



# Southwest IDEAS Investor Conference

Dallas, Texas | November 17, 2022

**CrownCrafts**

NASDAQ-CM: CRWS

# Cautionary Notice Regarding Forward-Looking Statements

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This presentation contains forward-looking statements by Crown Crafts, Inc. (the “Company”) within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934, the Private Securities Litigation Reform Act of 1995, and all Rules and Regulations issued thereto. Such statements are based upon management's current beliefs, plans, objectives, goals, expectations, anticipations, projections, estimates, intentions, future performance and assumptions. Words such as “may,” “will,” “could,” “should,” “would,” “intends,” “indicates,” “expects,” “believes,” “anticipates” and variations of such words and similar expressions identify such forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause future results to differ materially from those suggested by the forward-looking statements. These risks include, but are not limited to, general economic conditions, including changes in interest rates, the overall level of consumer spending and the price of oil, cotton and other raw materials used in the Company’s products, changing competition, changes in federal and state governmental regulations with respect to the consumer products industry, changes in the retail environment, 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 climates, 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 Securities and Exchange Commission for additional risk 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.



# Crown Crafts – Who We Are

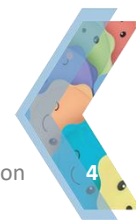
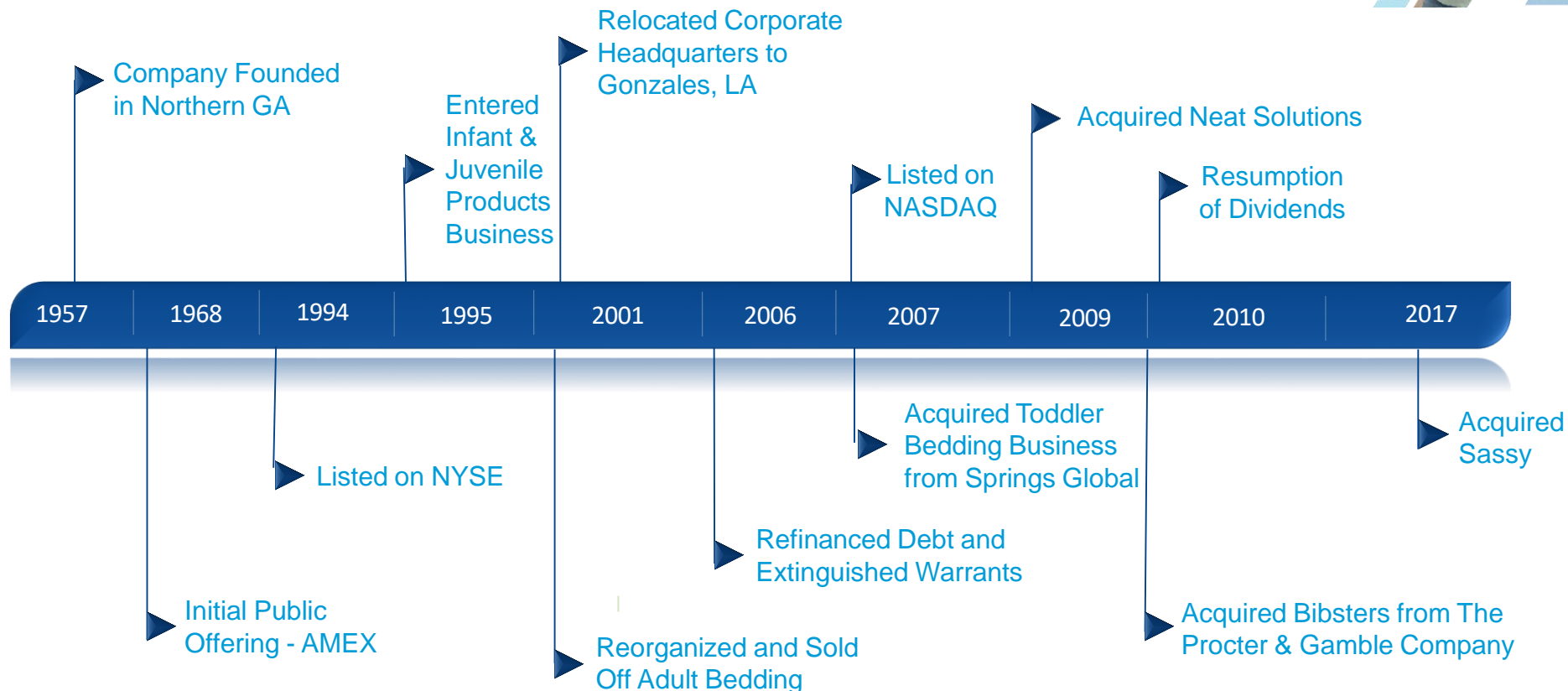
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- One of America's largest producers of infant, toddler and juvenile consumer products
- Attractive lines of leading name-brand and private-label merchandise
- Steady profitability in a traditionally stable niche of the retail industry
- Sustained market leadership and product innovation
- Strong licensing and retail relationships
- Well-positioned for continued future growth



