

REFINITIV

DELTA REPORT

10-Q

HIBB - HIBBETT INC

10-Q - MAY 04, 2024 COMPARED TO 10-Q - OCTOBER 28, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 663

█ CHANGES 209

█ DELETIONS 173

█ ADDITIONS 281

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **October 28, 2023** **May 4, 2024**

OR

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER: **000-20969**

HIBBETT, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

20-8159608

(I.R.S. Employer Identification No.)

2700 Milan Court, Birmingham, Alabama 35211

(Address of principal executive offices, including zip code)

205-942-4292

(Registrant's telephone number, including area code)

NONE

(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, \$0.01 Par Value Per Share

HIBB

Nasdaq Global Select 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 (§232.405 of this chapter) 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of **November 30, 2023** **June 6, 2024**, **11,771,751** **11,948,003** shares of common stock, par value \$0.01 per share, were outstanding.

HIBBETT, INC.

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PART I. FINANCIAL INFORMATION**ITEM 1. Financial Statements.**

HIBBETT, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Balance Sheets
 (in thousands, except share and per share information) **thousands**

ASSETS	ASSETS	October	January	October	ASSETS	May 4, 2024	February 3, 2024	April 29, 2023
		28, 2023	28, 2023	29, 2022				
Current assets:	Current assets:							
Cash and cash equivalents	Cash and cash equivalents							
Cash and cash equivalents	Cash and cash equivalents	\$ 29,580	\$ 16,015	\$ 25,114				
Receivables, net	Receivables, net	12,136	12,850	15,170				
Inventories, net	Inventories, net	398,106	420,839	404,819				
Other current assets	Other current assets	28,408	23,351	29,577				
Total current assets	Total current assets	468,230	473,055	474,680				
Property and equipment, net	Property and equipment, net	172,701	169,476	165,196				
Property and equipment, net	Property and equipment, net							
Operating right-of-use assets	Operating right-of-use assets	272,909	263,391	266,402				
Finance right-of-use assets, net	Finance right-of-use assets, net	2,095	2,279	2,027				
Tradename intangible asset	Tradename intangible asset							
Tradename intangible asset	Tradename intangible asset	23,500	23,500	23,500				
Deferred income taxes, net	Deferred income taxes, net	3,044	3,025	2,484				
Other assets, net	Other assets, net	8,414	4,434	3,081				
Total assets	Total assets	\$ 950,893	\$ 939,160	\$ 937,370				
LIABILITIES AND STOCKHOLDERS' INVESTMENT	LIABILITIES AND STOCKHOLDERS' INVESTMENT							
LIABILITIES AND STOCKHOLDERS' INVESTMENT	LIABILITIES AND STOCKHOLDERS' INVESTMENT							
Current liabilities:	Current liabilities:							
Current liabilities:	Current liabilities:							
Current liabilities:	Current liabilities:							
Accounts payable	Accounts payable	\$ 118,127	\$ 190,648	\$ 209,194				

Operating lease obligations	Operating lease obligations	75,490	72,544	71,649
Credit facility	Credit facility	96,916	36,264	51,657
Finance lease obligations	Finance lease obligations	663	1,132	1,057
Accrued payroll expenses	Accrued payroll expenses	9,573	11,361	11,550
Other accrued expenses	Other accrued expenses	16,003	15,803	16,820
Total current liabilities	Total current liabilities	316,772	327,752	361,927
Operating lease obligations	Operating lease obligations	239,300	229,388	233,504
Finance lease obligations	Finance lease obligations	1,557	1,305	1,143
Other liabilities	Other liabilities	4,211	4,484	2,962
Other liabilities	Other liabilities			
Total liabilities	Total liabilities	561,840	562,929	599,536
Stockholders' investment:	Stockholders' investment:			
Common stock - 40,147,969; 39,916,593; and 39,847,656 shares issued, respectively		401	399	398
Stockholders' investment:				
Preferred stock, \$0.01 par value, no shares issued				
Preferred stock, \$0.01 par value, no shares issued				
Preferred stock, \$0.01 par value, no shares issued				
Common stock - 40,384; 40,170; and 40,120 shares issued, respectively				
Paid-in capital	Paid-in capital	219,653	213,182	209,659
Retained earnings	Retained earnings	1,200,320	1,137,481	1,102,243
Treasury stock, at cost - 28,376,218; 27,166,538; and 27,161,181 shares repurchased, respectively		(1,031,321)	(974,831)	(974,466)
Treasury stock, at cost - 28,436; 28,376; and 27,373 shares repurchased, respectively				
Total stockholders' investment	Total stockholders' investment	389,053	376,231	337,834
Total liabilities and stockholders' investment	Total liabilities and stockholders' investment	\$ 950,893	\$ 939,160	\$ 937,370

See notes to unaudited condensed consolidated financial statements.

HIBBETT, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations
(in thousands, except per share information)

	13-Weeks Ended				39-Weeks Ended											
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022									
	% to Sales		% to Sales		% to Sales		% to Sales									
13-Weeks Ended																
13-Weeks Ended																
13-Weeks Ended																
May 4, 2024																
May 4, 2024																
May 4, 2024																
% to Sales																
% to Sales																
% to Sales																
Net sales	Net sales	\$ 431,923		\$ 433,164		\$ 1,262,297		\$ 1,250,021								
Cost of goods sold	Cost of goods sold	285,579	66.1 %	284,434	65.7 %	839,411	66.5 %	809,306	64.7 %							
Cost of goods sold	Cost of goods sold															
Gross margin	Gross margin	146,344	33.9 %	148,730	34.3 %	422,886	33.5 %	440,715	35.3 %							
Gross margin	Gross margin															
Store operating, selling and administrative expenses	Store operating, selling and administrative expenses															
Store operating, selling and administrative expenses	Store operating, selling and administrative expenses															
Store operating, selling and administrative expenses	Store operating, selling and administrative expenses	99,404	23.0 %	103,510	23.9 %	290,284	23.0 %	290,520	23.2 %							
Depreciation and amortization	Depreciation and amortization	12,457	2.9 %	11,019	2.5 %	36,189	2.9 %	32,463	2.6 %							
Depreciation and amortization	Depreciation and amortization															
Operating income	Operating income															
Operating income	Operating income															

Operating income	Operating income	34,483	8.0 %	34,201	7.9 %	96,413	7.6 %	117,732	9.4 %
Interest expense, net	Interest expense, net	1,106	0.3 %	467	0.1 %	4,323	0.3 %	900	0.1 %
Interest expense, net									
Interest expense, net									
Income before provision for income taxes									
Income before provision for income taxes									
Income before provision for income taxes	Income before provision for income taxes	33,377	7.7 %	33,734	7.8 %	92,090	7.3 %	116,832	9.3 %
Provision for income taxes	Provision for income taxes	7,880	1.8 %	8,161	1.9 %	19,816	1.6 %	27,199	2.2 %
Provision for income taxes									
Provision for income taxes									
Net income	Net income	\$ 25,497	5.9 %	\$ 25,573	5.9 %	\$ 72,274	5.7 %	\$ 89,633	7.2 %
Basic earnings per share	Basic earnings per share	\$ 2.09		\$ 1.99		\$ 5.76		\$ 6.89	
Basic earnings per share									
Basic earnings per share									
Diluted earnings per share	Diluted earnings per share	\$ 2.05		\$ 1.94		\$ 5.66		\$ 6.71	
Weighted-average shares: Weighted-average shares:									
Weighted-average shares:									
Weighted-average shares:									
Basic	Basic	<u>12,224</u>		<u>12,837</u>		<u>12,554</u>		<u>13,004</u>	
Diluted	Diluted	<u>12,408</u>		<u>13,202</u>		<u>12,780</u>		<u>13,358</u>	
Diluted									
Diluted									

Percentages may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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HIBBETT, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

39-Weeks Ended

	October 28, 2023	October 29, 2022	
	13-Weeks Ended		13-Weeks Ended
	May 4, 2024	May 4, 2024	April 29, 2023
Cash Flows	Cash Flows		
From	From		
Operating	Operating		
Activities:	Activities:		
Net income	Net income	\$ 72,274	\$ 89,633
Adjustments to reconcile net income to net cash provided by operating activities:			
Net income			
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:			
Net cash provided by (used in) operating activities:			
Depreciation and amortization	Depreciation and amortization	36,189	32,463
Stock-based compensation	Stock-based compensation	4,612	5,407
Impairment charges	Impairment charges	1,393	346
Other non-cash adjustments	Other non-cash adjustments	(1,054)	4,682
Other non-cash adjustments			
Other non-cash adjustments			
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Inventories, net			
Inventories, net			
Inventories, net	Inventories, net	22,732	(183,600)
Receivables, net	Receivables, net	(1,549)	(1,510)
Accounts payable	Accounts payable	(76,088)	119,760
Income tax payable, net	—	2,697	
Other assets and liabilities	Other assets and liabilities	(6,157)	(17,478)

Net cash provided by			
operating activities	52,352	52,400	
Other assets and liabilities			
Other assets and liabilities			
Net cash			
provided by			
(used in)			
operating			
activities			
Cash Flows	Cash Flows		
From	From		
Investing	Investing		
Activities:	Activities:		
Cash Flows From Investing			
Activities:			
Cash Flows From Investing			
Activities:			
Capital expenditures			
Capital expenditures			
Capital	Capital		
expenditures	expenditures	(37,163)	(47,463)
Other, net	Other, net	2,604	938
Net cash	Net cash		
used in	used in		
investing	investing		
activities	activities	(34,559)	(46,525)
Cash Flows	Cash Flows		
From	From		
Financing	Financing		
Activities:	Activities:		
Cash Flows From Financing			
Activities:			
Cash Flows From Financing			
Activities:			
Proceeds under credit			
facilities			
Proceeds under credit			
facilities			
Proceeds	Proceeds		
under credit	under credit		
facilities	facilities	682,264	688,665
Repayments	Repayments		
under credit	under credit		
facilities	facilities	(621,612)	(637,008)
Stock	Stock		
repurchases	repurchases	(53,212)	(38,458)
Cash	Cash		
dividends	dividends		
paid to	paid to		
stockholders	stockholders	(9,427)	(9,699)
Cash dividends paid to			
stockholders			
Cash dividends paid to			
stockholders			

Payments of finance lease obligations	Payments of finance lease obligations	(824)	(759)
Proceeds from options exercised and purchase of shares under the employee stock purchase plan		1,861	1,525
Proceeds from options exercised and purchase of shares under employee stock purchase plan			
Other, net	Other, net	(3,278)	(2,081)
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(4,228)	2,185
Net increase in cash and cash equivalents	Net increase in cash and cash equivalents	13,565	8,060
Net increase in cash and cash equivalents			
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	16,015	17,054
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	\$ 29,580	\$ 25,114

See notes to unaudited condensed consolidated financial statements.

