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

FORM 10-Q

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

For the quarterly period ended September 27, 2026

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

For the transition period from _____to_____

Commission File No. 1-7604

Crown Crafts, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**58-0678148**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
8184 Highway 44, Suite 111, Gonzales, LA	**70737**
(Address of principal executive offices)	(Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-Accelerated filer	☑	Smaller Reporting Company	☑
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☑

The number of shares of common stock, $0.01 par value, of the registrant outstanding as of November 5, 2026 was10,871,796.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CROWN CRAFTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 27, 2026 AND MARCH 29, 2026
(amounts in thousands, except share and per share amounts)

	September 27, 2026	March 29, 2026
ASSETS		
Current assets:		
Cash and cash equivalents	$ 426	$ 200
Accounts receivable - net of allowances of $1,598 and $1,521, respectively		
Due from factor	12,754	16,280
Other	2,703	2,579
Inventories	28,387	28,365
Other current assets	22	-
Prepaid expenses	2,117	2,176
Total current assets	46,409	49,600
Operating lease right of use assets	8,053	8,956
Property, plant and equipment - net of accumulated depreciation of $5,625 and $5,775, respectively	1,901	2,011
Intangible assets - net of accumulated amortization of $11,301 and $11,615, respectively	5,902	6,275
Deferred income taxes	3,565	3,657
Other assets	147	154
Total Assets	$ 65,977	$ 70,653
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,368	$ 4,913
Accrued royalties	430	532
Dividends payable	434	952
Operating lease liabilities, current	4,313	4,198
Accrued liabilities	1,957	1,283
Current maturities of long-term debt	1,991	1,991
Total current liabilities	16,493	13,869
Non-current liabilities:		
Long-term debt	3,314	12,132
Operating lease liabilities, noncurrent	4,449	5,529
Reserve for unrecognized tax liabilities	357	310
Total non-current liabilities	8,120	17,971
Shareholders' equity:		
Common stock - $0.01 par value per share; Authorized 40,000,000 shares at September 27, 2026 and March 29, 2026; Issued 13,791,433 and 13,674,249 shares at September 27, 2026 and March 29, 2026	138	137
Additional paid-in capital	59,775	59,402
Treasury stock - at cost -2,919,637 and 2,913,962 shares at September 27, 2026 and March 29, 2026	(15,906)	(15,889)
Accumulated deficit	(2,643)	(4,837)
Total shareholders' equity	41,364	38,813
Total Liabilities and Shareholders' Equity	$ 65,977	$ 70,653

See notes to condensed consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
THREE- AND SIX-MONTH PERIODS ENDED SEPTEMBER 27, 2026 AND SEPTEMBER 28, 2025
(amounts in thousands, except per share amounts)

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025
Net sales	$ 19,028	$ 23,695	$ 35,794	$ 39,173
Cost of products sold	12,945	17,124	21,680	29,084
Gross profit	6,083	6,571	14,114	10,089
Marketing and administrative expenses	4,519	4,708	9,751	9,425
Income from operations	1,564	1,863	4,363	664
Other income (expense):				
Interest income (expense) - net of interest income	72	(287)	(118)	(570)
Other income - net	150	4	315	103
Income before income tax expense	1,786	1,580	4,560	197
Income tax expense	469	423	1,183	144
Net income	$ 1,317	$ 1,157	$ 3,377	$ 53
Weighted average shares outstanding:				
Basic	10,815	10,634	10,787	10,602
Diluted	10,815	10,634	10,787	10,602
Earnings per share - basic and diluted	$ 0.12	$ 0.11	$ 0.31	$ 0.01

See notes to condensed consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
THREE- AND SIX-MONTH PERIODS ENDED SEPTEMBER 27, 2026 AND SEPTEMBER 28, 2025

	Common Shares		Treasury Shares				
	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Shareholders' Equity
	(Dollar amounts in thousands)						
				Three-Month Periods			
Balances - June 29, 2025	13,493,402	$ 135	(2,910,859)	$ (15,880)	$ 58,837	$ (5,223)	$ 37,869
Issuance of shares, net of forfeitures	123,347	1	-	-	(1)	-	-
Stock-based compensation	-	-	-	-	190	-	190
Acquisition of treasury stock	-	-	(3,103)	(9)	-	-	(9)
Net income	-	-	-	-	-	1,157	1,157
Dividend declared on common stock - $0.08 per share, net of forfeitures	-	-	-	-	-	(850)	(850)
Balances - September 28, 2025	13,616,749	$ 136	(2,913,962)	$ (15,889)	$ 59,026	$ (4,916)	$ 38,357
Balances - June 28, 2026	13,674,249	$ 137	(2,913,962)	$ (15,889)	$ 59,605	$ (3,638)	$ 40,215
Issuance of shares, net of forfeitures	117,184	1	-	-	(1)	-	-
Stock-based compensation	-	-	-	-	171	-	171
Acquisition of treasury stock	-	-	(5,675)	(17)	-	-	(17)
Net income	-	-	-	-	-	1,317	1,317
Dividend declared on common stock - $0.03 per share, net of forfeitures	-	-	-	-	-	(322)	(322)
Balances - September 27, 2026	13,791,433	$ 138	(2,919,637)	$ (15,906)	$ 59,775	$ (2,643)	$ 41,364
				Six-Month Periods			
Balances - March 30, 2025	13,478,402	$ 135	(2,910,859)	$ (15,880)	$ 58,637	$ (3,273)	$ 39,619
Issuance of shares, net of forfeitures	138,347	1	-	-	(1)	-	-
Stock-based compensation	-	-	-	-	390	-	390
Acquisition of treasury stock	-	-	(3,103)	(9)	-	-	(9)
Net income	-	-	-	-	-	53	53
Dividends declared on common stock - $0.16 per share, net of forfeitures	-	-	-	-	-	(1,696)	(1,696)
Balances - September 28, 2025	13,616,749	$ 136	(2,913,962)	$ (15,889)	$ 59,026	$ (4,916)	$ 38,357
Balances - March 29, 2026	13,674,249	$ 137	(2,913,962)	$ (15,889)	$ 59,402	$ (4,837)	$ 38,813
Issuance of shares, net of forfeitures	117,184	1	-	-	(1)	-	-
Stock-based compensation	-	-	-	-	374	-	374
Acquisition of treasury stock	-	-	(5,675)	(17)	-	-	(17)
Net income	-	-	-	-	-	3,377	3,377
Dividends declared on common stock - $0.11 per share, net of forfeitures	-	-	-	-	-	(1,183)	(1,183)
Balances - September 27, 2026	13,791,433	$ 138	(2,919,637)	$ (15,906)	$ 59,775	$ (2,643)	$ 41,364