# Crown Crafts' Company History



# Four Company Locations Handle Distribution, Global Sourcing, Customer Service



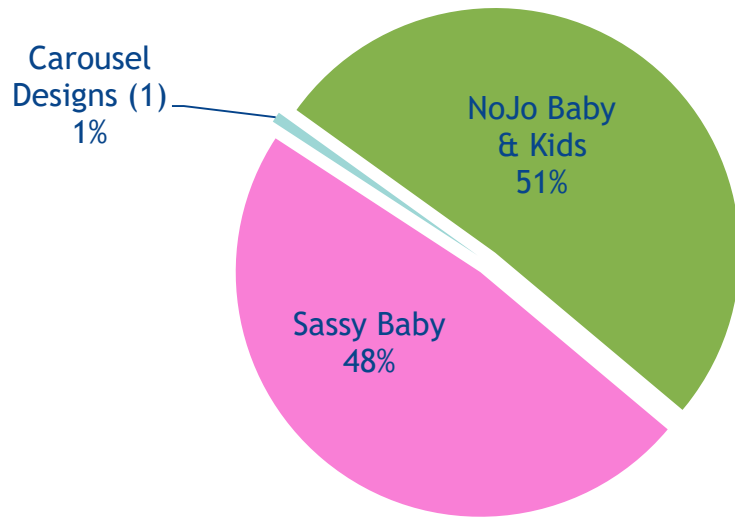
The Company also has employees based in Bentonville, AR in support of sales to Walmart



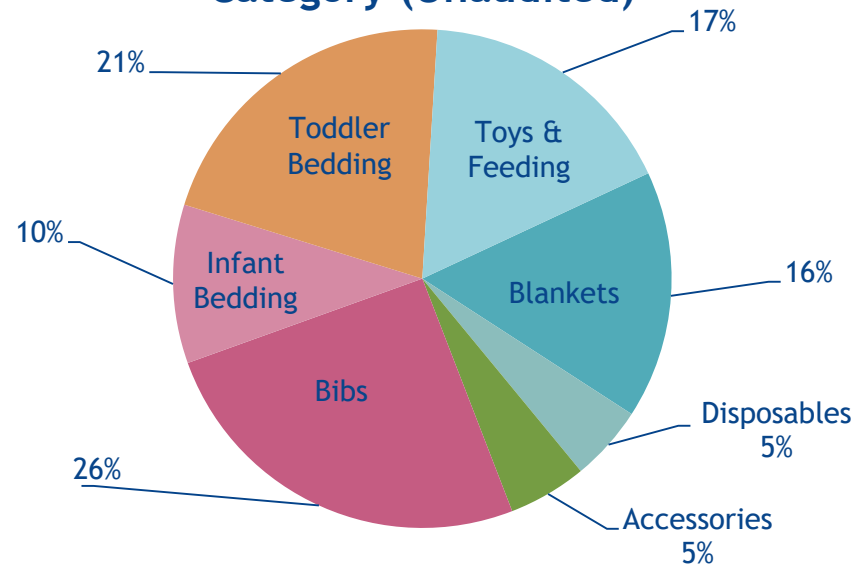
# Serving a Wide Range of Infant, Toddler and Juvenile Product Categories



**Net Sales by Operating Subsidiary**



**Gross Sales by Product Category (Unaudited)**



Percentages based on operating results for the fiscal year ended April 3, 2022

(1) Carousel Designs ceased operations on May 21, 2021





# NoJo Baby & Kids – Comfort and Quality Inside the Crib; Licensed Characters Popular with Toddlers



## Crib Bedding – Generally used until age 2

- Designs include traditional, contemporary, textured and whimsical patterns



## Toddler Bedding – Generally used from ages 2-4

- Designs are almost entirely driven by licenses as children experience movies, TV, etc.