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HIBBETT, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Stockholders' Investment
(in thousands)

13-Weeks Ended October 28, 2023

Common Stock		Treasury Stock			Total Stockholders' Investment
Shares	Paid-In Capital	Retained Earnings	Shares	Amount	

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Balance - July 29, 2023	40,132	\$ 401	\$217,986	\$1,177,914	27,668	\$ (998,991)	\$ 397,310	
13-Weeks Ended May 4, 2024								
13-Weeks Ended May 4, 2024								
	Common Stock							
	Shares							
	Shares							
	Shares							
Balance - February 3, 2024								
Net income	Net income	—	—	—	25,497	—	—	25,497
Issuance of shares through the Company's equity plans	Issuance of shares through the Company's equity plans	16	—	437	—	—	—	437
Purchase of shares under the stock repurchase program	Purchase of shares under the stock repurchase program	—	—	—	—	708	(31,999)	(31,999)
Settlement of net share equity awards	Settlement of net share equity awards	—	—	—	—	—	(17)	(17)
Excise tax on stock repurchases	Excise tax on stock repurchases	—	—	—	—	—	(314)	(314)
Cash dividends declared, \$0.25 per common share	Cash dividends declared, \$0.25 per common share	—	—	—	(3,091)	—	—	(3,091)
Stock-based compensation	Stock-based compensation	—	—	1,230	—	—	—	1,230
Balance - October 28, 2023	40,148	\$ 401	\$219,653	\$1,200,320	28,376	\$ (1,031,321)	\$ 389,053	
Balance - May 4, 2024								

	13-Weeks Ended October 29, 2022								
	Common Stock					Treasury Stock		Total Stockholders' Investment	
	Shares	Amount	Paid-In Capital	Retained Earnings	Shares	Amount			
Balance - July 30, 2022	39,830	\$ 398	\$207,678	\$1,079,872	27,000	\$ (965,405)	\$ 322,543		
13-Weeks Ended April 29, 2023									
	Common Stock								
	Shares								
	Shares								

		Shares			Paid-In Capital	Retained Earnings	Stockholders' Shares	Total Investment
Balance -								
January 28,								
2023								
Net income	Net income	—	—	—	25,573	—	—	25,573
Issuance of shares through the Company's equity plans	Issuance of shares through the Company's equity plans	18	—	617	—	—	—	617
Purchase of shares under the stock repurchase program	Purchase of shares under the stock repurchase program	—	—	—	—	161	(9,049)	(9,049)
Purchase of shares under the stock repurchase program								
Purchase of shares under the stock repurchase program								
Settlement of net share equity awards	Settlement of net share equity awards	—	—	—	—	—	(12)	(12)
Excise tax on stock repurchases								
Cash dividends declared, \$0.25 per common share	Cash dividends declared, \$0.25 per common share	—	—	—	(3,202)	—	—	(3,202)
Stock-based compensation	Stock-based compensation	—	—	1,364	—	—	—	1,364
Balance - October 29,								
2022		<u>39,848</u>	<u>\$ 398</u>	<u>\$209,659</u>	<u>\$1,102,243</u>	<u>27,161</u>	<u>\$ (974,466)</u>	<u>\$ 337,834</u>
Balance -								
April 29,								
2023								

Columns may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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HIBBETT, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Stockholders' Investment
(in thousands)

39-Weeks Ended October 28, 2023	
Common Stock	Treasury Stock

	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount	Total Stockholders' Investment
Balance - January 28, 2023	39,917	\$ 399	\$ 213,182	\$ 1,137,481	27,167	\$ (974,831)	\$ 376,231
Net income	—	—	—	72,274	—	—	72,274
Issuance of shares through the Company's equity plans	231	2	1,859	—	—	—	1,861
Purchase of shares under the stock repurchase program	—	—	—	—	1,162	(53,212)	(53,212)
Settlement of net share equity awards	—	—	—	—	47	(2,849)	(2,849)
Excise tax on stock repurchase	—	—	—	—	—	(429)	(429)
Cash dividends declared, \$0.75 per common share	—	—	—	(9,435)	—	—	(9,435)
Stock-based compensation	—	—	4,612	—	—	—	4,612
Balance - October 28, 2023	40,148	\$ 401	\$ 219,653	\$ 1,200,320	28,376	\$ (1,031,321)	\$ 389,053

39-Weeks Ended October 29, 2022								
	Common Stock				Treasury Stock			Total Stockholders' Investment
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount		
Balance - January 29, 2022	39,611	\$ 396	\$ 202,729	\$ 1,022,317	26,318	\$ (933,927)	\$ 291,515	
Net income	—	—	—	89,633	—	—	89,633	
Issuance of shares through the Company's equity plans	236	2	1,523	—	—	—	1,525	
Purchase of shares under the stock repurchase program	—	—	—	—	797	(38,458)	(38,458)	
Settlement of net share equity awards	—	—	—	—	46	(2,081)	(2,081)	
Cash dividends declared, \$0.75 per common share	—	—	—	(9,707)	—	—	(9,707)	
Stock-based compensation	—	—	5,407	—	—	—	5,407	
Balance - October 29, 2022	39,848	\$ 398	\$ 209,659	\$ 1,102,243	27,161	\$ (974,466)	\$ 337,834	

Columns may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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HIBBETT, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation and Critical Accounting Policies

The accompanying unaudited condensed consolidated financial statements of Hibbett, Inc. and its wholly-owned subsidiaries (including the condensed consolidated balance sheet as of **January 28, 2023** **February 3, 2024**, which has been derived from audited financial statements) have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. References to "Hibbett," "we," "our," "us," and the "Company" refer to Hibbett, Inc. and its subsidiaries, as well as its predecessors.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended **January 28, 2023** **February 3, 2024**, filed on **March 24, 2023** **March 25, 2024**, as amended by Amendment No. 1 thereto on Form 10-K/A, filed on May 29, 2024 (the "2023/2024 Annual Report"). The unaudited condensed consolidated financial statements have been prepared on a

basis consistent in all material respects with the accounting policies described in the **2023** **2024** Annual Report and reflect all adjustments of a normal recurring nature that are, in management's opinion, necessary for the fair presentation of the results of operations, financial position and cash flows for the periods presented.

Occasionally, certain reclassifications are made to conform previously reported data to the current presentation. Unless otherwise specifically noted, such reclassifications have no impact on total assets, total liabilities, net income, cash flows or stockholders' investment in any of the periods presented.

Property and Equipment

Property and equipment are recorded at cost. Finance lease assets are shown as right-of-use ("ROU") assets and are excluded from property and equipment (see Note **34, Leases**).

Property and equipment consist of the following (in thousands):

		October 28, 2023	January 28, 2023	October 29, 2022		May 4, 2024		February 3, 2024	April 29, 2023
Land	Land	\$ 7,277	\$ 7,277	\$ 7,277					
Buildings	Buildings	22,643	22,529	22,395					
Equipment	Equipment	138,861	134,304	128,537					
Furniture and fixtures	Furniture and fixtures	70,043	67,522	66,564					
Leasehold improvements	Leasehold improvements	191,285	170,773	162,747					
Construction in progress	Construction in progress	5,492	5,501	7,579					
Total property and equipment	Total property and equipment	435,601	407,906	395,099					
Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	262,900	238,430	229,903					
Total property and equipment, net	Total property and equipment, net	\$172,701	\$169,476	\$165,196					

Revenue Recognition

We recognize revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, when control of the merchandise is transferred to our customer at delivery. Sales are recorded net of expected returns at the time the customer takes possession of the merchandise. Net sales exclude sales taxes because we are a pass-through conduit for collecting and remitting these taxes.

Gift Cards and Customer Orders: The net deferred revenue liability for gift cards and customer orders at **October 28, 2023** **May 4, 2024**, **January 28, 2023** **February 3, 2024**, and **October 29, 2022** **April 29, 2023** was **\$10.3 million** **\$6.9 million**, **\$9.8 million** **\$7.1 million**, and **\$9.9 million** **\$10.4 million**, respectively, recognized in accounts payable on our unaudited condensed consolidated balance sheets.

During the 13-weeks **ended May 4, 2024** and **39-weeks ended October 28, 2023 and October 29, 2022** **April 29, 2023**, gift card deferred revenue realized from prior periods was immaterial.

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Loyalty Program: We offer the Hibbett/City Gear Rewards program whereby upon registration and in accordance with the terms of the program, customers earn points on certain purchases. Points convert into rewards at defined thresholds. The short-term future performance obligation liability is estimated at each reporting period based on historical conversion and redemption patterns. The liability is included in other accrued expenses on our unaudited condensed consolidated balance sheets and was **\$4.1 million** **\$4.4 million**, **\$4.1 million** **\$4.2 million**, and **\$3.8 million** **\$4.2 million** at **October 28, 2023** **May 4, 2024**, **January 28, 2023** **February 3, 2024**, and **October 29, 2022** **April 29, 2023**, respectively.

Revenues disaggregated by major product categories are as follows (in thousands):

	13-Weeks Ended			39-Weeks Ended		
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022		
13-Weeks Ended						
13-Weeks Ended						
13-Weeks Ended						
May 4, 2024						
May 4, 2024						
May 4, 2024						
Footwear						
Footwear						
Footwear	Footwear	\$ 306,868	\$ 294,133	\$ 884,230	\$ 818,706	
Apparel	Apparel	72,277	93,125	231,177	298,405	
Apparel						
Apparel						
Equipment						
Equipment						
Equipment	Equipment	52,778	45,906	146,890	132,910	
Total	Total	<u>\$ 431,923</u>	<u>\$ 433,164</u>	<u>\$ 1,262,297</u>	<u>\$ 1,250,021</u>	
Total						
Total						

Indefinite-Lived Intangible Assets

The City Gear trademark is an indefinite-lived asset which is not amortized, but rather tested for impairment at least annually, or on an interim basis if events and circumstances have occurred that indicate that it is more likely than not that an asset is impaired. No impairment related to the trademark intangible was recognized during the 13-weeks and 39-weeks ended **October 28, 2023** and **October 29, 2022** **May 4, 2024** or **April 29, 2023**.

2. Merger Agreement

On April 23, 2024, we entered into an Agreement and Plan of Merger ("Merger Agreement") by and among the Company, Genesis Holdings, Inc., an Indiana corporation ("Parent"), Steps Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Parent ("Merger Sub"), and, solely for purposes of certain provisions specified therein, JD Sports Fashion plc, a company incorporated under the laws of England and Wales and the ultimate parent company of Parent and Merger Sub ("JD Sports"). Pursuant to the terms of the Merger Agreement and subject to the satisfaction or waiver of certain conditions set forth in the Merger Agreement, Merger Sub will be merged with and into the Company (the "Merger") effective as of the effective time of the Merger ("Effective Time"). As a result of the Merger, Merger Sub will cease to exist, and Hibbett will survive as a wholly owned subsidiary of Parent (the "Surviving Corporation").

As a result of the Merger, except as otherwise provided in the Merger Agreement, at the Effective Time, each share of our common stock issued and outstanding immediately prior to the Effective Time (other than (i) shares of our common stock held as treasury stock or owned by any direct or indirect wholly owned subsidiary of the Company, JD Sports or any direct or indirect wholly owned subsidiary of JD Sports and (ii) shares of our common stock held by a stockholder who has not voted in favor of the adoption of the Merger Agreement and who has complied with all of the provisions of the General Corporation Law of the State of Delaware concerning the right of holders of shares of our common stock to demand appraisal of their shares) will automatically be converted into the right to receive \$87.50 in cash, without interest.

The consummation of the Merger is subject to the satisfaction or waiver of various customary conditions set forth in the Merger Agreement, including, but not limited to:

- the approval of the Merger Agreement by the affirmative vote of the holders of a majority of the issued and outstanding shares of our common stock;

- the absence of any restraint or law preventing or prohibiting the consummation of the Merger;
- the accuracy of Parent's, Merger Sub's, and our representations and warranties (subject to certain materiality qualifiers);
- Parent's, Merger Sub's, and our compliance in all material respects with their respective covenants and agreements required by the Merger Agreement to be performed or complied with before the Effective Time; and
- the absence of any Company Material Adverse Effect (as defined in the Merger Agreement) occurring since April 23, 2024.

