
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 4, 2020

COLLECTORS UNIVERSE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-34240
(Commission
File Number)

33-0846191
(IRS Employer
Identification No.)

1610 East Saint Andrew Place, Santa Ana, California
(Address of principal executive offices)

92705
(Zip Code)

Registrant's telephone number, including area code: (949) 567-1234

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered under Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock \$0.001 Par Value | CLCT | Nasdaq Global Market |

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On February 4, 2020, Collectors Universe, Inc. (the “Company”) issued a press release announcing its consolidated financial results for its second quarter of fiscal year 2020, which ended on December 31, 2019. A copy of that press release is attached as Exhibit 99.1 to, and by this reference is incorporated into, this Current Report on Form 8-K.

In accordance with General Instruction B.2 of Form 8-K, information in Item 2.02 of this Report, and Exhibit 99.1 hereto, are being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall such information or such Exhibits be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”).

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|------------------------|--|
| 99.1 | <u>Press release issued February 4, 2020 by Collectors Universe, Inc. announcing its consolidated financial results for its second quarter of fiscal year 2020, ended December 31, 2019.</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

COLLECTORS UNIVERSE, INC.

Dated: February 6, 2019

By: /s/ JOSEPH J. WALLACE

Joseph J. Wallace, Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

| Exhibit No. | Description |
|------------------------|---|
| 99.1 | Press release issued on February 4, 2020 by Collectors Universe announcing its consolidated financial results for the second quarter of fiscal 2020, ended December 31, 2019. |



Collectors Universe sets Record Q2 Revenues and 1st Half Operating Results
Revenues up 24% and Operating Income up 48% in the second quarter

NEWPORT BEACH, CA – February 4, 2020 — Collectors Universe, Inc. (NASDAQ: CLCT), a leading provider of value-added authentication and grading services to dealers and collectors of collectibles, today announced financial results for its second quarter of fiscal year 2020.

Q2, 2020 versus Q2, 2019 Financial Highlights:

- Revenues up 24% to \$19.5 million versus \$15.7 million
- Gross Profit Margin stable at 56% in both second quarters
- Operating Margin up to 17% of revenues (\$3.3 million) versus 14% (\$2.2 million)
- Diluted EPS at \$0.29 versus \$0.17

Q2 and First Six Months Review:

- The \$3.8 million revenue increase in this year's second quarter to \$19.5 million included a \$2.1 million, or 35%, increase in cards/autographs revenues and a \$1.8 million, or 21%, increase in coin revenues. The cards/autographs revenues represented a second quarter record for that business. China coin revenues at \$2.0 million in this year's quarter were up \$1.3 million, or 185%, from last year's second quarter.
 - The 19% increase in revenues to \$39.7 million in the first six months of this year, represented record first half revenues and included a \$4.1 million, or 34%, increase in cards/autographs revenues and a \$2.7 million, or 14%, increase in coin revenues. The cards/autographs revenues represented record six months revenues for that business. China coin revenues at \$3.3 million in the first six months were up \$1.5 million, or 86%, from last year's first six months.
 - The gross profit margins at 56% and 58% in this year's second quarter and first six months, as compared to 56% and 57% in last year's second quarter and first six months, reflect improved gross profit margins in our coin business due to higher coin revenues, partially offset by lower gross profit margins in our cards/autographs business, as we build capacity to reduce the record backlog in that business.
 - The 48% and 57% increase in operating income in this year's second quarter and first six months to \$3.3 million and \$7.9 million, represented operating margins of 17% and 20% as compared to 14% and 15% in the same respective periods of the prior year.
 - Net income in this year's second quarter was \$2.6 million, or \$0.29 per diluted share, as compared to \$1.5 million, or \$0.17, per diluted share in last year's second quarter. For the six months, net income was \$6.2 million, or \$0.69 per diluted share, as compared to \$3.6 million, or \$0.40 per diluted share, in last year's first six months.
 - The Company's cash position as of December 31, 2019 was \$22.2 million, as compared to \$19.2 million as of June 30, 2019. Net cash generated of \$3.0 million in the six months included cash generated from operating activities of \$7.9 million, partially offset by \$3.1 million used to pay cash dividends to stockholders, \$1.4 million used for capital expenditures and capitalized software costs and \$0.4 million used to pay down the Company's term loan.
 - On January 23, 2020, we announced our quarterly cash dividend of \$0.175 per share, which will be paid on February 28, 2020 to stockholders of record on February 14, 2020.
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Management Commentary:

Joseph J. Orlando, President and Chief Executive Officer, stated, "Collectors Universe followed a strong revenue performance in this year's Q1 with another one in Q2, which resulted in an all-time second quarter record. Historically, Q2 tends to be our seasonally slowest of the four quarters. This year, however, our momentum kept Q2 virtually on par with the preceding few quarters from a revenue perspective. In addition, in this year's second quarter, both PCGS and PSA showed double-digit revenue growth versus last year's second quarter. Furthermore, our cash position improved year-over-year from \$12.4 million to \$22.2 million. Now halfway through this fiscal year, the Company is currently pacing for another record annual revenue performance."

Orlando continued, "PCGS has made a concerted effort to improve everything from marketing to business development to customer service, and it is showing in the division's performance. PCGS U.S. revenues were up across the board in this year's Q2 versus last year's Q2. PCGS now heads into its busy Bulk season, with the release of the 2020 Naismith Basketball Hall of Fame commemorative coin coming in April as Q4 begins. The more creative our customized packaging is for each newly minted coin, the more opportunities this part of the business will have to grow. Within our PCGS International services, our Shanghai office turned in a standout revenue performance, eclipsing Q2 in fiscal 2019 by 185% or about \$1.3 million. The coin business continues to gain steady traction in China. After some restructuring, this part of our company generated operating income through the first half of our fiscal year, which is an important milestone."

"The PSA and PSA/DNA business set another second quarter revenue record for the division. This includes all-time record output for the division in any quarter, shipping over 770,000 total collectibles. Some of the early modifications made during our operational revamp are helping improve efficiency, but the backlog continues to grow to unprecedented levels. The faster we have returned the product to our customer base, the faster the submissions come back to us. In this year's Q2, PSA receiving averaged over 68,000 submissions per week, with peaks north of 85,000 units, the highest weekly figures for this division, in our history. While this trend is extremely positive for the growth of the business, our company continues to invest in people and technology, which can help improve turnaround times for our loyal customer base."

Outlook:

"Looking ahead to the third quarter, the management team continues its focus on maximizing efficiency in operations as we delve further into our busy Bulk coin season. In addition, new anti-counterfeiting security features are being incorporated into our 2020 PCGS and PSA products. Additionally, while our business in China is not a material contributor to our overall revenues at this time, this part of our company may be adversely affected by the coronavirus outbreak and the related travel restrictions and business closures, in the short term. Finally, we are exploring new opportunities that can help us profitably grow the Collectors Universe business in the future."

Conference Call and Webcast

Collectors Universe will host a conference call to discuss results on Tuesday, February 4, 2020 at 4:30 p.m. Eastern Time/1:30 p.m. Pacific Time. Interested parties may participate in the conference call by dialing 334-777-6978 or 800-367-2403, five to ten minutes prior to the initiation of the call. A replay of the conference call will be available through February 18, 2020 by dialing 888-203-1112 or 719-457-0820 and entering access code 8634906#. A live webcast of the conference call will also be available on the Collectors Universe website, www.collectorsuniverse.com under Investor Relations: Events and Presentations. The webcast will be archived for 12 months.

About Collectors Universe

Collectors Universe, Inc. is a leading provider of value-added services to the collectibles markets. The Company authenticates and grades collectible coins, trading cards, event tickets, autographs and memorabilia ("collectibles"). The Company also compiles and publishes authoritative information about United States and world coins, collectible trading cards and sports memorabilia ("collectibles") and operates its CCE dealer-to-dealer Internet bid-ask market for certified coins and its Expos trade show and conventions business. This information is accessible to collectors and dealers at the Company's website, <http://www.collectorsuniverse.com> and is also published in print.

Cautionary Statements Regarding Forward Looking Information

This news release contains statements regarding our expectations, beliefs or views about our future financial performance and trends in our business and in our markets, which constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements can often be identified by the use of words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," or future or conditional verbs such as "will," "would," "should," "could," or "may."