# NoJo Baby & Kids – Designing the Whole Nursery





# Sassy Baby Products - Neat Solutions for Messy Occasions; Convenience and Cleanliness at Home or Away



disposable  
**floor topper**



tidy topper  
**multi-use pads**



**potty topper**





# Developmental Toys, Feeding and Care Products



- Dominant player for more than 30 years
- Opportunities for strategic growth
- Innovative products that align with babies' developmental milestones
- Products are sold worldwide in over 30 countries

## Bath Toys



## Developmental Toys



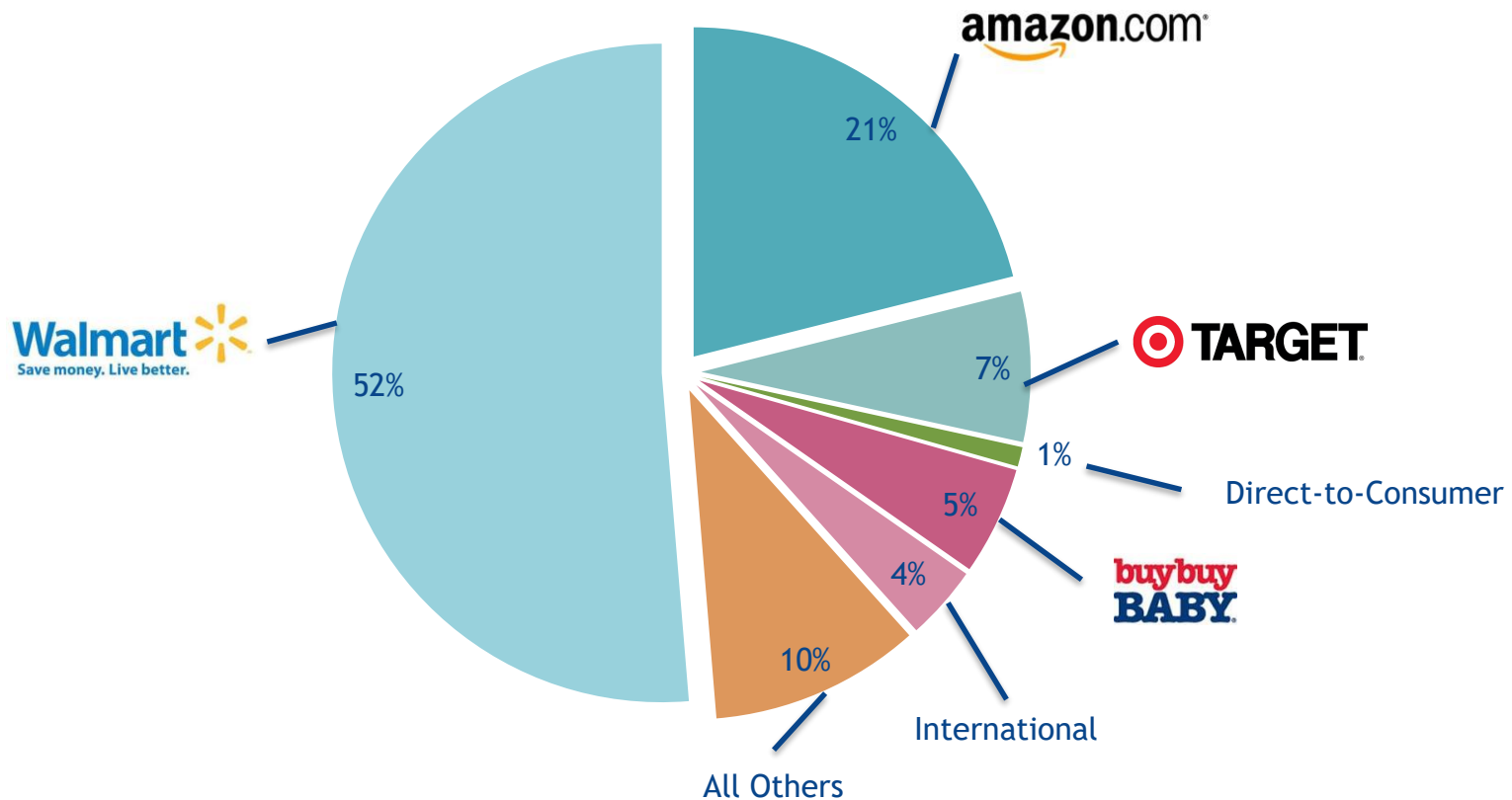
## Play Mats



# Supplying Retailers Where Parents Shop



## Gross Sales by Customer For the Fiscal Year Ended April 3, 2022 (Unaudited)



# Strong Line of Company-Owned Brands

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# World-Class Licensed Collections