The consummation of the Merger was also subject to the expiration of any applicable waiting period (or extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). Hibbett and the Pentland

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Group, the majority shareholder of JD Sports, made the filings required by the HSR Act on May 8, 2024. The applicable waiting period under the HSR Act expired at 11:59 p.m. Eastern Time on June 7, 2024.

The consummation of the Merger is not subject to a financing condition.

The Merger is expected to close in the third calendar quarter of 2024.

If the Merger is consummated, shares of our common stock will be delisted from the Nasdaq Stock Market and deregistered under the Securities Exchange Act of 1934, as amended.

The foregoing description of the Merger and the Merger Agreement does not purport to be and is not complete and is subject to and qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which is filed as Exhibit 2.1 of our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2024.

On April 23, 2024, upon entering into the Merger Agreement, we incurred \$2.5 million of financial advisory fees, which we recorded during the 13-weeks ended May 4, 2024. Total expenses incurred during the 13-weeks ended May 4, 2024 related to the proposed Merger were \$2.6 million, which are reported as selling, general and administrative expenses in the unaudited consolidated statements of operations.

See Item 1A. Risk Factors for a discussion of certain risks related to the Merger.

3. Recent Accounting Pronouncements

Standards that were adopted

None.

Standards that are not yet adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280)*. This update provides, among other things, enhanced segment disclosure requirements including: *Improvements to Reportable Segment Disclosures* that requires disclosures about significant segment expenses. ASU 2023-07 expenses and additional interim disclosure requirements. This standard also requires a single reportable segment to provide all disclosures required by ASC 280. This standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Amendments should be applied retrospectively for all prior periods presented in the consolidated financial statements. We will adopt ASU 2023-07 upon evaluating the effective date and potential impact of adopting this standard on our disclosures but do not expect its adoption to have a material impact on our financial position, results of operations or cash flows.

Standards that are not yet adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures of state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. We are currently evaluating the potential impact of adopting this standard on our disclosures.

We continuously monitor and review all current accounting pronouncements and standards from the Financial Accounting Standards Board of U.S. GAAP for applicability to our operations and financial reporting. As of **October 28, 2023** **May 4, 2024**, there were no new pronouncements or interpretations that had or were expected to have a significant impact on our financial reporting.

3.4. Leases

ROU lease assets are periodically reviewed for impairment losses. We use the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment - Overall*, to determine when to evaluate assets and asset groups, including ROU assets, for impairment and to calculate any impairment loss to be recognized. Asset group impairment charges in the 13-weeks ended May 4, 2024 and 39-weeks ended October 28, 2023 and October 29, 2022 April 29, 2023, were immaterial.

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Lease costs are as follows (in thousands):

	13-Weeks Ended		39-Weeks Ended		
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	
13-Weeks Ended					
13-Weeks Ended					
13-Weeks Ended					
May 4, 2024					
May 4, 2024					
May 4, 2024					
Operating lease cost					
Operating lease cost					
Operating lease cost	Operating lease cost	\$ 20,479	\$ 19,285	\$ 60,737	\$ 56,606
Finance lease cost:	Finance lease cost:				
Finance lease cost:					
Finance lease cost:					
Amortization of assets					
Amortization of assets					
Amortization of assets	Amortization of assets	271	235	791	716
Interest on lease liabilities	Interest on lease liabilities	25	27	79	84
Interest on lease liabilities					
Interest on lease liabilities					
Variable lease cost	Variable lease cost	4,862	4,771	14,554	13,536
		\$ 25,637	\$ 24,318	\$ 76,161	\$ 70,942
Variable lease cost					
Variable lease cost					
		\$			
		\$			
		\$			
		\$			

Finance ROU assets on the unaudited condensed consolidated balance sheets at October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024, and October 29, 2022 April 29, 2023 are shown net of accumulated amortization of \$4.1 million \$4.5 million, \$3.3 million \$4.4 million, and \$3.1 million \$3.6 million, respectively.

The following table provides ROU assets obtained in exchange for lease obligations (in thousands):

39-Weeks Ended		13-Weeks Ended	
October 28, 2023	October 29, 2022	May 4, 2024	April 29, 2023

ROU assets obtained in exchange for lease obligations, net:	ROU assets obtained in exchange for lease obligations, net:
ROU assets obtained in exchange for lease obligations, net:	ROU assets obtained in exchange for lease obligations, net:
Operating leases	Operating leases
Operating leases	Operating leases
Leases \$ 69,507	Leases \$ 73,797
Finance leases \$ 718	Finance leases \$ 571

As of **October 28, 2023** **May 4, 2024**, we have entered into approximately **\$5.5 million** **\$14.0 million** of operating lease obligations related to future store locations that have not yet commenced.

4.5. Debt

On July 9, 2021, we executed an unsecured Credit Agreement (the "2021 Credit Facility") between the Company and its subsidiaries and Regions Bank, which provided for an unsecured line of credit of up to \$100 million. The 2021 Credit Facility was amended on April 7, 2022, to increase the unsecured line of credit to \$125 million and replace the original benchmark interest rate of one-month LIBOR plus 1.0% to 1.8% with the Bloomberg Short-Term Bank Yield Index Rate (the "BSBY Rate") plus 1.0% to 1.8% (depending on specified leverage levels).

On February 28, 2023, we entered into a new unsecured Credit Agreement (the "2023 Credit Facility") with Regions Bank, as administrative agent for the lenders, swingline leader and issuing bank. The 2023 Credit Facility matures on February 28, 2028, and replaced the 2021 Credit Facility and amended certain of its terms. Terms and conditions including the following:

- increases the aggregate principal amount of commitments by \$35 million, from \$125 million to \$160 million, which includes a \$25 million sublimit for the issuance of standby letters of credit and \$25 million sublimit for swingline loans;
- permits us to increase the aggregate principal amount of commitments by up to an additional \$50 million, subject to certain terms and conditions;
- provides that borrowings bear interest at either (i) an annual rate equal to the BSBY Rate, plus an applicable margin ranging from 1.0% to 2.0% depending on specified leverage levels (the "Applicable Margin"), or (ii) at the Company's option, (x) a base rate as set forth in the 2023 Credit Facility plus the Applicable Margin or (y) the BSBY Rate plus the Applicable Margin; and
- adjusts the provides for an annual commitment fee, to an amount, dependent on the amount of debt outstanding, between 12.5 and 25 basis points of the unused portion of the 2023 Credit Facility, from an amount between 15 and 20 basis points of the unused portion of the 2021 Credit Facility.

Except as described above, On February 26, 2024, we secured an irrevocable standby letter of credit ("Letter of Credit") with Regions Bank in the amount of \$0.6 million which effectively reduced the aggregate principal amount of commitments under the 2023 Credit Facility did not make any material changes to \$159.4 million.

Under the principal terms of the 2021 2023 Credit Facility, including with respect to financial covenants. As a result, we are subject to certain financial covenants, which include:

- advance limitation of 55% of the net book value of the Company's inventory;
- a Consolidated Lease-Adjusted Leverage Ratio comparing lease-adjusted funded debt (funded debt plus all lease liabilities) to EBITDAR (as defined in the 2021 2023 Credit Facility) with a maximum of 3.5x; and

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- a Consolidated Fixed Coverage Charge Ratio comparing EBITDAR to fixed charges and certain current liabilities (as defined in the 2021 Credit Facility) with a minimum of 1.2x.

As of **October 28, 2023** **May 4, 2024**, we were in compliance with these covenants.

Activity against our credit facilities during the periods indicated are as follows (dollars in millions):

January					
October 28, 2023	28, 2023	October 29, 2022	13- Weeks Ended	39- Weeks Ended	13- Weeks Ended
May 4, 2024					
May 4, 2024					
May 4, 2024					
					February 3, 2024
					April 29, 2023
13-Weeks Ended					
Number of days borrowings incurred					
Number of days borrowings incurred					
Number of days borrowings incurred					
Average borrowings	\$71.2	\$95.2	\$40.8	\$50.6	\$39.3
Average borrowings					
Maximum borrowings					
Maximum borrowings					
Maximum borrowings	\$110.2	\$134.1	\$110.5	\$94.8	\$110.0
Average interest rate	6.62%	6.26%	3.21%	3.57%	2.54%
Average interest rate					
Average interest rate					

At **October 28, 2023** **May 4, 2024**, we had a balance of **\$96.9 million** **\$7.5 million** and a total of **\$63.1 million** **\$151.9 million**, net of the Letter of Credit, available to us under the 2023 Credit Facility. Pursuant to Section 5.1(b)(viii) of the Merger Agreement, net borrowings under the 2023 Credit Facility are limited to \$110.0 million in the aggregate, leaving a total of \$102.5 million available to us at May 4, 2024. (See Note 2, *Merger Agreement*.)

5.6. Stock-Based Compensation

The stock-based compensation costs that have been charged against income were as follows (in thousands):

13-Weeks Ended		39-Weeks Ended	
October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
13-Weeks Ended			
13-Weeks Ended			

13-Weeks Ended											
May 4, 2024		May 4, 2024		May 4, 2024							
Stock-based compensation expense by type:											
Stock-based compensation expense by type:											
Stock-based compensation expense by type:	Stock-based compensation expense by type:										
Stock options	Stock options	\$ —	\$ —	\$ 220	\$ 155						
Stock options											
Stock options											
Restricted stock units											
Restricted stock units											
Restricted stock units	Restricted stock units	1,112	1,269	4,033	4,881						
Employee stock purchases	Employee stock purchases	92	69	280	304						
Employee stock purchases											
Employee stock purchases											
Director deferred compensation											
Director deferred compensation											
Director deferred compensation	Director deferred compensation	26	26	79	67						
Total stock-based compensation expense	Total stock-based compensation expense										
Total stock-based compensation expense											
Total stock-based compensation expense											
Income tax benefit recognized											
Income tax benefit recognized											
Income tax benefit recognized	Income tax benefit recognized	245	321	1,022	1,247						
Stock-based compensation expense, net of income tax	Stock-based compensation expense, net of income tax	\$ 985	\$ 1,043	\$ 3,590	\$ 4,160						
Stock-based compensation expense, net of income tax											
Stock-based compensation expense, net of income tax											

Expense for restricted stock units is shown net of forfeitures, which were immaterial for the 13-weeks ended May 4, 2024 and 39-weeks ended October 28, 2023 and October 29, 2022 April 29, 2023.

We granted the following equity awards:

13-Weeks Ended	39-Weeks Ended
----------------	----------------

		October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
		13-Weeks Ended			
		13-Weeks Ended			
		13-Weeks Ended			
		May 4, 2024			
		May 4, 2024			
		May 4, 2024			
Stock options	Stock options	—	—	8,188	7,212
Restricted stock unit awards	Restricted stock unit awards	3,390	1,469	81,905	110,990
Restricted stock unit awards					
Restricted stock unit awards					
Performance-based restricted stock unit awards					
Performance-based restricted stock unit awards					
Performance-based restricted stock unit awards	Performance-based restricted stock unit awards	—	—	39,567	49,978
Deferred stock units	Deferred stock units	553	510	1,708	1,447
Deferred stock units					
Deferred stock units					

At **October 28, 2023** **May 4, 2024**, the total compensation cost not yet recognized related to unvested restricted stock unit awards was **\$6.7 million** **\$10.4 million** and the weighted-average period over which such awards are expected to be recognized was **1.8** **1.3** years. There were no unrecognized compensation costs related to unvested stock options at **October 28, 2023** **May 4, 2024**.