See notes to condensed consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED SEPTEMBER 27, 2026 AND SEPTEMBER 28, 2025
(amounts in thousands)

	Six-Month Periods Ended	
	September 27, 2026	September 28, 2025
Operating activities:		
Net income	$ 3,377	$ 53
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	369	389
Amortization of intangibles	374	401
Amortization of debt issuance costs	5	5
Reduction in the carrying amount of right of use assets	1,992	2,325
Deferred income taxes	92	21
Disposition of assets	1	-
Reserve for unrecognized tax liabilities	47	15
Stock-based compensation	374	390
Changes in assets and liabilities:		
Accounts receivable	3,402	6,075
Inventories	(22)	(4,782)
Other current assets	(22)	-
Prepaid expenses	59	210
Other assets	7	2
Lease liabilities	(2,054)	(2,364)
Accounts payable	2,446	3,616
Accrued liabilities	569	(1,953)
Net cash provided by operating activities	11,016	4,403
Cash used in investing activities:		
Capital expenditures for property, plant and equipment	(250)	(260)
Net cash used in investing activities	(250)	(260)
Financing activities:		
Repayments under revolving line of credit	(33,296)	(41,423)
Borrowings under revolving line of credit	25,474	40,258
Payments on term loan	(1,000)	(1,000)
Shares withheld to pay taxes on stock compensation	(17)	(9)
Issuance of common stock	1	-
Dividends paid	(1,702)	(1,680)
Net cash used in financing activities	(10,540)	(3,854)
Net increase in cash and cash equivalents	226	289
Cash and cash equivalents at beginning of period	200	521
Cash and cash equivalents at end of period	$ 426	$ 810
Supplemental cash flow information:		
Income taxes paid	$ 1,013	$ 616
Interest paid	319	577
Noncash activities:		
Property, plant and equipment purchased but unpaid	(10)	(66)
Dividends declared but unpaid	(358)	(892)

See notes to condensed consolidated financial statements.

Note 1 – **Interim Financial Statements**

Basis of Presentation: The accompanying unaudited condensed consolidated financial statements include the accounts of Crown Crafts, Inc. and its subsidiaries (the "Company") and have been prepared pursuant to accounting principles generally accepted in the United States ("GAAP") applicable to interim financial information as promulgated by the Financial Accounting Standards Board ("FASB"). Accordingly, they do not include all of the information and disclosures required by GAAP for complete financial statements. References herein to GAAP are to topics within the FASB Accounting Standards Codification (the "ASC"), which the FASB periodically revises through the issuance of an Accounting Standards Update ("ASU") and which has been established by the FASB as the authoritative source for GAAP recognized by the FASB to be applied by nongovernmental entities.

In the opinion of the Company's management, the unaudited condensed consolidated financial statements contained herein include all adjustments necessary to present fairly the financial position of the Company as of September 27, 2026 and the results of its operations and cash flows for the periods presented. Such adjustments include normal, recurring accruals, as well as the elimination of all significant intercompany balances and transactions. Operating results for the three- and six-month periods ended September 27, 2026 are not necessarily indicative of the results that may be expected by the Company for its fiscal year ending March 28, 2027. For further information, refer to the Company's consolidated financial statements and notes thereto for the fiscal year ended March 29, 2026, included in the Company's Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (the "SEC").

Fiscal Year: The Company's fiscal year ends on the Sunday that is nearest to or on March 31. References herein to "fiscal year 2027" or "2027" represent the 52-week period ending March 28, 2027 and references herein to "fiscal year 2026" or "2026" represent the 52-week period ended March 29, 2026.

Recently-Issued Accounting Standards:

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement – Reporting Comprehensive – Expense Disaggregation Disclosures (Subtopic 220-40) – Disaggregation of Income Statement Expenses* ("ASU No. 2024-03"), the objective of which is to enhance the transparency and usefulness of financial statements by requiring public entities to provide more detailed disclosures about their expenses. The amendments in ASU No. 2024-03 are required to be adopted for annual reporting periods beginning after December 15, 2026, and for interim periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. The Company is evaluating the guidance of ASU No. 2024-03 against its existing disclosures related to income statement expenses.

The Company has determined that all other ASUs issued which had become effective as of September 27, 2026, or which will become effective at some future date, are not expected to have a material impact on the Company's consolidated financial statements.

Note 2 – **Segment Reporting**

The Company's operations are managed and reported to its Chief Executive Officer, the Company's chief operating decision maker ("CODM"), on a consolidated basis. The Company operates in one principal segment, infant, toddler and juvenile products. These products consist of infant and toddler bedding, diaper bags, bibs, plush, dolls, disposables, toys and feeding products. The CODM assesses performance and allocates resources based on the Company's consolidated statements of income, which requires the CODM to manage and evaluate the results of the Company in a consolidated manner to drive efficiencies and develop uniform strategies. Segment asset information is not used by the CODM to allocate resources.

As a single reportable segment entity, the Company's segment performance measure is net income. The following table presents information about the Company's reportable segment (in thousands):

	Three-Month Periods Ended		Six-Month Periods Ended	
	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025
Net sales	$ 19,028	$ 23,695	35,794	$ 39,173
Less:				
Cost of products sold	12,945	17,124	21,680	29,084
Marketing and administrative expenses	4,519	4,708	9,751	9,425
Interest expense, net and other	(222)	283	(197)	467
Income tax expense	469	423	1,183	144
Segment net income	$ 1,317	$ 1,157	3,377	$ 53

Included in the profit or loss measure above are the following: depreciation expense and amortization expense were $184 thousand and $187 thousand, respectively, for the three months ended September 27, 2026 while for the three months ended September 28, 2025, depreciation and amortization expenses were $191 thousand and $187 thousand, respectively. Depreciation expense and amortization expense were $369 thousand and $374 thousand, respectively, for the six months ended September 27, 2026 while for the six months ended September 28, 2025 depreciation and amortization expenses were $389 thousand and $401 thousand, respectively.