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# Crown Crafts – Strategic Plan

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- Management recently presented its long-term strategic plan to the Company's Board of Directors, which includes:
  - Growing our toy category through market share expansion,
  - Entering new, adjacent product categories, both organically as well as through tuck-in acquisitions,
  - Selling directly to consumers,
  - Implementing operating cost efficiencies, and
  - Making further investments in technology and our organizational structure.
- We will implement these strategies without losing focus on cost containment, maintaining our strong balance sheet and delivering solid returns to our shareholders.



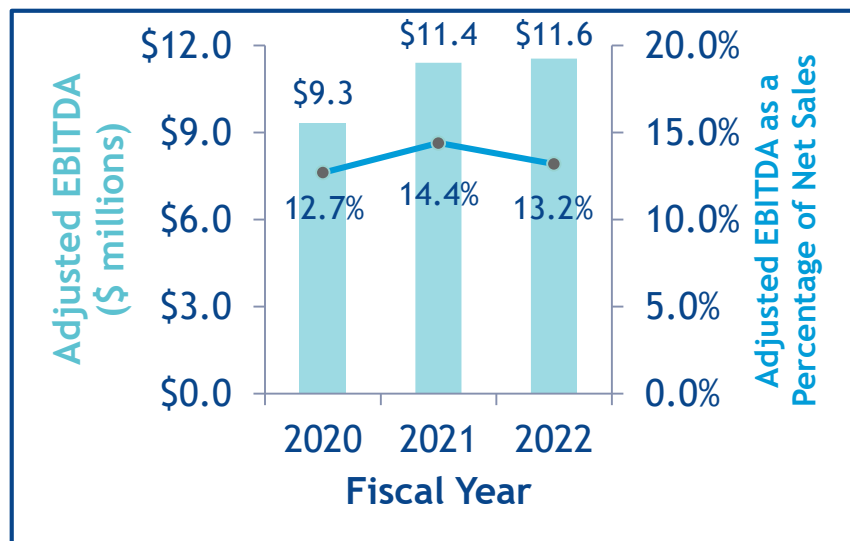
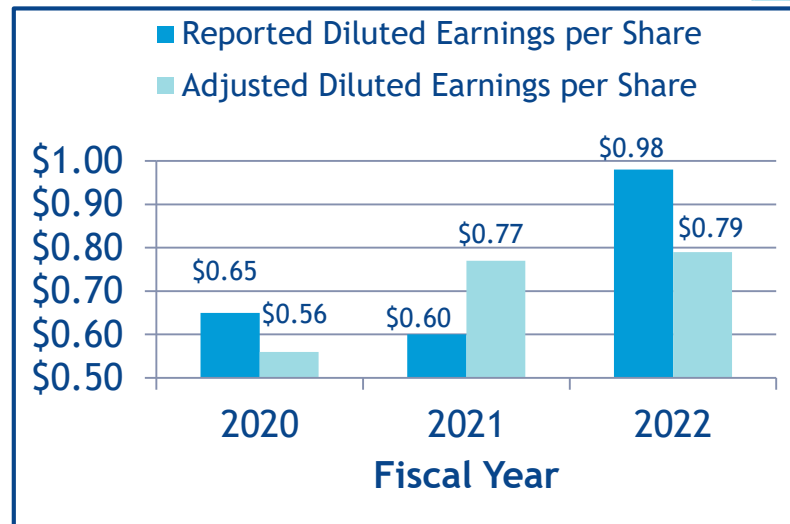
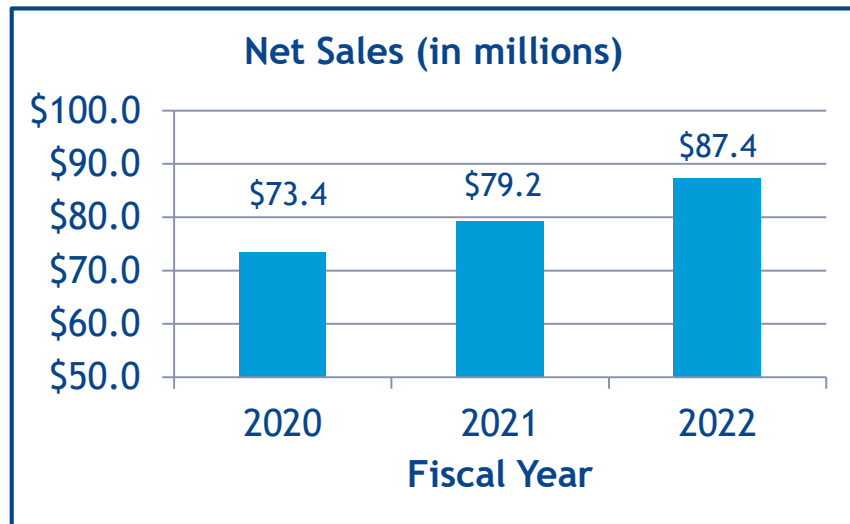