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Details of stock options granted, exercise price per share and the weighted-average grant date fair value were as follows:

	13-Weeks Ended		39-Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Total stock options granted	—	—	8,188	7,212
Exercise price	\$ —	\$ —	\$ 58.38	\$ 46.22
Fair value of stock options	\$ —	\$ —	\$ 26.87	\$ 21.46
13-Weeks Ended				
	May 4, 2024	April 29, 2023		
Total stock options granted	—	—	8,188	
Exercise price	\$ —	\$ —	\$ 58.38	
Fair value of stock options	\$ —	\$ —	\$ 26.87	

Under the Hibbett, Inc. Amended and Restated Non-Employee Director Equity Plan, **10,469** **12,689** shares of our common stock were subject to awards granted during the **39-weeks** **13-weeks** ended **October 28, 2023** **May 4, 2024** and **6,388** **10,469** shares of our common stock were awarded during the **39-weeks** **13-weeks** ended **October 29, 2022** **April 29, 2023**.

The number of shares purchased, the average price per share and the weighted-average grant date fair value of shares purchased through our employee stock purchase plan were as follows:

		13-Weeks Ended				39-Weeks Ended			
		October 28, 2023	October 29, 2022			October 28, 2023	October 29, 2022		
13-Weeks Ended									
13-Weeks Ended									
13-Weeks Ended									
		May 4, 2024							
		May 4, 2024							
		May 4, 2024							
Shares purchased									
Shares purchased	Shares purchased	10,753	6,408	27,484	28,033				
Average price per share	Average price per share	\$ 30.85	\$ 38.11	\$ 35.78	\$ 49.30				
Average price per share									
Average price per share									
Weighted-average fair value at grant date	Weighted-average fair value at grant date	\$ 9.43	\$ 11.41	\$ 13.55	\$ 14.58				
Weighted-average fair value at grant date									
Weighted-average fair value at grant date									

6.7. Earnings Per Share

The computation of basic earnings per share ("EPS") is based on the weighted-average number of common shares outstanding during the period. The computation of diluted EPS is based on the weighted-average number of shares outstanding plus the incremental shares that would be outstanding assuming exercise of dilutive stock options and issuance of restricted stock. The number of incremental shares is calculated by applying the treasury stock method. The following table sets forth the weighted-average number of common shares outstanding (in thousands):

		13-Weeks Ended				39-Weeks Ended			
		October 28, 2023	October 29, 2022			October 28, 2023	October 29, 2022		
13-Weeks Ended									
13-Weeks Ended									
13-Weeks Ended									
		May 4, 2024							
		May 4, 2024							
		May 4, 2024							
Weighted-average shares used in basic computations									
Weighted-average shares used in basic computations									

Weighted-average shares used in basic computations	Weighted-average shares used in basic computations	12,224	12,837	12,554	13,004
Dilutive equity awards	Dilutive equity awards	184	365	226	354
Dilutive equity awards					
Dilutive equity awards					
Weighted-average shares used in diluted computations	Weighted-average shares used in diluted computations	12,408	13,202	12,780	13,358

Weighted-average shares used in diluted computations
Weighted-average shares used in diluted computations

For the 13-weeks ended **October 28, 2023** May 4, 2024, we **excluded 42,452** did not exclude any options from the computations of diluted weighted-average common shares or common stock equivalents outstanding because of their anti-dilutive effect. For the 13-weeks ended **October 29, 2022** May 4, 2024, **21,819** we did not exclude any unvested stock awards granted to certain employees from the computations of diluted weighted-average common shares and common share equivalents outstanding because they are subject to certain performance-based annual vesting conditions which had not been achieved as of May 4, 2024.

For the 13-weeks ended **April 29, 2023**, **88,001** options were excluded from the computation of diluted weighted-average common shares or common share equivalents outstanding because of their anti-dilutive effect.

For the 13-weeks ended **October 28, 2023** and **October 29, 2022** **April 29, 2023**, we also excluded **56,354** and **72,472** **117,037** unvested stock awards granted to certain employees from the computations of diluted weighted-average common shares and common share equivalents outstanding because they are subject to certain performance-based annual vesting conditions which had not been achieved by **October 28, 2023** and **October 29, 2022** **April 29, 2023**, respectively. Assuming the performance criteria had been achieved as of October 28, 2023, the incremental dilutive impact would have been **36,700 shares**. There would have been **14,411** **49,203** dilutive impact on shares assuming the performance criteria had been achieved as of **October 29, 2022** **April 29, 2023**.

7.8. Stock Repurchase Program

Our Board of Directors (the "Board") has authorized a stock repurchase program (the "Repurchase Program") since August 2004; replacing, amending, renewing and extending the Repurchase Program periodically. In the most recent amendment in

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May 2021, the Board authorized an expansion of the Repurchase Program by \$500.0 million to a total of \$800.0 million to

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repurchase our common stock through February 1, 2025.

The Repurchase Program authorizes repurchases of our common stock in open market or negotiated transactions, with the amount and timing of repurchases dependent on market conditions and at the discretion of our management. In addition to the Repurchase Program, we also acquire shares of our common stock from holders of restricted stock unit awards to satisfy withholding tax requirements due at vesting. Neither excise taxes nor the cost of shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements reduces the authorized amount of repurchases under the Repurchase Program.

The number of shares repurchased under the Repurchase Program and acquired from holders of restricted stock unit awards to satisfy tax withholding requirements were as follows (dollars in thousands):

13-Weeks Ended		39-Weeks Ended	
October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
13-Weeks Ended			
13-Weeks Ended			
13-Weeks Ended			
May 4, 2024			

		May 4, 2024						
		May 4, 2024						
Common stock repurchased under the Repurchase Program	Common stock repurchased under the Repurchase Program							
Common stock repurchased under the Repurchase Program	Common stock repurchased under the Repurchase Program							
Common stock repurchased under the Repurchase Program	Common stock repurchased under the Repurchase Program	707,621		160,637		1,162,130		797,033
Aggregate cost of repurchases under the Repurchase Program	Aggregate cost of repurchases under the Repurchase Program	\$ 31,999		\$ 9,049		\$ 53,211		\$ 38,458
Aggregate cost of repurchases under the Repurchase Program	Aggregate cost of repurchases under the Repurchase Program							
Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements	Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements							
Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements	Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements							
Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements	Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements	373		208		47,550		46,201
Tax withholding requirement from holders of restricted stock unit awards	Tax withholding requirement from holders of restricted stock unit awards	\$ 17		\$ 12		\$ 2,849		\$ 2,081
Tax withholding requirement from holders of restricted stock unit awards	Tax withholding requirement from holders of restricted stock unit awards							
Excise tax on stock repurchases	Excise tax on stock repurchases	\$ 314		\$ —		\$ 429		\$ —
Excise tax on stock repurchases	Excise tax on stock repurchases							

As of **October 28, 2023** **May 4, 2024**, we had approximately \$276.9 million remaining under the Repurchase Program for stock repurchases.

Pursuant to the terms and conditions of the Merger Agreement, the Company has agreed to suspend the Repurchase Program until the earlier of the consummation of the Merger or the termination of the Merger Agreement (See Note 2, *Merger Agreement*).

8.

9. Dividends

In June 2021, the Board instituted a recurring quarterly cash dividend. Since inception, our quarterly dividend has been \$0.25 per share.

Cash dividends paid were as follows:

	13-Weeks Ended May 4, 2024	13-Weeks Ended May 4, 2024	13-Weeks Ended May 4, 2024	13-Weeks Ended	39-Weeks Ended
Cash dividends paid (in millions)					
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022	
Cash dividends paid (in millions)					
Cash dividends paid (in millions)	\$3.1	\$3.2	\$9.4	\$9.7	
Total paid per share during period	\$0.25	\$0.25	\$0.75	\$0.75	
Total paid per share during period					
Total paid per share during period					

Subsequently, on November 20, 2023 On March 6, 2024, the Board authorized and declared a cash quarterly dividend in the amount of \$0.25 per share on our common share, payable stock, which was paid on December 19, 2023, April 2, 2024 to stockholders of record as of the close of business on December 7, 2023 March 21, 2024. The estimated aggregate payment is expected was \$2.9 million. Pursuant to the terms and conditions of the Merger Agreement, the Company has agreed to suspend the payment of dividends until the earlier of the consummation of the Merger or the termination of the Merger Agreement (See Note 2, Merger Agreement).

9.10. Commitments and Contingencies

Legal Proceedings and Contingencies.

From time to time, the Company is We are a party to various legal matters in the ordinary course of its business, including actions by employees, consumers, suppliers, government agencies or others. The Company has We have recorded accruals with respect to these matters,

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where appropriate, which are reflected in the Company's our unaudited condensed consolidated financial statements. For some matters, a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made.

The Company believes We believe that its pending legal matters, both individually and in the aggregate, will be resolved without a material adverse effect on the Company's our consolidated financial statements as a whole. However, litigation and other legal matters involve an element of uncertainty. Adverse decisions and settlements, including any required changes to the Company's our business, or other developments in such matters could affect our operating results in future periods or result in a liability or

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other amounts material to the Company's our annual consolidated financial statements. No material amounts were accrued at October 28, 2023 May 4, 2024, January 28, 2023 February 3, 2024, or October 29, 2022 April 29, 2023 pertaining to legal proceedings or other contingencies.

10.11. Income Taxes

Our effective tax rate is based on expected annual income, statutory tax rates, and tax planning opportunities available in the various jurisdictions in which we operate. For interim financial reporting, we estimate the annual effective tax rate based on expected taxable income or loss for the full year and record a quarterly income tax provision

(benefit) in accordance with the anticipated annual effective rate and adjust for discrete items. We update the estimates of the taxable income or loss throughout the year as new information becomes available, including year-to-date financial results. This process often results in a change to our expected effective tax rate for the year. When this occurs, we adjust the income tax provision (benefit) during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected annual effective tax rate.

We apply the provisions of ASC Subtopic 740-10 in accounting for uncertainty in income taxes. We recognize a tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority.

At **October 28, 2023** **May 4, 2024**, **January 28, 2023** **February 3, 2024**, and **October 29, 2022** **April 29, 2023**, the liability associated with unrecognized tax benefits was immaterial. We file income tax returns in U.S. federal and various state jurisdictions. Generally, we are not subject to changes in income taxes by the U.S. federal taxing jurisdiction for years prior to Fiscal **2020** **2021** or by most state taxing jurisdictions for years prior to Fiscal **2019**, **2020**.

11.12. Related-Party Transactions

Preferred Growth Properties, LLC ("PGP")

The Company leases one store under a lease arrangement with PGP, a wholly owned subsidiary of Books-A-Million, Inc. ("BAMM"). One of our directors is an executive officer of BAMM. Minimum annual lease payments are \$0.1 million, if not in co-tenancy, and the lease termination date is February 28, 2027. Minimum lease payments remaining under the lease at **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 2023** were immaterial.

T.I.G. Management, LLC ("TIG")

TIG performs certain new store and store remodel construction for the Company and is 70% owned by a close relative of the Company's President and CEO. For the 13-weeks ended **October 28, 2023** **May 4, 2024** and **October 29, 2022** **April 29, 2023**, payments to TIG for its services were **\$1.6 million** **\$3.2 million** and **\$3.1 million**, respectively. For the 39-weeks ended **October 28, 2023** and **October 29, 2022** **April 29, 2023**, payments to TIG for its services were **\$4.7 million** and **\$8.3 million** **\$2.4 million**, respectively. The amount outstanding to TIG, included in accounts payable on our unaudited condensed consolidated balance sheets at **October 28, 2023** **May 4, 2024**, **January 28, 2023** **February 3, 2024**, and **October 29, 2022** **April 29, 2023**, was immaterial.