Due to a number of risks and uncertainties to which our business and our markets are subject, our future financial performance may differ, possibly significantly, from expectations regarding our future financial performance that are expressed in, or that may be implied or inferred from the discussion of our operating results in this news release. Those risks and uncertainties, and their possible impact on our future financial performance, include, but are not limited to, the following: our continued dependence on our coins, and cards and autographs businesses, which historically have generated more than 90% of our total consolidated revenues and a substantial portion of our operating income, which make our operating results more vulnerable to conditions that could adversely affect those businesses, such as stagnation of precious metals prices that could adversely affect our coin revenues; the risk that domestic or international economic conditions may deteriorate as a result of events outside of our control, that could lead to reductions in the demand for our collectibles authentication and grading services and, consequently, in our revenues and operating results; the risk that the weakness or volatility of economic conditions will lead to longer-term changes in the spending habits of consumers and in the availability and use of credit by smaller businesses, such as collectibles dealers, to fund purchases of collectibles, which could lead to longer-term declines in collectibles commerce and, therefore, in the demand for our services; the risks that claims under our coin and trading card authentication and grading warranties will increase substantially and that the warranty reserves we maintain for such claims, will prove to be inadequate, which could cause our gross margin and operating results to decline or cause us to incur operating losses; the risk that our strategies of offering services in newer geographic areas, such as Europe and Asia, or potentially investing in new lines of business, will not be successful in enabling us to improve our profitability or may even cause us to incur significant losses; the risks and added complexity of conducting business overseas; the risk that it may become necessary for us to reduce the amount of, or suspend or discontinue the payment of cash dividends in the future, due to conditions or circumstances outside of our control, such as adverse economic or market conditions, as well as our financial performance and the cash needs of our business in the future; and the risk that the recent outbreak of a new coronavirus in China and the travel restrictions and business closures being imposed in response to that outbreak, will adversely affect our revenues and operating performance in China.

Additional information regarding these risks and other risks and uncertainties to which our business is subject is contained in Item 1A, entitled "Risk Factors", in our Annual Report on Form 10-K for our fiscal year ended June 30, 2019 and in Item 1A in Part II of Quarterly Report on Form 10-Q for the quarter ended December 31, 2019, which we filed with the Securities and Exchange Commission on August 28, 2019 and today, respectively. Readers of this news release are urged to review the discussion of those risks and uncertainties in that Report. Also, our actual financial results in the future may differ from those currently expected due to additional risks and uncertainties of which we are not currently aware or which we do not currently view as, but in the future may become, material to our business or operating results. Due to these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained, implied or inferred, in this news release or in our Annual or Quarterly Reports filed with the Securities and Exchange Commission, which speak only as of their respective dates. We also disclaim any obligation to update or revise any of the forward-looking statements contained in this news release or in our Annual Report on Form 10-K, as a result of new information, future events or otherwise, except as may be required by law or NASDAQ rules.

Contact:

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- tables to follow -

COLLECTORS UNIVERSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, except per share data)
(Unaudited)

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|------------------------------------|-----------|----------------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Net revenues | \$ 19,456 | \$ 15,704 | \$ 39,666 | \$ 33,199 |
| Cost of revenues | 8,533 | 6,953 | 16,634 | 14,155 |
| Gross profit | 10,923 | 8,751 | 23,032 | 19,044 |
| Operating expenses: | | | | |
| Selling and marketing expenses | 2,489 | 2,486 | 5,122 | 5,294 |
| General and administrative expenses | 5,160 | 4,051 | 9,999 | 8,709 |
| Total operating expenses | 7,649 | 6,537 | 15,121 | 14,003 |
| Operating income | 3,274 | 2,214 | 7,911 | 5,041 |
| Interest and other income (expense), net | 4 | (145) | 75 | (142) |
| Income before provision for income taxes | 3,278 | 2,069 | 7,986 | 4,899 |
| Provision for income taxes | 664 | 588 | 1,759 | 1,287 |
| Net Income | \$ 2,614 | \$ 1,481 | \$ 6,227 | \$ 3,612 |
| Net income per basic share: | | | | |
| Basic | \$ 0.29 | \$ 0.17 | \$ 0.69 | \$ 0.40 |
| Diluted | \$ 0.29 | \$ 0.17 | \$ 0.69 | \$ 0.40 |
| Weighted average shares outstanding: | | | | |
| Basic | 8,980 | 8,936 | 8,976 | 8,934 |
| Diluted | 9,061 | 8,947 | 9,060 | 8,954 |
| Dividends declared per common share | \$ 0.175 | \$ 0.175 | \$ 0.35 | \$ 0.35 |