Note 3 – Licensing Agreements

The Company has entered into licensing agreements that provide for royalty payments based on a percentage of the sales of products covered by the license agreements, subject to certain minimum guaranteed amounts. Royalty expense is calculated based upon sales at contractual rates under the licensing agreements and any applicable minimum guaranteed amounts. Royalty expense is included in cost of products sold in the accompanying unaudited condensed consolidated statements of income and amounted to $1.7 million and $1.9 million for the three months ended September 27, 2026 and September 28, 2025, respectively, and amounted to $3.0 million and $2.9 million for the six months ended September 27, 2026 and September 28, 2025, respectively.

Note 4 – Concentrations

Product Sourcing: Foreign and domestic contract manufacturers produce most of the Company's products, with the largest concentration being in China. The Company makes sourcing decisions on the basis of quality, timeliness of delivery and price, including the impact of ocean freight and duties. Although the Company maintains relationships with a limited number of suppliers, the Company believes that its products may be readily manufactured by several alternative sources in quantities sufficient to meet the Company's requirements.

The Company maintains a foreign representative office located in Shanghai, China, which is responsible for the coordination of production, purchases and shipments, seeking out new vendors and overseeing inspections for social compliance and quality. The Company's management and quality assurance personnel visit the third-party facilities regularly to monitor and audit product quality and to ensure compliance with labor requirements and social and environmental standards. In addition, the Company closely monitors the currency exchange rate. The impact of future fluctuations in the exchange rate or changes in safeguards cannot be predicted with certainty.

For the six-month period ended September 27, 2026, purchases from the Company's two largest suppliers accounted for approximately 19% and 11% of purchases as compared to the three largest suppliers accounting for approximately 16%, 11% and 11% for the six-month period ended September 28, 2025. To mitigate the risks associated with supplier concentration, the Company engages in ongoing efforts to identify alternative sources of supply, assess supplier reliability and performance, and negotiate favorable contractual terms where feasible. However, there is no assurance that the Company will be successful in reducing its dependence on any single supplier or mitigating the impact of supplier-related risks in the future.

The U.S. government has tariffs on imports from certain countries, including China. During 2025, the U.S. government increased tariffs which increased the cost of the products the Company sources from China and affected shipments from the Company's Chinese-based suppliers. Some of these tariffs, the International Emergency Economic Powers Act ("IEEPA") tariffs, were recently deemed illegal by the U.S. Supreme Court ruling issued on February 20, 2026. The Company incurred approximately $5.3 million and $267 thousand of IEEPA tariffs during fiscal year 2026 and 2025, respectively. In April 2026, the U.S. Customs and Border Protection launched the Consolidated Administration and Processing of Entities ("CAPE"), a platform for importers of record to submit IEEPA tariff refund requests. The Company has evaluated its eligibility to submit IEEPA tariff refund requests, is complying with all applicable refund procedures and has submitted its eligible entries. As of June 28, 2026, $4.7 million of the refunds submitted were accepted by the CAPE system. These accepted claims for the recovery of IEEPA tariffs were deemed probable under the loss recovery model as of June 28, 2026 and the Company previously recorded a $4.5 million receivable included within other current assets on the Condensed Consolidated Balance Sheets. As of September 27, 2026, the Company collected the majority of that amount. For the quarter ended September 27, 2026, the Company recorded an additional $0.5 million reduction to cost of sales and relieved the same amount in inventory reflecting tariff costs no longer capitalized within the balance sheet as of quarter end. The Company continues to evaluate the impact of the tariffs and its potential refunds on the additional $0.9 million of refund requests. While significant refunds have been received, some uncertainty remains regarding the ultimate availability, timing, and amount of a full recovery of this outstanding amount. The Company will continue to monitor developments and will recognize any additional recovery when realization becomes probable.

Licensed Products: Certain products are manufactured and sold pursuant to licensing agreements for trademarks. Also, many of the designs used by the Company are copyrighted by other parties, including trademark licensors, and are available to the Company through copyright license agreements. The licensing agreements are generally for an initial term of one to three years and may or may not be subject to renewal or extension. Sales of licensed products represented 52% and 50% of the Company's gross sales for the six-month periods ended September 27, 2026 and September 28, 2025, respectively, which included 26% and 21% of gross sales in the six-month periods ended September 27, 2026 and September 28, 2025, respectively, under the Company's license agreements with affiliated companies of The Walt Disney Company ("Disney"). The Company's license agreement with Disney expires December 31, 2027, and covers infant and toddler bedding, diaper bags, infant feeding and bath in the United States and Canada, and bibs and disposable products in the United States, Canada and Japan.

Customers: The Company's customers consist principally of mass merchants, large chain stores, mid-tier retailers, juvenile specialty stores, value channel stores, grocery and drug stores, restaurants, internet accounts and wholesale clubs. The Company does not enter into long-term or other purchase agreements with its customers. The table below sets forth those customers that represented more than 10% of the Company's gross sales:

	Six-Month Periods Ended	
	September 27, 2026	September 28, 2025
Walmart Inc.	44%	47%
Amazon.com, Inc.	16%	17%
Target Corporation	11%	10%

Note 5 – **Inventories**

As of September 27, 2026 and March 29, 2026, the Company's balances of inventory were $28.4 million, nearly all of which were finished goods.

Note 6 – **Property, Plant and Equipment**

Net property, plant and equipment consisted of the following (amounts in thousands):

	September 27, 2026	March 29, 2026
Property, plant and equipment - at cost:		
Machinery and equipment	$ 6,416	$ 6,697
Leasehold improvements	625	571
Furniture and fixtures	485	518
Property, plant and equipment - gross	7,526	7,786
Less accumulated depreciation	5,625	5,775
Property, plant and equipment - net	$ 1,901	$ 2,011

Depreciation expense amounted to $184 thousand and $191 thousand for the three months ended September 27, 2026 and September 28, 2025, respectively, and amounted to $369 thousand and $389 thousand for the six months ended September 27, 2026 and September 28, 2025, respectively.

Note 7 – Financing Arrangements

Factoring Agreements: To reduce its exposure to credit losses, the Company assigns the majority of its trade accounts receivable to The CIT Group/Commercial Services, Inc. ("CIT"), a subsidiary of First Citizens Bank, pursuant to factoring agreements, which have expiration dates that are coterminous with that of the financing agreement described below. Under the terms of the factoring agreements, CIT remits customer payments to the Company as such payments are received by CIT. As such, the Company does not take advances on the factoring agreements.