Retail Security Gates, LLC ("RSG")

RSG provides specially manufactured store front security gates used in certain of our store locations and is 50% owned by a close relative of the Company's President and CEO. For the 13-weeks ended **October 28, 2023** **May 4, 2024** and **October 29, 2022**, payments to RSG were **\$0.1 million** and **\$0.3 million**, respectively. For the 39-weeks ended **October 28, 2023** and **October 29, 2022** **April 29, 2023**, payments to RSG were **\$0.5 million** and **\$0.8 million** **\$0.2 million**, respectively. The amount outstanding to RSG, included in accounts payable on our unaudited condensed consolidated balance sheets at **October 28, 2023** **May 4, 2024**, **January 28, 2023** **February 3, 2024** and **October 29, 2022** **April 29, 2023**, was immaterial.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Statement Regarding Forward-Looking Statements

This document contains "forward-looking statements" as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements address future events, developments and results and do not relate strictly to historical facts. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. They include statements preceded by, followed by or including words such as "believe," "anticipate," "expect," "intend," "plan,"

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"plan," "forecast," "guidance," "outlook," "estimate," "will," "may," "could," "possible," "potential," or other similar words, phrases or expressions. For example, our forward-looking statements include statements regarding:

- uncertainties related to the Merger, including our ability to close the transactions contemplated by the Merger Agreement, and the impact of the costs related to the Merger;
- restrictions on our ability to operate as a result of the Merger Agreement;
- litigation related to the transactions contemplated by the Merger Agreement;
- our ability to accurately forecast consumer demand for our products and manage our inventory in response to changing demands;

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demands:

- our cash needs, including our ability to fund our future capital expenditures, working capital requirements, recurring quarterly dividends and repurchases of Company common stock under our Repurchase Program;
- our relationships with vendors, including their ability to provide us with sufficient quantities of in-demand product, and the loss of key vendor support;
- the possible effects of inflation, market decline and other economic changes, such as increasing interest rates, on our costs and profitability;

- our ability to retain key personnel and other employees at Hibbett and City Gear due to current labor challenges, wage inflation or otherwise; otherwise, as well as attract, retain and motivate our employees until the closing of the Merger;
- our anticipated net sales, comparable store net sales changes, net sales growth, gross margins, expenses and earnings;
- our business strategy, omni-channel platform, logistics structure, target market community presence and the expected impact of such factors on our net sales growth;
- our store growth, including our plans to add, expand, relocate or close stores, our markets' communities' ability to support such growth, expected changes in total square footage, our ability to secure suitable locations for new stores and the suitability of our wholesale and logistics facility;
- our expectations regarding the growth of our online business and the role of technology in supporting such growth;
- the future reliability of, and cost associated with, disruptions in the global supply chain, including increased freight, fuel and other transportation costs, and the potential impacts on our domestic and international sources of product, including the actual and potential effect of tariffs on international goods imposed by the United States and other potential impediments to imports;
- the cost of regulatory compliance, including the costs and possible outcomes of pending legal actions and other contingencies and new or additional legal, legislative and regulatory requirements to reduce or mitigate the effects of climate change;
- our analysis of our risk factors and their possible effect on financial results;
- our seasonal sales patterns, expectations and assumptions concerning customer buying behavior;
- our ability to attract and retain new customers;
- our expectations regarding competition;
- our estimates and assumptions as they relate to preferable tax and financial accounting methods, accruals, inventory valuations, long-lived assets, carrying amount and liquidity of financial instruments, fair value of options and other stock-based compensation, economic and useful lives of depreciable assets and leases, income tax liabilities, deferred taxes and uncertain tax positions;
- our assessment of the materiality and impact on our business of adopting recent accounting pronouncements issued by the Financial Accounting Standards Board and rules issued by the U.S. Securities and Exchange Commission (the "SEC");
- the possible effects of uncertainty within the capital markets, on the commercial credit environment and on levels of consumer confidence;
- our analyses of trends as related to marketing, sales and earnings performance;
- our ability to receive favorable brand name merchandise and pricing from key vendors;
- the impact of technology on our operations and business, including the expanded use of artificial intelligence applications, cyberattacks, cyber liability or potential liability for breaches of our privacy or information security systems; and
- our ability to mitigate the risk of possible business interruptions, including, without limitation, from political or social unrest and armed conflicts.

A forward-looking statement is neither a prediction nor a guarantee of future results, events or circumstances. You should not place undue reliance on forward-looking statements. Our forward-looking statements are based on currently available operational, financial and business information and speak only as of the date of this report. Our business, financial condition, results of operations and prospects may have changed since that date. For a discussion of the risks, uncertainties and assumptions that could affect our future events, developments or results, you should carefully consider the risk factors described from time to time in our other documents and reports, including the factors described under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023 February 3, 2024, filed with the SEC on March 24, 2023 March 25, 2024, and as amended by Amendment No. 1 thereto on Form 10-K/A, filed on May 29, 2024 (the "2023" "2024 Annual Report"). You should also

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read such information in conjunction with our unaudited condensed consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q.

We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements. Moreover, new risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on our forward-looking statements.

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We do not undertake to publicly update or revise any forward-looking statements after the date of this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise, and you should not expect us to do so. Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, we do not, by policy, selectively disclose to them any material non-public information with any statement or report issued by any analyst regardless of the content of the statement or report. We do not, by policy, confirm forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Investor Access to Company Filings

The Company periodically provides certain information for investors on its corporate website www.hibbett.com, and its investor relations website www.investors.hibbett.com. This includes press releases and other information about financial performance, information on environmental, social and corporate governance matters, and details related to the Company's annual meeting of stockholders. The information contained on the websites referenced in this Form 10-Q is not incorporated by reference into this filing. Further, the Company's references to website URLs are intended to be inactive textual references only.

General Overview

Hibbett, headquartered in Birmingham, Alabama, is a leading athletic-inspired fashion retailer, primarily located in underserved communities. Founded in 1945, Hibbett has a rich history of convenient locations, personalized customer service and access to coveted footwear, apparel and equipment from top brands like Nike, Jordan and adidas.

As of **October 28, 2023** **May 4, 2024**, we operated a total of **1,158** **1,169** retail stores under the Hibbett, City Gear and Sports Additions banners in 36 states:

Location										
Location										
Brand	Brand	Average				Location				
		Footage	Center ⁽¹⁾	Mall	Total	Brand	Average	Strip	Center ⁽¹⁾	
Brand	Brand	Footage	Center ⁽¹⁾	Mall	Total	Brand	Footage	Center ⁽¹⁾	Mall	Total
Hibbett	Hibbett	5,800	776	175	951	Hibbett	5,800	789	171	960
City Gear	City Gear	5,200	154	37	191	City Gear	5,200	156	37	193
Sports	Sports									
Additions ⁽²⁾	Additions ⁽²⁾	2,900	3	13	16	Sports Additions ⁽²⁾	2,900	3	13	16

⁽¹⁾ Strip centers include free-standing stores and, for our Hibbett locations, are usually near a major chain retailer.

⁽²⁾ Approximately 90% of the merchandise carried in our Sports Additions stores is athletic footwear.

Our merchandising emphasizes a TOE-TO-HEAD® approach. We provide a broad assortment of premium brand name footwear, apparel, accessories and team sports equipment at competitive prices in a full service omni-channel environment. We believe that the assortment of brand name merchandise we offer consistently exceeds the merchandise selection carried by most of our competitors, particularly in our underserved markets communities and neighborhood centers. Many of these brand name products have limited availability and/or are technical in nature requiring considerable sales assistance. We coordinate with our vendors to educate our sales staff at the store level on new products and trends. In October 2023, we announced the launch of a new Connected Partnership with Nike that will directly connect Hibbett's and Nike's loyalty programs, providing Hibbett customers with a variety of new benefits and elevated retail experiences when they purchase Nike and Jordan products through Hibbett.

Comparable Store Sales - Stores deemed as comparable stores include our Hibbett, City Gear and Sports Additions stores open throughout the reporting period and the corresponding prior fiscal period referenced, and e-commerce sales. We consider comparable store sales to be a key indicator of our current performance; measuring the growth in sales and sales productivity of established stores. Management believes that positive comparable store sales contribute to greater leveraging of operating costs,

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particularly payroll and occupancy costs, while negative comparable store sales contribute to deleveraging of costs. Comparable store sales also have a direct impact on our total net sales and the level of cash flow.

If a store remodel, relocation or expansion results in the store being closed for a significant period, its sales are removed from the comparable store sales base until it has been reopened for a full 12 months. In addition, rebranded stores are treated as new stores and are not presented in comparable store sales until they have been open for a full 12 months under the new brand.

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In addition to e-commerce sales, we included the following number of stores in comparable store sales:

May 4, 2024	May 4, 2024	April 29, 2023
13- weeks ended	13-weeks ended	13-weeks ended
	1,118	1,088

October	
October 28, 2023	2022
13-weeks ended	1,108 1,074
39-weeks ended	1,085 1,057

Executive Summary

Merger Agreement

As described more fully under Item 1, Note 2, *Merger Agreement*, on April 23, 2024, we entered into the Merger Agreement providing for the acquisition of the Company by a subsidiary of JD Sports, subject to the terms and conditions set forth in the Merger Agreement. Subject to the terms and conditions of the Merger Agreement, at the Effective Time, each share of our common stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive \$87.50 in cash, without interest. The consummation of the Merger is subject to the satisfaction or waiver of various customary conditions set forth in the Merger Agreement, including, but not limited to, the adoption of the Merger Agreement by the Company's stockholders and the receipt of certain regulatory approvals. The consummation of the Merger is not subject to a financing condition.

We have filed a preliminary proxy statement with the SEC on Schedule 14A with respect to the approval of the Merger. You may obtain copies of all documents filed by us with the SEC regarding this transaction, free of charge, at the SEC's website, www.sec.gov or from the investor section of our website at www.hibbett.com.

