)		13,900		17,152
Commitments and contingencies	-	-	-		-		-
Shareholders' equity:							
Common stock	130	-	-		-		130
Additional paid-in capital	56,866	32,433	(32,433)		-		56,866
Treasury stock - at cost	(15,803)	-	-		-		(15,803)
Retained earnings/AOCI	7,759	(16,156)	15,916		-		7,519
Total shareholders' equity	48,952	16,277	(16,517)		-		48,712
Total Liabilities and Shareholders' Equity	$ 61,369	$ 19,708	$ (16,400)		$ 13,900		$ 78,577

See notes to unaudited proforma condensed combined balance sheet

CROWN CRAFTS, INC. AND SUBSIDIARIES
UNAUDITED PROFORMA CONDENSED COMBINED STATEMENT OF INCOME
(amounts in thousands, except share and per share amounts)

	Crown Crafts, Inc. and Subsidiaries Consolidated Statement of Income Fiscal Year ended April 3, 2022	Manhattan Group, LLC and Subsidiary Consolidated Statement of Operations Year Ended December 31, 2021	Transaction Adjustments		Financing Adjustments		Pro Forma Condensed Combined Fiscal Year ended April 3, 2022
Net sales	$ 87,360	$ 28,496	$ -		$ -		$ 115,856
Cost of products sold	64,052	19,573	-		-		83,625
Gross profit	23,308	8,923	-		-		32,231
Marketing and administrative expenses	13,002	8,702	91	2j,			21,795
Income from operations	10,306	221	(91)		-		10,436
Other income (expense):							
Interest expense - net of interest income	(50)	(345)	-		(870)	2m	(1,265)
Gain on extingishment of debt	1,985	-	-		-		1,985
Other - net	85	(31)	-		-		54
Income before income taxes	12,326	(155)	(91)		(870)		11,210
Income tax expense (benefit)	2,408	-	(60)	2k	(213)	2n	2,135
Net income	$ 9,918	$ (155)	$ (31)		$ (657)		$ 9,075
Weighted average shares outstanding:							
Basic	10,055						10,055
Diluted	10,084						10,084
Earnings per share:							
Basic	$ 0.99						$ 0.90
Diluted	$ 0.98						$ 0.90

See notes to unaudited proforma condensed combined financial statements

CROWN CRAFTS, INC. AND SUBSIDIARIES
UNAUDITED PROFORMA CONDENSED COMBINED STATEMENT OF INCOME
(amounts in thousands, except share and per share amounts)

	Crown Crafts, Inc. and Subsidiaries Consolidated Statement of Income Nine Months Ended January 1, 2023	Manhattan Group, LLC and Subsidiary Consolidated Statement of Operations Nine Months Ended December 31, 2022	Transaction Adjustments		Financing Adjustments		Pro Forma Condensed Combined Nine Months Ended January 1, 2023
Net sales	$ 53,440	$ 21,101	$ -		$ -		$ 74,541
Cost of products sold	38,335	15,481	-		-		53,816
Gross profit	15,105	5,620	-		-		20,725
Marketing and administrative expenses	8,891	6,819	351	2j, i	-		16,061
Income from operations	6,214	(1,199)	(351)		-		4,664
Other income (expense):							
Interest expense - net of interest income	6	(526)	-		(653)	2m	(1,173)
Other - net	159	(99)	-		-		60
Income before income taxes	6,379	(1,824)	(351)		(653)		3,551
Income tax expense (benefit)	1,557	-	(533)	2k	(160)	2n	864
Net income	$ 4,822	$ (1,824)	$ 182		$ (493)		$ 2,687
Weighted average shares outstanding:							
Basic	10,096						10,096
Diluted	10,116						10,116
Earnings per share:							
Basic	$ 0.48						$ 0.27
Diluted	$ 0.48						$ 0.27

See notes to unaudited proforma condensed combined financial statements

1. *Description of transaction:* On March 17, 2023 (the "Closing Date"), Crown Crafts, Inc. (the "Company") completed the acquisition of Manhattan Group, LLC ("Manhattan Group") (the "Acquisition"), and its wholly-owned subsidiary Manhattan Toy Europe Limited, pursuant to the Equity Purchase Agreement between the Company and H Enterprises International, LLC ("Seller"), whereby the Company purchased all of the issued and outstanding membership interests of Manhattan Group from Seller (the "Purchase Agreement"). The purchase price for the Acquisition was $17.0 million in cash, on a cash-free, debt-free basis, subject to adjustment to the extent that actual net working capital as of the Closing Date differs from target net working capital of $13.75 million. The Acquisition was funded with available cash and borrowings under the Company's line of credit with The CIT Group/Commercial Services.