CIT bears credit losses with respect to assigned accounts receivable from approved shipments, while the Company bears the responsibility for adjustments from customers related to returns, allowances, claims and discounts. CIT may at any time terminate or limit its approval of shipments to a particular customer. If such a termination or limitation occurs, then the Company either assumes (and may seek to mitigate) the credit risk for shipments to the customer after the date of such termination or limitation or discontinues shipments to the customer. Factoring fees, which are included in marketing and administrative expenses in the accompanying unaudited condensed consolidated statements of income, amounted to $72 thousand and $110 thousand for the three-month periods ended September 27, 2026 and September 28, 2025, respectively, and amounted to $149 thousand and $180 thousand for the six-month periods ended September 27, 2026 and September 28, 2025, respectively.

Credit Facility: The Company's credit facility includes a revolving line of credit and a term loan of $8.0 million under a financing agreement with CIT. The Company may borrow up to $40.0 million under the revolving line of credit, which includes a $1.5 million sub-limit for letters of credit, bearing interest at prime minus 0.5% or the Secured Overnight Financing Rate ("SOFR") plus 1.6%, and is secured by a first lien on all assets of the Company. The financing agreement for the revolving line of credit matures on July 19, 2029. On September 27, 2026, the Company had elected to pay interest on balances owed under the revolving line of credit under the SOFR option, which was 5.3%. The financing agreement also provides for the payment by CIT to the Company of interest at prime as of the beginning of the calendar month minus 2.0% on daily negative balances, if any, held at CIT.

At September 27, 2026 and March 29, 2026, the balances on the revolving line of credit were $1.7 million and $9.5 million, respectively, there was no letter of credit outstanding and $18.4 million and $12.5 million, respectively, was available under the revolving line of credit based on the Company's eligible accounts receivable and inventory balances. The financing agreement contains usual and customary covenants for agreements of that type, including limitations on other indebtedness, liens, transfers of assets, investments and acquisitions, merger or consolidation transactions, transactions with affiliates, and changes in or amendments to the organizational documents for the Company and its subsidiaries.

On June 23, 2025, the Company and CIT amended the Company's financing agreement with CIT to: (i) provide that, until the Company's term loan is paid in full, the Company shall maintain at all times Excess Availability (as defined in the financing agreement) equal to or the greater of (a) the sum of the balance outstanding under the Company's term loan plus $1.0 million or (b) $4.0 million (the "Availability Covenant"); and (ii) reinstate the fixed charge coverage ratio; provided however, that the fixed charge coverage ratio shall not be tested at any fiscal quarter end in which, during the immediately preceding fiscal quarter, the Company at all times has been in compliance with the Availability Covenant. As of September 27, 2026, the Company was in compliance with the Excess Availability requirements.

The balance on the $8.0 million term loan as of September 27, 2026 was $3.7 million, including $2.0 million classified as current. The term loan was issued on July 19, 2024, is payable by the Company in 48 equal monthly installments and bears interest at SOFR plus 2.25% (6.0% at September 27, 2026).

Credit Concentration: The Company's accounts receivable at September 27, 2026 amounted to $15.5 million, net of allowances of $1.6 million. Of this amount, $12.8 million was due from CIT under the factoring agreements, which represents the maximum loss that the Company could incur if CIT failed completely to perform its obligations under the factoring agreements. The Company's accounts receivable at March 29, 2026 amounted to $18.9 million, net of allowances of $1.5 million. Of this amount, $16.3 million was due from CIT under the factoring agreements, which represented the maximum loss that the Company could have incurred if CIT had failed completely to perform its obligations under the factoring agreements.

Fair Value: The Company evaluates the fair value of its debt using the three level fair value hierarchy. Fair value should be based on the assumptions market participants would use when pricing the liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs in the fair value hierarchy are as follows:

- Level 1 – Includes the most reliable sources, and includes quoted prices in active markets for identical assets or liabilities.
- Level 2 – Includes observable inputs. Observable inputs include inputs other than quoted prices that are observable for the liability, interest rates and forward rate curves, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the liabilities.

- Level 3 – Includes unobservable inputs and should be used only when observable inputs are unavailable.

The carrying value of financial instruments reported in the accompanying condensed consolidated balance sheets for cash, which is considered Level1, accounts receivable, accounts payable, accrued expenses and other liabilities, which are all considered Level 2, approximate fair value due to the immediate or short-term nature of these financial instruments.

The following table presents fair value of debt as of September 27, 2026:

		Fair Value Measurement Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Term loan	$ 3,699	$ -	$ 3,699	$ -
Revolving line of credit	1,688	-	1,688	-
Total debt	$ 5,387	$ -	$ 5,387	$ -

The Company uses a valuation model to determine the fair value of its revolving line of credit and the term loan with CIT. The Company uses a discounted cash flow model to project the future principal and interest payments over the remaining life of the loans. The significant inputs used in the model are observable market data including SOFR Forward Curves.

The aggregate maturities of long-term debt for each of the five years subsequent to September 27, 2026 are: $1.0 million in fiscal 2027, $2.0 million in fiscal 2028, $667 thousand in fiscal 2029, $1.7 million in fiscal 2030, and no amount due in 2031.

Note 8 –Intangible Assets

Intangible Assets: Our finite-lived intangible assets consist primarily of the fair value of identifiable assets acquired in business combinations. The gross amount, accumulated amortization and net balances of the Company's intangible assets as of September 27, 2026 and March 29, 2026, are as follows (in thousands):

	Gross Amount		Accumulated Amortization		Net Amount	
	September 27, 2026	March 29, 2026	September 27, 2026	March 29, 2026	September 27, 2026	March 29, 2026
Tradename and trademarks	$ 2,751	$ 3,217	$ 1,979	$ 2,405	$ 772	$ 812
Non-compete covenants	-	98	-	98	-	-
Patents	1,601	1,601	1,239	1,212	362	389
Customer relationships	8,051	8,174	7,301	7,292	750	882
Licensing relationships	4,800	4,800	782	608	4,018	4,192
Total intangible assets	$ 17,203	$ 17,890	$ 11,301	$ 11,615	$ 5,902	$ 6,275

Amortization expense, which is included in marketing and administrative expenses in the accompanying unaudited condensed consolidated statements of income, amounted to $187 thousand for both the three-month periods ended September 27, 2026 and September 28, 2025, and amounted to $374 thousand and $401 thousand for the six-month periods ended September 27, 2026 and September 28, 2025, respectively.