Financial Highlights

Following is a highlight of our financial results for the periods presented:

	13-Weeks Ended		39-Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
13-Weeks Ended				
13-Weeks Ended				
13-Weeks Ended				
May 4, 2024				
May 4, 2024				
May 4, 2024				
Net sales (in millions)				
Net sales (in millions)				
Net sales (in millions)	Net sales (in millions)	\$ 431.9	\$ 433.2	\$ 1,262.3
E-commerce, percentage to net sales	E-commerce, percentage to net sales	17.0 %	15.0 %	15.2 %
E-commerce, percentage to net sales				
Operating income, percentage to sales				

Operating income, percentage to sales									
Operating income, percentage to sales	Operating income, percentage to sales	8.0	%	7.9	%	7.6	%	9.4	%
Comparable store sales	Comparable store sales	(2.7)	%	9.9	%	(1.9)	%	(7.4)	%
Comparable store sales									
Comparable store sales									
Brick and mortar comparable store sales									
Brick and mortar comparable store sales									
Brick and mortar comparable store sales	Brick and mortar comparable store sales	(5.4)	%	7.9	%	(2.7)	%	(10.2)	%
E-commerce comparable sales	E-commerce comparable sales	12.6	%	22.0	%	2.9	%	11.2	%
E-commerce comparable sales									
E-commerce comparable sales									
Net income (in millions)									
Net income (in millions)									
Net income (in millions)	Net income (in millions)	\$ 25.5	\$	\$ 25.6	\$	\$ 72.3	\$	\$ 89.6	
Net income, percentage to net sales	Net income, percentage to net sales	5.9	%	5.9	%	5.7	%	7.2	%
Net income, percentage to net sales									
Net income, percentage to net sales									
Diluted earnings per share	Diluted earnings per share	\$ 2.05	\$	\$ 1.94	\$	\$ 5.66	\$	\$ 6.71	
Diluted earnings per share									
Diluted earnings per share									

During the 13-weeks ended **October 28, 2023** **May 4, 2024**, we opened **12** six new stores and closed **two** six underperforming stores. This brings the store base to **1,158** **1,169** in 36 states as of **October 28, 2023** **May 4, 2024**. At **October 28, 2023** **May 4, 2024**, we had **\$29.6 million** **\$28.7 million** of available cash and cash equivalents and **\$63.1** **\$152.5** million available under our 2023 Credit Facility. Net inventory was **\$398.1 million** **\$371.3 million** at **October 28, 2023** **May 4, 2024**, a **1.7%** **15.2%** decrease compared to **October 29, 2022** **April 29, 2023** and **down 5.4%** **up 7.8%** from the beginning of the fiscal year. In comparison to the prior-year quarter, units on hand have declined by approximately **10%** **18%** with decreases in both footwear and apparel. Inventory units on hand have **declined** **increased** by approximately **7%** **11%** since the beginning of the fiscal year.

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Critical Accounting Policies and Estimates

Our critical accounting policies are described in Item 1, Note 1 - *Basis of Presentation and Critical Accounting Policies*.

The unaudited condensed consolidated financial statements are prepared in conformity with U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. Our critical and significant accounting policies and estimates are described more fully in our **2023** **2024** Annual Report. There have been no changes in our accounting policies in the 13-weeks ended **October 28, 2023** **May 4, 2024**, that had a material impact on our unaudited condensed consolidated financial statements.

Recent Accounting Pronouncements

See Note 2, 3, *Recent Accounting Pronouncements*, to the unaudited condensed consolidated financial statements included in this Form 10-Q for the period ended **October 28, 2023** **May 4, 2024**, for information regarding recent accounting pronouncements.

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Results of Operations

Summarized Unaudited Information

	13-Weeks Ended	13-Weeks Ended	13-Weeks Ended
	May 4, 2024	May 4, 2024	May 4, 2024
Statements of Operations			
Statements of Operations			
Statements of Operations			
Net sales (decrease) increase			
Net sales (decrease) increase			
Net sales (decrease) increase			
Comparable store sales (decrease) increase			
Comparable store sales (decrease) increase			
Comparable store sales (decrease) increase			

	13-Weeks Ended				39-Weeks Ended			
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022	
Statements of Operations								
Net sales (decrease) increase	(0.3)	%	13.5	%	1.0	%	(4.4)	%
Comparable store sales decrease	(2.7)	%	9.9	%	(1.9)	%	(7.4)	%
Balance Sheets								
Balance Sheets								
Balance Sheets	Balance Sheets							
Ending cash and cash equivalents (in thousands)	(in thousands)	\$	29,580	\$	25,114			
Ending cash and cash equivalents (in thousands)								
Ending cash and cash equivalents (in thousands)								
Average inventory per store								
Average inventory per store								
Average inventory per store	Average inventory per store	\$	343,788	\$	359,520			
Store Information	Store Information							

Store Information						
Store Information						
Beginning of period						
Beginning of period						
Beginning of period	Beginning of period	1,148	1,117	1,133	1,096	
New stores opened	New stores opened	12	11	30	33	
Rebranded stores		—	—	—	1	
New stores opened						
New stores opened						
Stores closed	Stores closed	(2)	(2)	(5)	(4)	
Stores closed						
Stores closed						
End of period						
End of period						
End of period	End of period	1,158	1,126	1,158	1,126	
Estimated square footage at end of period (in thousands)	Estimated square footage at end of period (in thousands)	6,569	6,376			
Estimated square footage at end of period (in thousands)						
Estimated square footage at end of period (in thousands)						
Share Repurchase Information⁽¹⁾						
Share Repurchase Information⁽¹⁾						
Share Repurchase Information⁽¹⁾	Share Repurchase Information⁽¹⁾					
Shares purchased under our Repurchase Program	Shares purchased under our Repurchase Program	707,621	160,637	1,162,130	797,033	
Shares purchased under our Repurchase Program						
Shares purchased under our Repurchase Program						
Cost (in thousands)						
Cost (in thousands)						
Cost (in thousands)	Cost (in thousands)	\$ 31,999	\$ 9,049	\$ 53,211	\$ 38,458	
Settlement of net share equity awards	Settlement of net share equity awards	373	208	47,550	46,201	
Settlement of net share equity awards						
Settlement of net share equity awards						
Cost (in thousands)						
Cost (in thousands)						
Cost (in thousands)	Cost (in thousands)	\$ 17	\$ 12	\$ 2,849	\$ 2,081	
Dividend Information	Dividend Information					
Dividend Information						

Dividend Information

Number of declarations

Number of declarations

Number of declarations	Number of declarations	1	1	3	3
Cash paid (in thousands)	Cash paid (in thousands)	\$ 3,088	\$ 3,199	\$ 9,427	\$ 9,699
Cash paid (in thousands)					
Total paid per share	Total paid per share	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75
Total paid per share					
Total paid per share					

(1) Excludes excise taxes for the 13-weeks and 39-weeks ended October 28, 2023.

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13-Weeks Ended **October 28, 2023** **May 4, 2024** Compared to 13-Weeks Ended **October 29, 2022** **April 29, 2023**

Net Sales

Net sales for the 13-weeks ended **October 28, 2023** **May 4, 2024**, decreased **0.3%** **1.8%** to **\$431.9 million** **\$447.2 million** compared with **\$433.2 million** **\$455.5 million** for the 13-weeks ended **October 29, 2022** **April 29, 2023**. Comparable store sales decreased **2.7%** **5.8%** versus the prior-year period. Brick and mortar comparable store sales declined **5.4%** **5.8%** while e-commerce sales increased **12.6%** decreased **5.8%** on a year-over-year basis. E-commerce represented **17.0%** **13.4%** of total net sales for the 13-weeks ended **October 28, 2023** **May 4, 2024**, compared to **15.0%** **13.7%** in the 13-weeks ended **October 29, 2022** **April 29, 2023**.

Footwear remained the strongest category during the quarter and increased **4.3%** **1.0%** to **\$306.9 million** **\$323.9 million** as compared with **\$294.1 million** **\$320.5 million** for the prior-year period. Results were impacted by a favorable back-to school period early in the quarter and a more consistent launch calendar compared to the prior-year period. Apparel for the quarter decreased **22.4%** **21.7%** to **\$72.3 million** **\$69.5 million** as compared with **\$93.1 million** **\$88.8 million** for the prior-year period and continues to be adversely affected by promotional activity due to elevated inventory levels in the market.

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Gross Margin

Gross margin was **33.9%** **35.8%** of net sales for the 13-weeks ended **October 28, 2023** **May 4, 2024**, compared with **34.3%** **33.7%** of net sales for the 13-weeks ended **October 29, 2022** **April 29, 2023**. The approximate **40210** basis point decline increase was driven primarily by lower higher average product margin, which was approximately **130** **195** basis points below favorable to the prior-year period. The unfavorable improved product margin was driven mainly by higher the result of a lower promotional activity across both footwear and apparel. In addition, the clearance environment. The slight year-over-year sales decline coupled with a higher store count resulted in deleverage of store occupancy costs of approximately **40** **60** basis points. These unfavorable Other favorable gross margin impacts were partially offset by lower freight, shipping, shrink and logistics expenses as a percent of net sales included freight and shipping costs of approximately 50 basis points, logistics expenses of approximately 15 basis points and an approximate 10 basis point improvement in comparison to the 13-weeks ended October 29, 2022 shrink.

Store Operating, Selling and Administrative ("SG&A") Expenses

SG&A expenses were **23.0%** **23.7%** of net sales for the 13-weeks ended **October 28, 2023** **May 4, 2024**, compared with **23.9%** **21.1%** of net sales for the 13-weeks ended **October 29, 2022** **April 29, 2023**. The decrease increase of approximately **90** **260** basis points is primarily the result of continued focus on expense management, including improved efficiency of store labor and strategic reductions in discretionary expense categories such as professional fees and advertising. These initiatives have more than offset the impacts of inflation on wages, benefits and goods and services and plus deleverage from slightly the lower year-over-year sales volume. In addition, SG&A expense for the current quarter includes approximately \$2.6 million of non-recurring professional fees associated with the pending JD Sports transaction.

Depreciation and Amortization

Depreciation and amortization of **\$12.5 million** **\$13.0 million** increased by approximately **40** **30** basis points as a percentage of net sales for the 13-weeks ended **October 28, 2023** **May 4, 2024**, compared to the 13-weeks ended **October 29, 2022** **April 29, 2023**. The increase in depreciation and amortization expense reflects increased capital investment on related to store development, technology initiatives and various infrastructure projects over the last **three** **several** fiscal years.

Provision for Income Taxes

The combined federal, state, and local effective income tax rate as a percentage of pre-tax income was 23.6% 20.9% for the 13-weeks ended October 28, 2023 May 4, 2024, and was 24.2% 19.5% for the 13-weeks ended October 29, 2022 April 29, 2023. The quarterly effective tax rate fluctuates based on full-year taxable income projections, the impact of discrete items, and the relative level of pre-tax income or loss in each quarter.

Net Income

Net income for the 13-weeks ended October 28, 2023 May 4, 2024, was \$25.5 million \$32.5 million, or \$2.05 \$2.67 per diluted share compared with net income of \$25.6 million \$35.9 million, or \$1.94 \$2.74 per diluted share for the 13-weeks ended October 29, 2022 April 29, 2023.

39-Weeks Ended October 28, 2023 Compared to 39-Weeks Ended October 29, 2022

Net Sales

Net sales for the 39-weeks ended October 28, 2023, increased 1.0% to \$1.26 billion compared with \$1.25 billion for the 39-weeks ended October 29, 2022. Comparable store sales decreased 1.9% versus the 39-weeks ended October 29, 2022. Brick and mortar comparable store sales declined 2.7% while e-commerce sales increased 2.9% compared to the 39-weeks ended October 29, 2022. E-commerce represented 15.2% of total net sales for the 39-weeks ended October 28, 2023, compared to 14.9% in the 39-weeks ended October 29, 2022.

Footwear increased 8.0% to \$884.2 million as compared with \$818.7 million for the prior-year period. Apparel decreased 22.5% to \$231.2 million as compared with \$298.4 million for the prior-year period.

Gross Margin

Gross margin was \$422.9 million, or 33.5% of net sales for the 39-weeks ended October 28, 2023, compared with \$440.7 million, or 35.3% of net sales for the 39-weeks ended October 29, 2022. The approximate 180 basis point decline was due to lower average product margin of approximately 240 basis points and an approximate 40 basis point increase in store occupancy costs. Freight, shipping and logistics costs have improved as a percent of sales on a year-over-year basis, partially offsetting the unfavorable average product margin and store occupancy performance.

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SG&A Expenses

SG&A expenses were 23.0% of net sales for the 39-weeks ended October 28, 2023, compared with 23.2% of net sales for the 39-weeks ended October 29, 2022. The 20 basis point decrease was primarily due to strategic reductions in advertising and professional fees.