COLLECTORS UNIVERSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, except per share data)
(Unaudited)

| | December 31, 2019 | June 30, 2019 |
|--|------------------------------|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 22,189 | \$ 19,225 |
| Accounts receivable, net of allowance of \$99 and \$72 at December 31 and June 30, 2019, respectively | 2,207 | 2,408 |
| Inventories, net | 2,203 | 1,965 |
| Prepaid expenses and other current assets | 1,771 | 1,400 |
| Total current assets | 28,370 | 24,998 |
| Property and equipment, net | 7,155 | 7,259 |
| Operating lease right-of-use assets | 9,035 | - |
| Goodwill | 2,083 | 2,083 |
| Intangible assets, net | 2,388 | 2,329 |
| Deferred income tax assets | 561 | 561 |
| Other assets | 462 | 463 |
| Total assets | <u>\$ 50,054</u> | <u>\$ 37,693</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,032 | \$ 2,540 |
| Accrued liabilities | 1,832 | 1,873 |
| Accrued compensation and benefits | 3,605 | 4,095 |
| Current portion of long-term debt | 750 | 750 |
| Operating lease liabilities, current | 2,324 | - |
| Income taxes payable | 79 | 608 |
| Deferred revenue | 4,115 | 3,428 |
| Total current liabilities | 15,737 | 13,294 |
| Long Term Debt | 1,313 | 1,688 |
| Operating lease liabilities, non-current | 10,366 | - |
| Deferred rent | - | 3,764 |
| Commitments and contingencies | - | - |
| Stockholders' equity: | | |
| Preferred stock, \$.001 par value; 3,000 shares authorized; no shares issued or outstanding | - | - |
| Common stock, \$.001 par value; 20,000 shares authorized; 9,238 and 9,153 issued and outstanding at December 31 and June 30, 2019, respectively. | 9 | 9 |
| Additional paid-in capital | 87,948 | 87,343 |
| Accumulated deficit | (65,319) | (68,405) |
| Total stockholders' equity | <u>22,638</u> | <u>18,947</u> |
| Total liabilities and stockholders' equity | <u>\$ 50,054</u> | <u>\$ 37,693</u> |

COLLECTORS UNIVERSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

| | Six Months Ended December 31, | |
|--|----------------------------------|------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 6,227 | \$ 3,612 |
| Adjustments to reconcile income from continuing operations to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 1,469 | 1,428 |
| Stock-based compensation expense | 605 | 468 |
| Non-cash lease expense | (110) | - |
| Provision (recovery) for bad debts | 27 | (1) |
| Provision for inventory write-down | 173 | 168 |
| Provision for warranty | 157 | 330 |
| Change in operating assets and liabilities: | | |
| Accounts receivable | 175 | 441 |
| Inventories | (411) | (12) |
| Prepaid expenses and other | (371) | 243 |
| Other assets | 1 | 6 |
| Accounts payable and accrued liabilities | 307 | (398) |
| Accrued compensation and benefits | (490) | (689) |
| Income taxes payable | (529) | 85 |
| Deferred revenue | 687 | 326 |
| Deferred rent | - | 344 |
| Net cash provided by operating activities | <u>7,917</u> | <u>6,351</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (803) | (505) |
| Capitalized software | (621) | (468) |
| Net cash used in investing activities | <u>(1,424)</u> | <u>(973)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayments under Term Loan | (375) | (188) |
| Dividends paid to common stockholders | (3,154) | (3,351) |
| Net cash used in financing activities | <u>(3,529)</u> | <u>(3,539)</u> |
| Net increase in cash and cash equivalents | 2,964 | 1,839 |
| Cash and cash equivalents at beginning of period | 19,225 | 10,581 |
| Cash and cash equivalents at end of period | <u>\$ 22,189</u> | <u>\$ 12,420</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Interest paid during the period | \$ 65 | \$ 79 |
| Income taxes paid during the period | \$ 2,283 | \$ 1,319 |