Note 9 – Advertising Costs

Advertising expense is included in marketing and administrative expenses in the accompanying unaudited condensed consolidated statements of income and amounted to $162 thousand and $431 thousand for the three months ended September 27, 2026 and September 28, 2025, respectively, and amounted to $405 thousand and $827 thousand for the six months ended September 27, 2026 and September 28, 2025, respectively.

Note 10 – Stock-based Compensation

At the Company's 2026 annual meeting of stockholders, the Company's stockholders approved the Crown Crafts, Inc. Amended and Restated 2021 Incentive Plan (the "A&R 2021 Plan"), which amended and restated the Crown Crafts Inc.2021 Incentive Plan (the "2021 Plan") to increase the share reserve pool by 1,250,000 shares of the Company's common stock. The A&R 2021 Plan was approved by the Company's Board of Directors (the "Board") on June 22, 2026, subject to shareholder approval at such meeting.

The 2021 Plan was adopted by the Board on June 8, 2021, to replace the Crown Crafts, Inc. 2014 Omnibus Equity Compensation Plan (the "2014 Plan"). The 2021 Plan was approved by the Company's stockholders at the Company's 2021 annual meeting of stockholders held on August 10, 2021, and became effective on such date. As a result of such approval, grants may no longer be issued under the 2014 Plan.

The Company believes that awards of long-term, equity-based incentive compensation will attract and retain directors, officers and employees of the Company and will encourage these individuals to contribute to the successful performance of the Company, which will lead to the achievement of the Company's overall goal of increasing stockholder value. Awards granted under the A&R 2021 Plan may be in the form of incentive stock options, non-qualified stock options, shares of restricted or unrestricted stock, stock units, stock appreciation rights, or other stock-based awards. Awards may be granted subject to the achievement of performance goals or other conditions, and certain awards may be payable in stock or cash, or a combination of the two. The A&R2021 Plan is administered by the Compensation Committee of the Board, which selects eligible employees, non-employee directors and other individuals to participate in the A&R 2021 Plan and determines the type, amount, duration (such durationnot to exceed a term of ten (10) years for grants of stock options) and other terms of individual awards. At September 27, 2026, 1,308,320 shares of the Company's common stock were available for future issuance under the A&R 2021 Plan, which may be issued from authorized and unissued shares of the Company's common stock or treasury shares.

Stock-based compensation is calculated according to FASB ASC Topic *718, Compensation – Stock Compensation*, which requires stock-based compensation to be accounted for using a fair-value-based measurement. For the three-month periods ended September 27, 2026 and September 28, 2025, the Company recorded $171 thousand and $190 thousand of stock-based compensation, respectively, and $374 thousand and $390 thousand for the six-month periods ended September 27, 2026 and September 28, 2025, respectively. The Company records the compensation expense associated with stock-based awards granted to individuals in the same expense classifications as the cash compensation paid to those same individuals. All stock awards are expensed over the vesting period and are adjusted for forfeitures as occurred.

Time-Based Restricted Shares: The Company issues time-based restricted shares to the Board and certain officers and executives under our stock-based compensation plan. The time-based restricted shares automatically convert to shares of the Company's common stock on a one-for-one basis as the awards vest. The time-based restricted shares typically vest over a one-to-three-year vesting period on the anniversary of the grant date. The grant date fair value is equal to the quoted market price for the shares on the date of the grant. The total fair value of time-based restricted shares vested during the six months ended September 27, 2026 and September 28, 2025 was $407 thousand and $410 thousand, respectively. The following table summarizes the Company's non-vested share activity for thesix months ended September 27, 2026:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested shares at March 29, 2026	444,276	$ 3.84
Granted	134,184	$ 2.66
Vested	(139,776)	$ 2.91
Forfeited	(27,000)	$ 3.86
Non-vested shares at September 27, 2026	411,684	$ 3.77

For the three-month periods ended September 27, 2026 and September 28, 2025, the Company recognized compensation expense associated with non-vested stock grants, which is included in marketing and administrative expenses, of $112 thousand and $181 thousand, respectively. For the six-month periods ended September 27, 2026 and September 28, 2025, the Company recognized compensation expense associated with non-vested stock grants, which is included in marketing and administrative expenses, of $315 thousand and $378 thousand, respectively.

As of September 27, 2026, total unrecognized compensation expense related to the Company's non-vested stock grants was $813 thousand, which will be recognized over the remaining portion of the respective vesting periods associated with each block of grants, such grants having a weighted average vesting term of 15.3 months.

Note 11 – Income Taxes

The Company's provision for income taxes includes all currently payable federal and state taxes and is based upon the Company's estimated annual effective tax rate ("ETR"). The Company's provisions for income taxes for the three-month periods ended September 27, 2026 and September 28, 2025 are based upon an estimated annual ETR of 24.4% and 23.0%, respectively, and was 24.2% and 25.1% for the six-month periods ended September 27, 2026 and September 28, 2025, respectively. The changes in the ETR primarily relate to variations in state income taxes in the current period as compared to the prior period. The Company provides for deferred income taxes based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates that will be in effect when the differences are expected to reverse.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION

Certain of the statements made in this Quarterly Report on Form 10-Q (this "Quarterly Report") within this Item 2. and elsewhere, including information incorporated herein by reference to other documents, are "forward-looking statements" within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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," "estimates," "predicts," "forecasts," "plans," "projects," "targets," "should," "potential," "continue," "aims," "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 the impact of increased U.S. tariffs and any retaliatory measures by impacted exporting countries, the Company's ability to mitigate the impact of such tariffs, changes in interest rates, changes 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 Company's dependence upon third-party suppliers, including some located in foreign countries with unstable political situations, the Company's ability to successfully implement new information technologies, 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 SEC 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 the Company's expectations, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

The Company was originally formed as a Georgia corporation in 1957 and was reincorporated as a Delaware corporation in 2003. The Company primarily operates through its wholly-owned subsidiaries, NoJo Baby & Kids, Inc. and Sassy Baby, Inc. in the infant, toddler and juvenile products segment within the consumer products industry. The infant, toddler and juvenile products segment consists of infant and toddler bedding, bibs, toys, plush, dolls, diaper bags, disposables and feeding products.