Depreciation and Amortization

Depreciation and amortization of \$36.2 million increased approximately 30 basis points as a percentage of net sales for the 39-weeks ended October 28, 2023, compared to the 39-weeks ended October 29, 2022. The increase in depreciation and amortization expense reflects our continued commitment to invest in organic growth opportunities and infrastructure improvement projects.

Provision for Income Taxes

The combined federal, state, and local effective income tax rate as a percentage of pre-tax income was 21.5% for the 39-weeks ended October 28, 2023 and was 23.3% of pre-tax income for the 39-weeks ended October 29, 2022. The annualized effective tax rate fluctuates based on full-year taxable income projections, the impact of discrete items, and the relative level of pre-tax income or loss in each quarter.

Liquidity and Capital Resources

Macroeconomic Factors

We continue to monitor the impacts of inflation, higher interest rates, a more cautious consumer, the ongoing promotional environment, potential reduction or deferral of discretionary purchases, a tight labor market, excess inventory of apparel and select footwear styles in the marketplace and geopolitical conflicts on our business.

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We ended the third first quarter of Fiscal 2024 2025 with \$29.6 million \$28.7 million of available cash and cash equivalents on the unaudited condensed consolidated balance sheet. As of October 28, 2023 May 4, 2024, we had \$96.9 million \$7.5 million of debt outstanding and \$63.1 million \$151.9 million, net of the standby letters of

credit, available to us under the 2023 Credit Facility. Pursuant to the terms and conditions of the Merger Agreement, net borrowings under the 2023 Credit Facility discussed are limited to \$110.0 million in the aggregate, leaving a total of \$102.5 million available to us at May 4, 2024. (See Note 4, 2, *Debt Merger Agreement* and Note 5, to the unaudited condensed consolidated financial statements, *Debt*.)

Inventory at October 28, 2023 May 4, 2024 was \$398.1 million \$371.3 million, a 1.7% 15.2% decrease compared to October 29, 2022 April 29, 2023, and a 5.4% decrease 7.8% increase from the beginning of the fiscal year. In comparison to the prior-year quarter, units on hand have declined by approximately 18% with decreases in both footwear and apparel. Inventory units on hand have declined due to strong footwear sales and increased by approximately 11% since the ongoing liquidation beginning of apparel items in a highly promotional environment. the fiscal year.

Analysis of Cash Flows

Our capital requirements relate primarily to funding capital expenditures, stock repurchases, repurchase, dividends, the maintenance of facilities and systems to support company growth and working capital requirements. Our working capital requirements are somewhat seasonal in nature and typically increase as we approach our three main selling seasons. Tax refund timing and the spring sports season occurs primarily in February and March. The back-to-school season typically starts in late July and runs into August. The holiday season traditionally begins in November and continues through the month of December. Historically, we have funded our cash requirements primarily through our cash flow from operations and from borrowings under our credit facility.

We believe that our existing cash balances, expected cash flow from operations, funds available under the 2023 Credit Facility, operating and finance leases and normal trade credit will be sufficient to fund our operations and capital expenditures for the next 12 months and for the foreseeable future. We are not aware of any trends or events that would materially affect our capital requirements or liquidity.

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Our unaudited condensed consolidated statements of cash flows are summarized as follows (in thousands):

		39-Weeks Ended	
		October	October
		28, 2023	29, 2022
Net cash provided by operating activities		\$52,352	\$52,400
13-Weeks Ended			
	May 4, 2024	May 4, 2024	April 29, 2023
Net cash provided by (used in) operating activities			
Net cash used in investing activities	Net cash used in investing activities	(34,559)	(46,525)
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(4,228)	2,185
Net increase in cash and cash equivalents	Net increase in cash and cash equivalents	\$13,565	\$ 8,060

Operating Activities

Cash flow from operations is seasonal in our business. Typically, we use cash flow from operations to build inventory in advance of peak selling periods including the spring sales season driven by tax refunds and spring sports, the late summer back-to-school and fall sports shopping season and the traditional winter holidays. Inventory levels

are reduced in connection with higher sales during the peak selling seasons and this inventory reduction, combined with proportionately higher net income, typically produces a positive cash flow.

Net cash provided by operating activities was **\$52.4 million** **\$60.6 million** for the 39-weeks 13-weeks ended **October 28, 2023** **May 4, 2024**, compared with net cash **provided by used in** operating activities of **\$52.4 million** **\$26.8 million** for the 39-weeks 13-weeks ended **October 29, 2022** **April 29, 2023**. Operating activities consist primarily of net income adjusted for certain non-cash items and changes in operating assets and liabilities as noted in the bullets below.

- Non-cash depreciation and amortization expense increased due to capital expenditure investments in new stores, existing store remodels and refreshes, technology enhancements and corporate infrastructure.
- Non-cash stock-based compensation expense fluctuates with the number of the equity eligible employees, achievement of performance-based equity awards at greater or lesser than their target level, fluctuations in the price of our common stock and levels of forfeitures in any given period.
- Inventory balances in the **current year first quarter** have **decreased**. Strong **increased**. A more cautious and selective consumer has contributed to lower sales **velocity** in both **footwear sales** coupled with ongoing liquidation of apparel are the main drivers of this **decrease**. and apparel.
- Changes in accounts payable are primarily due to the timing of payments in relation to inventory receipts.
- Changes in other assets and liabilities are primarily due to the timing of payments related to payroll and changes in incentive-based obligations.

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Investing Activities

Net cash used in investing activities in the 39-weeks 13-weeks ended **October 28, 2023** **May 4, 2024**, totaled **\$34.6 million** **\$8.5 million** compared with net cash used in investing activities of **\$46.5 million** **\$14.2 million** in the 39-weeks 13-weeks ended **October 29, 2022** **April 29, 2023**. Capital expenditures used **\$37.2 million** **\$8.5 million** of cash in the 39-weeks 13-weeks ended **October 28, 2023** **May 4, 2024**, versus **\$47.5 million** **\$14.2 million** of cash in the 39-weeks 13-weeks ended **October 29, 2022** **April 29, 2023**. Capital expenditures in both periods primarily consisted of store development (new stores, relocation, remodels and expansions), technology and infrastructure projects.

We opened **30** six new stores during the 39-weeks 13-weeks ended **October 28, 2023** **May 4, 2024**, as compared to opening **33** 12 new stores during the 39-weeks 13-weeks ended **October 29, 2022** **April 29, 2023**. In addition, one existing store was rebranded during the 39-weeks ended October 29, 2022.

Our capital expenditures for the fiscal year ending February 3, 2024, are expected to be in the range of \$60.0 million to \$70.0 million, with the largest allocation focused on store development and improving the consumer experience.

Financing Activities

Net cash used in financing activities was **\$4.2 million** **\$44.6 million** in the 39-weeks 13-weeks ended **October 28, 2023** **May 4, 2024**, compared to net cash provided by financing activities of **\$2.2 million** **\$51.9 million** in the prior-year period.

During the 39-weeks 13-weeks ended **October 28, 2023** **May 4, 2024**, we **had reduced** net borrowings of **\$60.7 million** against our credit facilities **by \$37.8 million** and have additional capacity of **\$63.1 million** **\$151.9 million**, net of standby letters of credit, available under the 2023 Credit Facility at **October 28, 2023** **May 4, 2024**. During the 39-weeks 13-weeks ended **October 29, 2022** **April 29, 2023**, we **had** net borrowings of **\$51.7 million** **\$67.3 million** against our credit facilities. See Pursuant to Section 501(b) (viii) of the Merger Agreement, net borrowings under the 2023 Credit Facility are limited to \$110.0 million in the aggregate, leaving a total of \$102.5 million available to us at May 4, 2024. (See Note 4, *Debt* Merger Agreement and Note 5, *to the unaudited condensed consolidated financial statements for additional information*. *Debt*.)

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In the current year, we have **not** repurchased **\$53.2 million** **any** of our common stock under our Repurchase Program. This compares to **\$38.5 million** **\$10.2 million** used to repurchase our common stock under our Repurchase Program in the same period of the prior year. See Note 7, *Stock Repurchase Program*, to the unaudited condensed consolidated financial statements for additional information.

During the 39-weeks 13-weeks ended **October 28, 2023** **May 4, 2024**, we paid **\$9.4 million** **\$2.9 million** of dividends to our stockholders compared to **\$9.7** **\$3.2 million** during the 39-weeks 13-weeks ended **October 29, 2022**. On November 20, 2023, the Board declared a cash dividend of \$0.25 per common share, payable on December 19, 2023, to stockholders of record at the close of business on December 7, 2023. The estimated payment is expected to be \$2.9 million **April 29, 2023**. See Note 8, *Dividends*, to the unaudited condensed consolidated financial statements for additional information.

Financing activities also consisted of proceeds from stock option exercises and employee stock purchase plan purchases. As stock options are exercised and shares are purchased through our employee stock purchase plan, we will continue to receive proceeds and expect a tax deduction; however, the amounts and timing cannot be predicted.

Quarterly and Seasonal Fluctuations

We experience seasonal fluctuations in our net sales and results of operations. We typically experience higher net sales in early spring due to spring sports and annual tax refunds, late summer due to back-to-school shopping and winter due to holiday shopping. In addition, our quarterly results of operations may fluctuate significantly as a result of a variety of factors, including unseasonal weather patterns, the timing of high demand footwear launches, demand for merchandise driven by local interest in sporting events, back-to-school sales and the timing of sales tax holidays and annual income tax refunds.

Our operations are influenced by general economic conditions including periodic changes in the cost of products we sell. In Fiscal 2023 2024 and Fiscal 2024 2025 to-date, we have experienced **accelerated** wage inflation and increases in the cost of goods and services necessary to support our business. We believe the current extended inflationary period is likely having a negative impact on our results of operations, although the direct impact is difficult to quantify. We believe inflation, in addition to other macroeconomic pressures such as higher interest rates, are adversely influencing our target consumer's shopping behavior. As a result of these pressures, we and other retailers **are experiencing** **have experienced** a more promotional environment, **especially in relation to apparel and footwear items that are less in demand**. Therefore, we believe there is a potential for reduced discretionary spending on our product assortment. Historically, we have generally been able to pass along a significant portion of product cost increases to our customers and deploy a number of mitigation strategies to offset other cost increase elements. However, as noted above, the current environment may make those strategies less effective.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in our quantitative and qualitative market risks since **January 28, 2023** **February 3, 2024**. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A. **"Quantitative**

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"Quantitative and Qualitative Disclosures About Market Risk" of the Company's **2023** **2024** Annual Report.

ITEM 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of **October 28, 2023** **May 4, 2024**. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There are inherent limitations in the effectiveness of any system of disclosure controls and procedures, including the potential for human error and the circumvention or overriding of the controls and procedures. An effective system of disclosure controls can therefore provide only reasonable, not absolute, assurance that the control objectives of the system are adequately met. Accordingly, our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures can prevent or detect all errors or fraud. Finally, projections of any evaluation or assessment of effectiveness of a system of disclosure controls and procedures to future periods are subject to the risks that, over time, controls may become inadequate because of changes in a company's operating environment or degree of compliance with policies and procedures, as well as other factors that may be beyond management's control.

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Changes in Internal Control Over Financial Reporting

We have not identified any changes in our internal control over financial reporting that occurred during the period ended **October 28, 2023** **May 4, 2024**, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Information relating to material legal proceedings is set forth in Note **9, 10, Commitments and Contingencies**, to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q and is incorporated herein by reference.