The cash paid on the Closing Date was calculated as follows (in thousands):

Purchase price	$	17,000
Estimated cash at Closing Date		1,300
Target working capital		(13,750)
Estimated working capital at Closing Date		13,236
Other purchase price adjustments		(380)
Preliminary purchase price	$	17,406

The table below represents the preliminary purchase price allocation for Manhattan Group based on estimates, assumptions, valuations and other analyses as of the Closing Date, that have not been finalized in order to make a definitive allocation. Accordingly, the pro forma adjustments to allocate the purchase price will remain preliminary until management finalizes the fair values of assets acquired and liabilities assumed. The final amounts allocated to assets acquired and liabilities assumed, and therefore, calculation of goodwill, are dependent upon certain valuation and other studies that have not yet been completed and could differ materially from the amounts presented in the accompanying unaudited pro forma condensed combined financial statements.

The preliminary purchase price as shown in the table above is allocated to the tangible and intangible assets and liabilities of Manhattan Group based on their estimated fair values, with any excess purchase consideration allocated to goodwill as follows (in thousands):

Assets acquired:		
Cash and cash equivalents	$	1,300
Accounts receivable		3,121
Inventories, net		12,513
Prepaid expenses and other current assets		836
Operating lease right of use assets		964
Property, plant and equipment - net		194
Intangible assets - net		1,300
		20,228
Liabilities assumed:		
Accounts payable		1,610
Accrued wages and benefits		354
Other assumed liabilities		380
Operating lease liabilities, current		207
Operating lease liabilities, noncurrent		757
		3,308
Total identifiable net assets acquired		16,920
Goodwill		486
Preliminary purchase price	$	17,406

For purposes of the unaudited proforma condensed combined balance sheet, the Acquisition is assumed to have been completed on January 1, 2023. Since the purchase price was determined based on cash balances and working capital on the Closing Date, the transaction adjustments include adjustments to record cash and working capital consistent with the balances on the Closing Date.

2. *Transaction adjustments:* The unaudited pro forma condensed combined balance sheet was prepared as if the acquisition had occurred on January 1, 2023, and the unaudited proforma condensed combined statements of income were prepared as if the acquisition had occurred on March 29, 2021. These unaudited condensed combined financial statements reflect the following adjustments:

   a. To record the cash purchase price of $17.4 million and adjust cash to the balance at the Closing Date
   b. To adjust working capital acquired to the balances at the Closing Date
   c. To record assets and liabilities acquired at fair value
   d. To record acquired leases as new leases as required under purchase accounting
   e. To record acquired property plant and equipment at estimated fair value
   f. To record acquired identifiable intangibles of $1.3 million consisting of customer relationships, a licensor relationship, and trade names
   g. To record certain transaction costs assumed by the Company of $380,000
   h. To record the purchase price in excess of total identifiable net asset acquired of $486,000
   i. To record transaction expenses of $240,000 incurred after the proforma balance sheet date
   j. To record additional depreciation and amortization expense resulting from purchase accounting
   k. To record estimated income tax on the historical results of Manhattan Group and the tax effect of the transaction adjustments at an effective tax rate of 24.5%

   Financing adjustments: The Acquisition was funded with available cash and borrowings under the Company's line of credit with The CIT Group/Commercial Services. For purposes of the proforma condensed combined balance sheet, the Company is assumed to have used $3.5 million in cash and borrowed $13.9 million under the line of credit.

   l. To record borrowings of $13.9 million under the Company's line of credit
   m. To record interest expense associated with borrowings used to fund the acquisition at an assumed interest rate of 6.26%
   n. To record the tax effect of the financing adjustments at 24.5%