The Company's products are marketed under a variety of Company-owned trademarks, under trademarks licensed from others and as private label goods. The Company-owned trademarks include Sassy®, NoJo®, Manhattan Toy®, Baby Boom® and Neat Solutions®. Sales of the Company's products are made directly to retailers, such as mass merchants, large chain stores, mid-tier retailers, juvenile specialty stores, value channel stores, grocery and drug stores, restaurants, wholesale clubs and internet-based retailers and direct-to-consumers through the Company's websites.

The infant, toddler and juvenile consumer products industry is highly competitive. The Company competes with a variety of distributors and manufacturers (both branded and private label), including large infant, toddler and juvenile product companies and specialty infant, toddler and juvenile product manufacturers, on the basis of quality, design, price, brand name recognition, service and packaging. The Company's ability to compete depends principally on styling, price, service to the retailer and continued high regard for the Company's products and trade names.

Foreign and domestic contract manufacturers produce most of the Company's products, with the largest concentration being in China. The Company makes sourcing decisions on the basis of quality, timeliness of delivery and price, including the impact of ocean freight and duties. Although the Company maintains relationships with a limited number of suppliers, the Company believes that its products may be readily manufactured by several alternative sources in quantities sufficient to meet the Company's requirements. The Company's management and quality assurance personnel visit the third-party facilities regularly to monitor and audit product quality and to ensure compliance with labor requirements and social and environmental standards. In addition, the Company closely monitors the currency exchange rate. The impact of future fluctuations in the exchange rate or changes in safeguards cannot be predicted with certainty.

The Company's products are warehoused and distributed domestically from leased facilities located in Compton, California and Eden Valley, Minnesota and internationally from third-party logistics warehouses in Belgium, Shanghai and the United Kingdom.

The U.S. government has tariffs on imports from certain countries, including China. During 2025, the U.S. government increased tariffs which increased the cost of the products the Company sources from China and affected shipments from the Company's Chinese-based suppliers. Some of these tariffs, the IEEPA tariffs, were recently deemed illegal by the U.S. Supreme Court ruling issued on February 20, 2026. The Company incurred approximately $5.3 million and $267 thousand of IEEPA tariffs during fiscal year 2026 and 2025, respectively. In April 2026, the U.S. Customs and Border Protection launched the CAPE, a platform for importers of record to submit IEEPA tariff refund requests. The Company has evaluated its eligibility to submit IEEPA tariff refund requests, is complying with all applicable refund procedures and has submitted its eligible entries. As of June 28, 2026, $4.7 million of the refunds submitted were accepted by the CAPE system. These accepted claims for the recovery of IEEPA tariffs were deemed probable under the loss recovery model as of June 28, 2026 and we previously recorded a $4.5 million receivable included within other current assets on the Condensed Consolidated Balance Sheets. As of September 27, 2026, the Company collected the majority of that amount. For the quarter ended September 27, 2026, we recorded an additional $0.5 million reduction to cost of sales and relieved the same amount in inventory reflecting tariff costs no longer capitalized within the balance sheet as of quarter end. The Company continues to evaluate the impact of the tariffs and its potential refunds on the additional $0.9 million of refund requests. While significant refunds have been received, some uncertainty remains regarding the ultimate availability, timing, and amount of a full recovery of this outstanding amount. The Company will continue to monitor developments and will recognize any additional recovery when realization becomes probable.

A summary of certain factors that management considers important in reviewing the Company's results of operations, financial position, liquidity and capital resources is set forth below, which should be read in conjunction with the accompanying condensed consolidated financial statements and related notes included in the preceding sections of this Quarterly Report.

KNOWN TRENDS AND UNCERTAINTIES

The Company primarily sources products from foreign contract manufacturers, with the largest concentration being in China. The U.S. government has tariffs on imports from certain countries, including China. During 2025 and 2026, the U.S. government has increased and decreased tariffs which increases volatility in the cost of the products the Company sources from China and affects shipments from the Company's Chinese-based suppliers. Should the U.S. government introduce new or additional tariffs, the Company may not be able to timely pass along to its customers any or all increases in tariffs and freight charges. Further alterations the Company may make to its business strategy or operations to adapt to the changing tariff environment could be time-consuming and expensive**.** The full impact of additional tariffs may have a material adverse effect on the Company's business, cash flow, results of operations and financial condition.

For additional discussion of trends, uncertainties and other factors that could impact the Company's operating results, refer to the risk factors disclosed in Item 1A. of Part 1 of the Company's Annual Report on Form 10-K for the year ended March 29, 2026.

RESULTS OF OPERATIONS

The following table contains the results of operations for the three- and six-month periods ended September 27, 2026 and September 28, 2025 and the dollar and percentage changes for those periods (in thousands, except percentages):

	Three-Month Periods Ended		Change		Six-Month Periods Ended		Change	
	September 27, 2026	September 28, 2025	$	%	September 27, 2026	September 28, 2025	$	%
Net sales by category:								
Bedding and diaper bags	$ 8,789	$ 10,410	$ (1,621)	-15.6%	$ 14,822	$ 17,201	$ (2,379)	-13.8%
Bibs, toys and disposable products	10,239	13,285	(3,046)	-22.9%	20,972	21,972	(1,000)	-4.6%
Total net sales	19,028	23,695	(4,667)	-19.7%	35,794	39,173	(3,379)	-8.6%
Cost of products sold	12,945	17,124	(4,179)	-24.4%	21,680	29,084	(7,404)	-25.5%
Gross profit	6,083	6,571	(488)	-7.4%	14,114	10,089	4,025	39.9%
% of net sales	*32.0%*	*27.7%*			*39.4%*	*25.8%*		
Marketing and administrative expenses	4,519	4,708	(189)	-4.0%	9,751	9,425	326	3.5%
% of net sales	*23.7%*	*19.9%*			*27.2%*	*24.1%*		
Interest expense - net	72	(287)	359	-125.1%	(118)	(570)	452	-79.3%
Other income (expense) - net	150	4	146	3650.0%	315	103	212	205.8%
Income tax expense	469	423	46	10.9%	1,183	144	1,039	721.5%
Net income	1,317	1,157	160	13.8%	3,377	53	3,324	6271.7%
% of net sales	*6.9%*	*4.9%*			*9.4%*	*0.1%*		

Net Sales: Sales were $19.0 million for the three months ended September 27, 2026, compared with $23.7 million for the three months ended September 28, 2025, a decrease of $4.7 million or 19.7%. Sales of bedding and diaper bags decreased by $1.6 million and the sales of bibs, toys and disposable products decreased by $3.0 million. The decreases are due to multiple factors, including a decrease in the number of items included in blanket and diaper bag programs and lower replenishment orders for bibs at a major retailer, as well as, a shift in sales in the prior year from the quarter ended June 29, 2025 to the quarter ended September 28, 2025, due to the Company's tariff response in the prior year.