# Financial Highlights

**CrownCrafts**

NASDAQ-CM: CRWS

# Operating Highlights – Fiscal Years 2020 - 2022



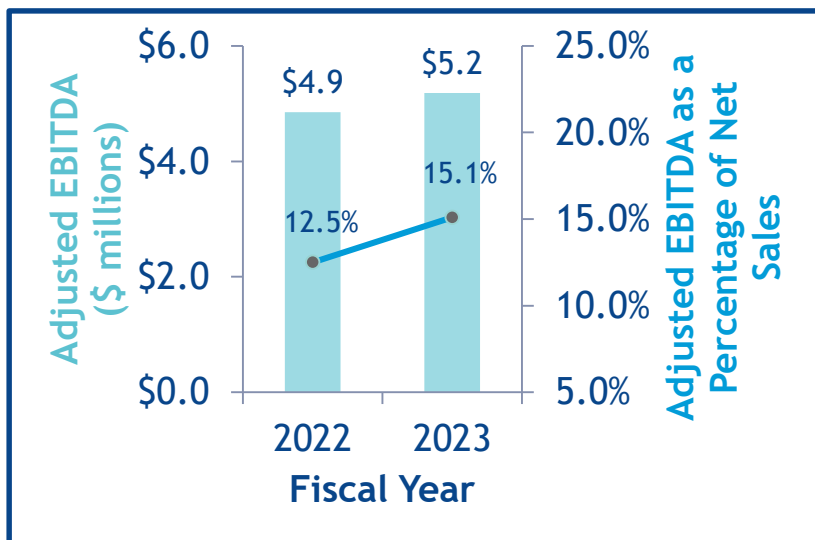
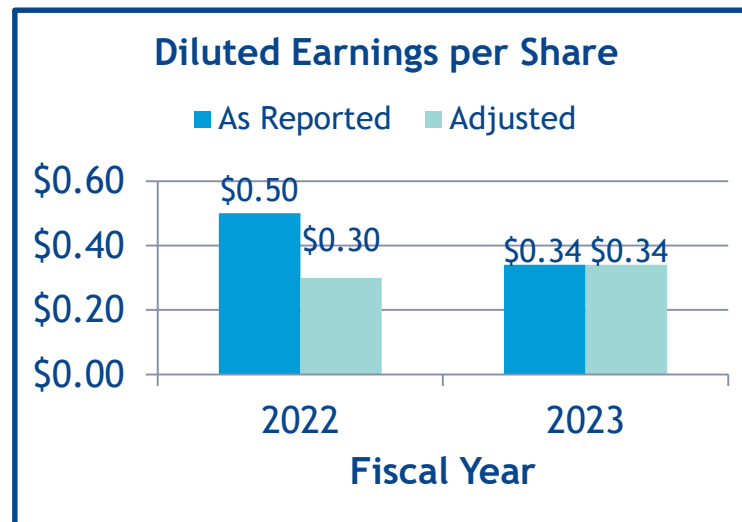
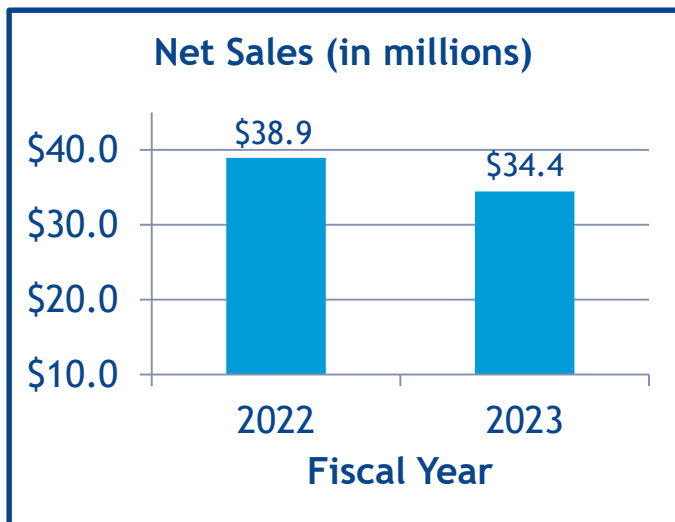
## Adjustments to Net Income and EBITDA:

- FY 2020 - Net Income included \$841,000 related to favorable tax credits and reserve reversals.
- FY 2021 - \$2.2 million (\$1.7 million after taxes) non-recurring charge from the impairment of Carousel's long-lived assets.
- FY 2022 - \$1,985,000 non-recurring, non-taxable gain from the forgiveness of the Company's PPP Loan.





# Operating Highlights - Fiscal 2022 and 2023 Year-to-Date through 2<sup>nd</sup> Quarter (Unaudited)



## Adjustment to Net Income and EBITDA:

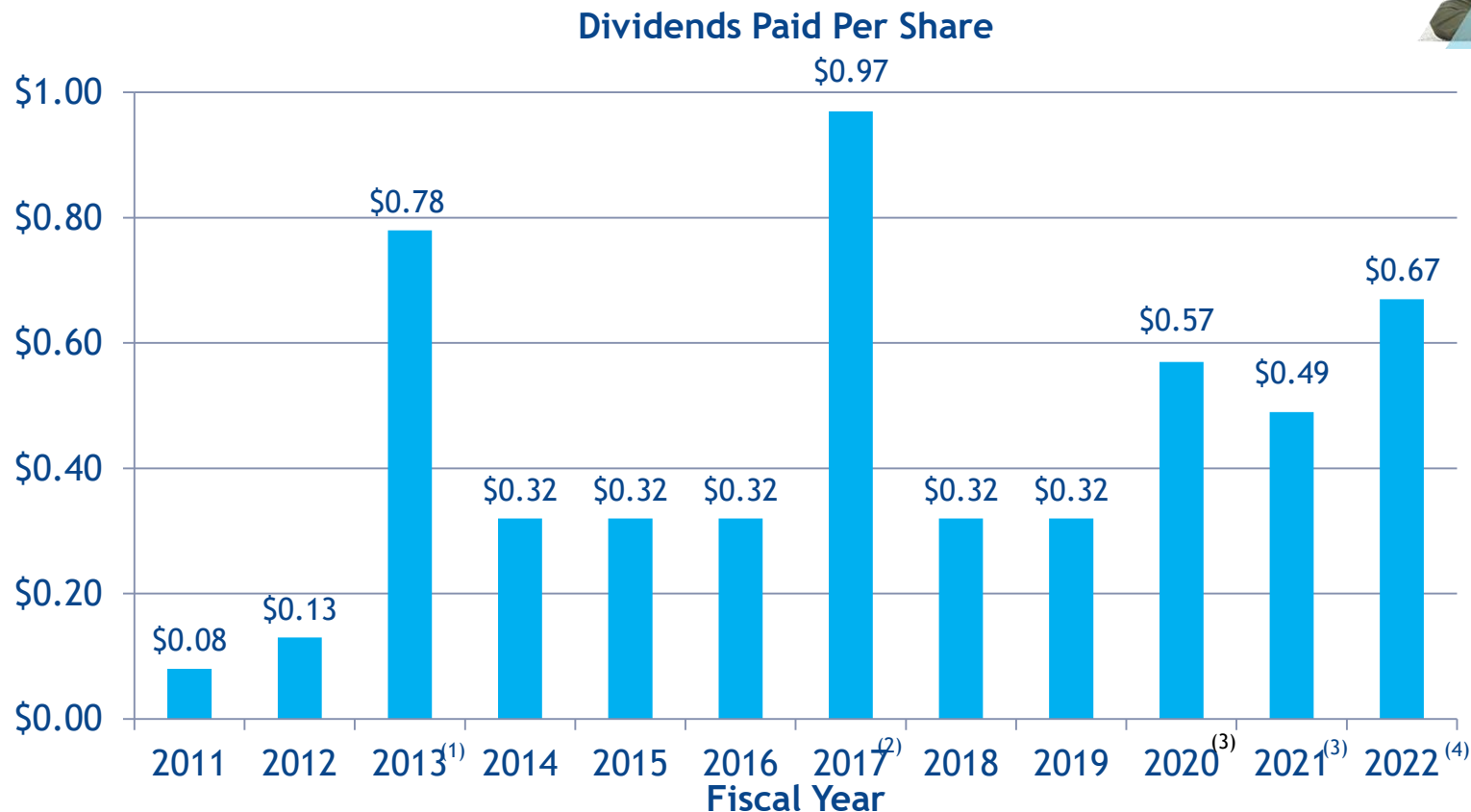
- FY 2022 - \$1,985,000 non-recurring, non-taxable gain from the forgiveness of the Company's PPP Loan.

## Effect of Carousel Designs:

- FY 2022 - The charts on this page do not exclude the impact of Carousel Designs, which closed in May 2021. Excluding Carousel, FY 2022 year-to-date net sales and diluted earnings per share would have been \$38.3 million and \$0.58, respectively.



# Have Returned \$55.3 Million in Dividends to Stockholders Since 2010



1. Dividends paid included a special dividend of \$0.50 per share.
2. Dividends paid included a special dividend of \$0.65 per share.
3. Dividends paid included special dividends of \$0.25 per share.
4. Dividends paid included a special dividend of \$0.35 per share.

Fiscal Year 2023 year-to-date -- \$0.24 per share in dividends have been declared, consisting of three quarterly dividends of \$0.08 per share.



# For Additional Information

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Attendees and other viewers of this presentation are advised to read all reports and other filings made by the Company with the Securities and Exchange Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934. Copies of these filings may be obtained, without charge, by directing a request to Investor Relations, Crown Crafts, Inc., PO Box 1028, Gonzales, Louisiana, 70707-1028, or at [www.sec.gov](http://www.sec.gov).



