

# Crown Crafts Reports Fiscal 2020 Third Quarter Results

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

GONZALES, La., Feb. 12, 2020 (GLOBE NEWSWIRE) -- Crown Crafts, Inc. (NASDAQ-CM: CRWS) (the "Company") today reported results for the fiscal 2020 third quarter, which ended December 29, 2019.

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

## Financial Results

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

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

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

## Quarterly Cash Dividend

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

## **Conference Call**

The Company will host a teleconference today at 1:00 p.m. Central Standard Time to discuss the Company's results, during which interested individuals will be given the opportunity to ask appropriate questions. To join the teleconference, dial (844) 861-5504 and ask to be joined into the Crown Crafts, Inc. call. The teleconference can also be accessed in listen only mode by visiting the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com). The financial information to be discussed during the teleconference may be accessed prior to the call on the investor relations portion of the Company's website. A telephone replay of the teleconference will be available one hour after the end of the call through 4:00 p.m. Central Standard Time on February 19, 2020. To access the replay, dial (877) 344-7529 in the United States or (412) 317-0088 from international locations and refer to conference number **10139008**.

## **About Crown Crafts, Inc.**

Crown Crafts, Inc. designs, markets and distributes infant, toddler and juvenile consumer products. Founded in 1957, Crown Crafts is one of America's largest producers of infant bedding, toddler bedding, bibs and developmental toys. The Company operates through its three wholly owned subsidiaries, NoJo Baby & Kids, Inc., Sassy Baby, Inc. and Carousel Designs, LLC, which market a variety of infant, toddler and juvenile products under Company-owned trademarks, as well as licensed collections and exclusive private label programs. Sales are made directly to retailers such as mass merchants, large chain stores and juvenile specialty stores, as well as directly to consumers through [www.babybedding.com](http://www.babybedding.com). For more information, visit the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com).

*The foregoing contains forward-looking statements within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current expectations, projections, estimates and assumptions. Words such as "expects," "believes," "anticipates," "intends," "may," "will," "could," "would" and variations of such words and similar expressions may identify such forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause future results to differ materially from those suggested by the forward-looking statements. These risks include, among others, general economic conditions, including changes in interest rates, in the overall level of consumer spending and in the price of oil, cotton and other raw materials used in the Company's products, changing competition, changes in the retail environment, the Company's ability to successfully integrate newly acquired businesses, the level and pricing of future orders from the Company's customers, the extent to which the Company's business is concentrated in a small number of customers, the Company's dependence upon third-party suppliers, including some located in foreign countries, customer acceptance of both new designs and newly-introduced product lines, actions of competitors that may impact the Company's business, disruptions to transportation systems or shipping lanes used by the Company or its suppliers, and the Company's dependence upon licenses from third parties.*

*Reference is also made to the Company's periodic filings with the Securities and Exchange Commission for additional factors that may impact the Company's results of operations and financial condition. The Company does not undertake to update the forward-looking statements contained herein to conform to actual results or changes in our expectations, whether as a result of new information, future events or otherwise.*

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

In thousands, except percentages and per share data  
(Unaudited)

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

**CONSOLIDATED BALANCE SHEETS  
SELECTED FINANCIAL DATA  
In thousands**

**December 29,  
2019  
(Unaudited) March 31, 2019**

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



Source: Crown Crafts, Inc.