Sales were $35.8 million for the six months ended September 27, 2026 compared with $39.2 million for the six months ended September 28, 2025, a decrease of $3.4 million or 8.6%. Sales of bedding and diaper bags decreased by $2.4 million and sales of bibs, toys and disposable products decreased by $1.0 million. The decrease in the sales of bedding and diaper bags is primarily due to the decrease in the number of items included in a program and lower replenishments at a major retailer.

Gross Profit: Gross profit decreased by $488 thousand from the prior year reflecting a margin of 32.0% for the three-month period ended September 27, 2026 compared to 27.7% of net sales for the three-month period ended September 28, 2025. The fluctuation in gross profit and gross margin is primarily driven by the tariff refund of $449 thousand, partially offset by severance expense of $236 thousand, both recorded to cost of products sold.

Gross profit increased by $4.0 million from the prior year reflecting a margin of 39.4% for the six-month period ended September 27, 2026 compared to 25.8% of net sales for the six-month period ended September 28, 2025. The significant fluctuation in gross profit and gross margin is driven by the tariff refund recorded to cost of products sold of $4.2 million, partially offset by severance expense recorded of $236 thousand.

Marketing and Administrative Expenses: Marketing and administrative expenses decreased by $189 thousand and changed to 23.7% of net sales for the three-month period ended September 27, 2026 from 19.9% of net sales for the three-month period ended September 28, 2025. The decrease in the current year period is due to a decrease in advertising costs.

Marketing and administrative expenses increased by $326 thousand and changed to 27.2% of net sales for the six-month period ended September 27, 2026 from 24.1% of net sales for the six-month period ended September 28, 2025. The increased expense in the current year period is primarily due to an increase in accrued incentive compensation, partially offset by a decrease in advertising costs.

Income Tax Expense: Income tax expense increased $46 thousand from the three-month period ended September 28, 2025 to the three-month period ended September 27, 2026, and increased $1.0 million from the six-month period ended September 28, 2025 to the six-month period ended September 27, 2026. The Company's ETR was 24.4% and 23.0% for the three-month periods ended September 27, 2026 and September 28, 2025, respectively, and was 24.2% and 25.1% for the six-month periods ended September 27, 2026 and September 28, 2025, respectively. The Company's overall provision for income taxes was impacted by discrete items such as the effects of tax shortfalls and excess tax benefits arising from the forfeiture and expiration of stock options and the vesting of non-vested stock.

Although the Company does not anticipate a material change to the ETR for the remainder of fiscal year 2027, several factors could impact the ETR, including variations from the Company's estimates of the amount and source of its pre-tax income, and the actual ETR for the year could differ materially from the Company's estimates.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities increased from $4.4 million for the six-month period ended September 28, 2025 to $11.0 million for the six-month period ended September 27, 2026. The increase in the current year was partially the result of an increase of $22 thousand in inventories that was $4.8 million lower than the increase in the prior year and an increase of $569 thousand in accrued liabilities that was $2.56 million higher than the decrease in the prior year. These increases were partially offset by a decrease of $3.4 million in accounts receivable that was $2.8 million lower than the increase in the prior year and an increase of $2.4 million in accounts payable in the current year that was $1.2 million lower than the increase in the prior year.

Net cash used in investing activities decreased from $260 thousand in the prior year to $250 thousand in the current year which were primarily associated with capital expenditures for property, plant and equipment.

Net cash used in financing activities, which were primarily associated with net repayments under the revolving line of credit and payments of the term loan, was $10.5 million compared to $3.9 million in the prior year, an increase of $6.7 million.

As of September 27, 2026, the balance on the revolving line of credit with CIT was $1.7 million, there was no letter of credit outstanding and $18.4 million was available under the revolving line of credit with CIT based on the Company's eligible accounts receivable and inventory balances.

To reduce its exposure to credit losses, the Company assigns the majority of its trade accounts receivable to CIT pursuant to factoring agreements, which have expiration dates that are coterminous with that of the financing agreement described below. Under the terms of the factoring agreements, CIT remits customer payments to the Company as such payments are received by CIT.

CIT bears credit losses with respect to assigned accounts receivable from approved shipments, while the Company bears the responsibility for adjustments from customers related to returns, allowances, claims and discounts. CIT may at any time terminate or limit its approval of shipments to a particular customer. If such a termination or limitation occurs, then the Company either assumes (and may seek to mitigate) the credit risk for shipments to the customer after the date of such termination or limitation or discontinues shipments to the customer. Factoring fees, which are included in marketing and administrative expenses in the accompanying unaudited condensed consolidated statements of income, amounted to $72 thousand and $110 thousand for the three-month periods ended September 27, 2026, and September 28, 2025, respectively, and amounted to $149 thousand and $180 thousand for the six-month periods ended September 27, 2026 and September 28, 2025, respectively.

On June 23, 2025, the Company and CIT further amended the Company's financing agreement with CIT to: (i) provide that, until the Company's term loan is paid in full, the Company shall maintain at all times Excess Availability equal to or the greater of (a) the sum of the balance outstanding under the Company's term loan plus $1.0 million or (b) $4.0 million (the "Availability Covenant"); and (ii) reinstate the fixed charge coverage ratio; provided however, that the fixed charge coverage ratio shall not be tested at any fiscal quarter end in which, during the immediately preceding fiscal quarter, the Company at all times has been in compliance with the Availability Covenant. As of September 27, 2026, the Company has complied with the Excess Availability requirements.

The Company's future performance is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors beyond its control. Based upon the current level of operations, the Company believes that its cash flow from operations and funds available under the revolving line of credit will be adequate to meet its liquidity needs.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of market risks that could affect the Company, refer to the risk factors disclosed in Item 1A. of Part 1 of the Company's Annual Report on Form 10-K for the year ended March 29, 2026.