# The Presentation of Non-GAAP Financial Measures

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In addition to the Company's presentation of its financial position and results of operations in conformity with accounting principles generally accepted in the United States ("GAAP"), the Company has also presented measures of its financial position and results of operations which are not determined in accordance with GAAP. These non-GAAP financial measures include earnings before interest, taxes, depreciation and amortization ("EBITDA"). Additionally, with respect to the fiscal years ended March 29, 2020, March 28, 2021 and April 3, 2022, and the second quarter of the fiscal year ended April 3, 2022, the Company has presented what its net income, earnings per share and EBITDA would have been if certain non-recurring items of cost and income had not been recognized (to arrive at "Adjusted Net Income", "Adjusted Earnings per Share" and "Adjusted EBITDA", respectively). The items of cost and income that were excluded to calculate Adjusted Net Income, Adjusted Earnings per Share and Adjusted EBITDA are significant components to be considered in an understanding and assessment of the Company's results of operations. The Company believes that the non-GAAP financial measures included in this presentation provide useful information and are important indicators of the Company's ability to generate cash sufficient to service its debt, declare and pay dividends, make strategic investments and capital expenditures and meet working capital requirements and other obligations as they become due. The Company uses these non-GAAP financial measures internally to monitor the Company's operating results and cash flow and to evaluate the performance of its businesses. These non-GAAP financial measures are provided as supplemental information and should be considered in addition to, and not as a substitute for, the Company's GAAP measures, including its net income, earnings per share, cash flow provided by or used in operating, investing or financing activities, and other measures of the Company's financial position or results of operations reported in accordance with GAAP. Because these non-GAAP financial measures are, by definition, not calculated in accordance with GAAP, another company using the same GAAP financial information could possibly arrive at a different calculation of these non-GAAP financial measures. Therefore, the non-GAAP financial measures as presented by the Company may not be comparable to similarly-titled measures that may be presented by another company.





# Operating Highlights

(In thousands, except percentages - unaudited)

	Fiscal Year			YTD Fiscal 2nd Quarter	
Non-GAAP Reconciliation of Net Income to EBITDA and Adjusted EBITDA:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
Net income	\$ 6,561	\$ 6,081	\$ 9,918	\$ 5,051	\$ 3,474
Interest expense	2	(19)	68	32	32
Interest income	(10)	(64)	(18)	(16)	(33)
Income tax expense	1,207	1,642	2,408	1,201	1,137
Depreciation	716	741	652	311	335
Amortization	855	790	509	259	241
<b>EBITDA</b>	<b>\$ 9,331</b>	<b>\$ 9,171</b>	<b>\$ 13,537</b>	<b>\$ 6,838</b>	<b>\$ 5,186</b>
Non-recurring items	-	2,234	(1,985)	(1,985)	-
<b>Adjusted EBITDA</b>	<b>\$ 9,331</b>	<b>\$ 11,405</b>	<b>\$ 11,552</b>	<b>\$ 4,853</b>	<b>\$ 5,186</b>
<b>Net sales</b>	<b>\$ 73,396</b>	<b>\$ 79,164</b>	<b>\$ 87,360</b>	<b>\$ 38,932</b>	<b>\$ 34,436</b>
<b>Adjusted EBITDA as a Percentage of Net Sales</b>	<b>12.7%</b>	<b>14.4%</b>	<b>13.2%</b>	<b>12.5%</b>	<b>15.1%</b>



# Operating Highlights



(In thousands, except per share amounts - unaudited)

	Fiscal Year			YTD Fiscal 2 <sup>nd</sup> Quarter	
	2020	2021	2022	2022	2023
<b>Non-GAAP Reconciliation of Net Income to Adjusted Net Income:</b>					
Net income	\$ 6,561	\$ 6,081	\$ 9,918	\$ 5,051	\$ 3,474
Non-recurring items	(163)	2,234	(1,985)	(1,985)	-
Income tax impact of non-recurring items	(678)	(536)	-	-	-
Adjusted net income	\$ 5,720	\$ 7,779	\$ 7,933	\$ 3,066	\$ 3,474
<b>Non-GAAP Reconciliation of Earnings per Share to Adjusted Earnings per Share:</b>					
<b>Weighted Average Shares Outstanding:</b>					
Basic	10,149	10,144	10,055	10,028	10,085
Diluted	10,150	10,150	10,084	10,071	10,107
<b>Earnings per Share as Reported:</b>					
Basic	\$ 0.65	\$ 0.60	\$ 0.99	\$ 0.50	\$ 0.34
Diluted	\$ 0.65	\$ 0.60	\$ 0.98	\$ 0.50	\$ 0.34
<b>Adjusted Earnings per Share:</b>					
Basic	\$ 0.56	\$ 0.77	\$ 0.79	\$ 0.31	\$ 0.34
Diluted	\$ 0.56	\$ 0.77	\$ 0.79	\$ 0.30	\$ 0.34