INTEREST RATE RISK

As of September 27, 2026, the Company had $5.3 million of indebtedness that bears interest at a variable rate, comprised of borrowings under the revolving line of credit and a term loan. Based upon this level of outstanding debt, the Company's annual net income would decrease by approximately $40 thousand for each increase of one percentage point in the interest rate applicable to the debt.

COMMODITY RATE RISK

The Company sources its products primarily from foreign contract manufacturers, with the largest concentration being in China. The Company's exposure to commodity price risk primarily relates to changes in the prices in China of cotton, oil and labor, which are the principal inputs used in a substantial number of the Company's products. In addition, although the Company pays its Chinese suppliers in U.S. dollars, a strengthening of the rate of the Chinese currency versus the U.S. dollar could result in an increase in the cost of the Company's finished goods. There is no assurance that the Company could timely respond to such increases by proportionately increasing the prices at which its products are sold to the Company's customers.

MARKET CONCENTRATION RISK

The Company's financial results are closely tied to sales to its top two customers, which represented approximately 57% of the Company's gross sales in fiscal year 2026. In addition, 52% of the Company's gross sales in fiscal year 2026 consisted of licensed products, which included 23% of sales associated with the Company's license agreements with affiliated companies of Disney. The Company's results could be materially impacted by the loss of one or more of these licenses.

The Company primarily sources products from foreign contract manufacturers, with the largest concentration being in China. The U.S. government has tariffs on imports from certain countries, including China. During 2025 and 2026, the U.S. government has increased and decreased tariffs which increases volatility in the cost of the products the Company sources from China and affects shipments from the Company's Chinese-based suppliers. Should the U.S. government introduce new or additional tariffs, the Company may not be able to timely pass along to its customers any or all increases in tariffs and freight charges. Further alterations the Company may make to its business strategy or operations to adapt to the changing tariff environment could be time-consuming and expensive. The full impact of additional tariffs may have a material adverse effect on the Company's business, cash flow, results of operations and financial condition.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report, as required by paragraph (b) of Rules 13a-15 or 15d-15 of the Exchange Act. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this Quarterly Report, the Company's disclosure controls and procedures are effective.

During the three-month period ended September 27, 2026, there were no changes in the Company's internal control over financial reporting ("ICFR") identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Limitations on Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives. Further, benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is, from time to time, involved in various legal and regulatory proceedings relating to claims arising in the ordinary course of its business. Neither the Company nor any of its subsidiaries is a party to any such proceeding the outcome of which, individually or in the aggregate, is expected to have a material adverse effect on the Company's financial condition, results of operations or cash flow.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A of Part 1 of the Company's Annual Report on Form 10-K for the year ended March 29, 2026.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three-month period ended September 27, 2026, none of the Company's directors or officers informed the Company of the adoption, modification or termination of a "Rule 10-b5-1 trading arrangement" or "non-Rule 10-b5-1 trading arrangement," as those terms are defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibits required to be filed by Item 601 of Regulation S-K are included as Exhibits to this Quarterly Report and are listed below.

The agreements included as Exhibits to this Quarterly Report are included to provide information regarding the terms of these agreements and are not intended to provide any other factual or disclosure information about the Company or its subsidiaries, our business or the other parties to these agreements. These agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to our investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time, and should not be relied upon by investors.

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 28, 2003).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated August 9, 2011).
3.3	Amended and Restated Bylaws of the Company, effective as of November 14, 2023 (incorporated herein by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 2023).
4.1	Crown Crafts, Inc. Amended and Restated 2021 Incentive Plan (incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2026).
4.2	Incentive Stock Option Award Certificate under the Crown Crafts, Inc. Amended and Restated 2021 Incentive Plan (incorporated herein by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2026).
4.3	Nonstatuory Stock Option Award Certificate under the Crown Crafts, Inc. Amended and Restated 2021 Incentive Plan (incorporated herein by reference to Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2026).
4.4	Restricted Stock Award Certificate under the Crown Crafts, Inc. Amended and Restated 2021 Incentive Plan (incorporated herein by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2026).
4.5	Performance Share Award Certificate under the Crown Crafts, Inc. Amended and Restated 2021 Incentive Plan (incorporated herein by reference to Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 28, 2026).
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Company’s Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Company’s Chief Financial Officer.
32.1	Section 1350 Certification by the Company’s Chief Executive Officer.
32.2	Section 1350 Certification by the Company’s Chief Financial Officer.
101	Interactive data files pursuant to Rule 405 of SEC Regulation S-T in connection with the Company’s Form 10-Q for the quarterly period ended September 27, 2026, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Unaudited Condensed Consolidated Balance Sheets; (ii) Unaudited Condensed Consolidated Statements of Income; (iii) Unaudited Condensed Consolidated Statements of Changes in Shareholders’ Equity; (iv) Unaudited Condensed Consolidated Statements of Cash Flows; and (v) Notes to Unaudited Condensed Consolidated Financial Statements.
104	Cover page Interactive Data File pursuant to Rule 406 of SEC Regulation S-T formatted in iXBRL (Inline eXtensible Business Reporting Language) and contained in Exhibit 101.

* Management contract or a compensatory plan or arrangement.

SIGNATURE

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 12, 2026

/s/ Claire K. Spencer
CLAIRE K. SPENCER
Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Olivia W. Elliott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crown Crafts, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2026

/s/ Olivia W. Elliott
Olivia W. Elliott,
President and Chief Executive Officer,
Crown Crafts, Inc.

Exhibit 31.2

CERTIFICATION

I, Claire K. Spencer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crown Crafts, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2026

/s/ Claire K. Spencer
Claire K. Spencer,
Vice President and Chief Financial Officer,
Crown Crafts, Inc.

Exhibit 32.1

SECTION 1350 CERTIFICATION

I, Olivia W. Elliott, the President and Chief Executive Officer of Crown Crafts, Inc. (the "Company"), do hereby certify, in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 27, 2026 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2026

/s/ Olivia W. Elliott
Olivia W. Elliott,
President and Chief Executive Officer,
Crown Crafts, Inc.

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, Claire K. Spencer, a Vice President and the Chief Financial Officer of Crown Crafts, Inc. (the "Company"), do hereby certify, in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 27, 2026 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2026

/s/ Claire K. Spencer
Claire K. Spencer,
Vice President and Chief Financial Officer,
Crown Crafts, Inc.