ITEM 1A. Risk Factors.

We operate in an environment that involves a number of risks and uncertainties, which are described in our **2023** **2024** Annual Report. If any of the risks described in our **2023** **2024** Annual Report were to actually occur, our business, results of operations, and financial results could be adversely affected. **There** **Other than the Merger-related** **risk factors** **following**, **there have been no material changes to the risk factors disclosed in our** **2023** **2024** **Annual Report.**

Risks Related to the Merger

The Merger Agreement and the pendency or failure of the Merger could have a material adverse effect on our business, results of operations, financial condition and stock price.

On April 23, 2024, we entered into a Merger Agreement by and among the Company, Genesis Holdings, Inc., an Indiana corporation ("Parent"), Steps Merger Sub, Inc., a wholly owned subsidiary of Parent ("Merger Sub"), and, solely for purposes of certain provisions specified therein, JD Sports Fashion plc, a company incorporated under the laws of England and Wales and the ultimate parent company of Parent and Merger Sub ("JD Sports"). Pursuant to the terms of the Merger Agreement and subject to the satisfaction or waiver of various customary conditions set forth in the Merger Agreement, including, but not limited to, the approval of the Merger Agreement by the affirmative vote of the holders of a majority of the issued and outstanding shares of our common stock (the "Company Stockholder Approval"), Merger Sub will be merged with and into the Company (the "Merger") effective as of the effective time of the Merger.

During the period between the execution of the Merger Agreement and the closing of the Merger, our business is exposed to

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certain inherent risks due to the effect of the announcement or pendency of the Merger and the transactions contemplated by the Merger, which may impact our business relationships, financial condition and operating results. Some of these risks include:

- difficulties maintaining relationships with vendors, suppliers, landlords, service providers, customers and other business partners, who may defer decisions about working with us, move to our competitors, seek to delay or change existing relationships with us;
- uncertainties caused by negative sentiment in the marketplace with respect to the Merger, which could adversely impact investor confidence in the Company;
- distraction of our current employees as a result of the Merger which could result in a decline in their productivity or cause distractions in the workplace;
- our inability to attract new employees or retain current employees due to uncertainties related to the Merger;
- diversion of significant management time and resources towards the completion of the Merger and transactions related to the Merger;
- impact of costs related to completion of the Merger and transactions related to the Merger, including costs related to any divestitures required to obtain regulatory approvals;
- our inability to solicit other acquisition proposals, pursue alternative business opportunities, make strategic changes to our business and other restrictions on our ability to conduct our business under the Merger Agreement; and
- other developments beyond our control, including, but not limited to, changes in domestic or global economic conditions that may affect the timing or success of the Merger.

If the Merger Agreement is terminated, under certain conditions, we may be obligated to pay Parent a substantial termination fee, which could require us to incur additional debt or reduce the amount of cash we have available to fund our operations.

Under the Merger Agreement, prior to obtaining the Company Stockholder Approval, we may terminate the Merger Agreement in order to concurrently enter into a definitive agreement providing for a Company Superior Proposal (as defined in the Merger Agreement) (after compliance in all material respects with applicable terms of the Merger Agreement); provided, that immediately prior to or concurrently with (and as a condition to) such termination, we pay to Parent a termination fee of an amount in cash equal to \$35.2 million (the "Company Termination Fee").

Further, Parent may terminate the Merger Agreement, and receive the Company Termination Fee from us, if (i) a Company Adverse Recommendation Change (as defined in the Merger Agreement) has occurred prior to obtaining the Company Stockholder Approval or (ii) we have committed a Willful and Material Breach (as defined in the Merger Agreement) of the covenant prohibiting solicitation of Company Takeover Proposals (as defined in the Merger Agreement).

We will also be required to pay the Company Termination Fee if (A) a third party publicly proposes or announces a Company Takeover Proposal after the date of the Merger Agreement and such Company Takeover Proposal is not withdrawn prior to a termination of the Merger Agreement (and, in the case of a termination if the Company Stockholder Approval has not been obtained upon a vote taken thereon at the Stockholder Meeting (as defined in the Merger Agreement) or at any adjournment or postponement thereof, at least one business day before such vote is taken), and thereafter the Merger Agreement is terminated by (i) either us or Parent as a result of the Merger not having been consummated on or prior to the End Date (as defined in the Merger Agreement) (and, in the case of such termination, the Parent Termination Fee (as defined in the Merger Agreement) is not payable), (ii) Parent as a result of a breach or failure to perform by us of any representation, warranty, covenant or other agreement under the Merger Agreement which breach or failure to perform would result in a failure of a condition to the obligations of Parent to effect the Merger to be satisfied, subject to certain limitations set forth in the Merger Agreement or (iii) Parent or us as a result of our failing to obtain the Company Stockholder Approval upon a vote taken thereon at the Stockholder Meeting or any adjournment or postponement thereof; and (B) at any time within the 12 months following such termination, we or any of our subsidiaries consummate any transaction included within the definition of a Company Takeover Proposal or enter into a definitive agreement for any such transaction that is (i) subsequently consummated or (ii) subsequently terminated before consummation but a subsequent such transaction is entered into in connection with the termination of such first transaction and such subsequent transaction is subsequently consummated (in either case, whether within such 12-month period or thereafter).

If we are required to pay the Company Termination Fee, we may be required to incur additional debt or use funds that we would otherwise have been able to use for general corporate expenses, capital expenditures or for other purposes.

Pursuant to the Merger Agreement, we are subject to certain restrictions on our business activities.

During the period from the date of the Merger Agreement until the earlier of the Effective Time and the termination of the Merger Agreement, we are generally required to conduct our business in the ordinary course consistent with past practice.

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However, we are restricted from taking certain actions without JD Sports prior consent, which is not to be unreasonably withheld, conditioned or delayed. These limitations include, among other things, certain restrictions on our ability to amend our organizational documents, acquire other businesses and assets, dispose of our assets, make investments, repurchase our common stock, pay dividends, incur indebtedness, issue stock-based awards, amend or change certain compensation arrangements, enter into, amend or terminate certain contracts, initiate or settle certain litigation, or change tax classifications and elections. Such restrictions could prevent us from pursuing strategic business opportunities, limit our ability to respond effectively and timely to competitive pressures, industry developments, economic conditions and future opportunities, and otherwise have an adverse effect on our business, results of operations and financial condition.

Litigation related to the Merger could prevent or delay the completion of the Merger or otherwise negatively affect our business and operations.

Putative stockholder complaints, including stockholder class action complaints, demands for books and records and other complaints or actions may be filed against us, our Board and others in connection with the transactions contemplated by the Merger Agreement. The outcome of litigation is uncertain, and we may not be successful in defending against any such future claims. Lawsuits that may be filed against us or our Board could delay or prevent the Merger, and we may incur additional costs in connection with the defense or settlement of any such litigation related to the Merger, including costs associated with the indemnification of obligations to our directors, any of which could adversely affect our business, results of operations and financial condition.

The Merger may not be completed within the expected timeframe, or at all, and significant delay or the failure to complete the Merger could adversely affect our business.

There can be no assurance that our business, our relationships or our financial condition will not be adversely affected if the Merger is not consummated within the expected timeframe, or at all. Failure to complete the Merger within the expected timeframe, or at all, could adversely affect our business and the market price of our common stock in several ways, including the following:

- to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed, it may be negatively impacted because of a failure to complete the Merger within the expected timeframe or at all;
- investor and consumer confidence in our business could decline, litigation could be brought against us, relationships with vendors, service providers, landlords, investors and other business partners may be adversely impacted, and we may be unable to retain key personnel;
- we have incurred, and will continue to incur, significant costs, expenses and fees for professional services and other costs in connection with the Merger and the transactions contemplated by the Merger, for which we may receive little or no benefit if the Merger and the transactions contemplated by the Merger are not completed. Many of these fees and costs will be payable by us even if the Merger and the transactions contemplated by the Merger are not completed and may relate to activities that we would not have undertaken other than to complete the Merger; and
- failure to complete the Merger, may result in negative publicity and a negative impression of us in the investment community.

The Merger Agreement contains provisions that could make it difficult for a third party to make a superior acquisition proposal.

The Merger Agreement contains certain customary restrictions on our ability to solicit proposals from third parties for an acquisition of the Company during the pendency of the Merger. In addition, subject to certain customary "fiduciary out" exceptions, the Board is required to recommend that our stockholders vote in favor of the approval of the Merger, the Merger Agreement and the transactions contemplated thereby.

As discussed in further detail above under the heading "*If the Merger Agreement is terminated, under certain conditions, we may be obligated to pay Parent a substantial termination fee, which could require us to incur additional debt or reduce the amount of cash we have available to fund our operations,*" we would also be required to pay Parent the Company Termination Fee under certain conditions in connection with the termination of the Merger Agreement.

These provisions might discourage an otherwise-interested third party from considering or proposing an acquisition of the Company, including proposals that may be deemed to offer greater value to our stockholders than the transaction consideration of \$87.50 per share. Furthermore, even if a third party elects to propose an acquisition, the requirement that we must pay a termination fee to accept any such proposal may cause that third party to offer a lower price to our stockholders than such third party might have otherwise offered.

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Actions of activist stockholders or other parties may impair our ability to consummate the Merger or otherwise negatively impact our business.

Actions taken by activist stockholders could impair our ability to satisfy conditions to the consummation of the Merger, including receiving the Company Stockholder Approval, or otherwise preclude us from consummating the Merger. Activist stockholders could also take actions that disrupt our business, divert the time and attention of management and our employees away from our business operations, cause us to incur substantial additional expense, create perceived uncertainties among current and potential customers, clients, suppliers, employees and other constituencies as to our future direction as a consequence thereof, which may result in lost sales, impaired supplier relationships or other business arrangements and the loss of potential business opportunities, and make it more difficult to attract and retain qualified personnel and business partners.

The occurrence of any of these Merger-related events individually or in combination could materially and adversely affect our business, results of operations, financial condition and the market price of our common stock.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table presents our stock repurchase activity for the 13-weeks ended **October 28, 2023** **May 4, 2024**:

Period	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽²⁾	Approximate Dollar Value of Shares That May Yet be Purchased Under the Programs (in thousands) ⁽¹⁾
July 30, 2023 - August 26, 2023	—	\$ —	—	\$ 308,850
August 27, 2023 - September 30, 2023	517,204	\$ 44.91	517,204	\$ 285,851
October 1, 2023 - October 28, 2023	190,790	\$ 47.72	190,417	\$ 276,851
Total	707,994	\$ 45.66	707,621	\$ 276,851

Period	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Programs (in thousands) ⁽¹⁾
February 4, 2024 - March 2, 2024	0	\$ 0.00	0	\$ 276,851
March 3, 2024 - April 6, 2024	25,911	\$ 72.21	0	\$ 276,851
April 7, 2024 - May 4, 2024	33,579	\$ 71.43	0	\$ 276,851
Total	59,490	\$ 71.77	0	\$ 276,851

(1) Excludes excise taxes.

(2) See Note 7, **Stock Repurchase Program**, to the unaudited condensed consolidated financial statements for additional information about our Stock Repurchase Program.

ITEM 5. Other Information.

Securities Trading Plans of Directors and Section 16 Officers

During the 13-weeks ended **October 28, 2023** **May 4, 2024**, none of our directors or Section 16 officers adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Annual Meeting

In connection with the Merger, we are holding a special meeting of our stockholders, or the Special Meeting, in order to seek the stockholder approval necessary to complete the Merger and related matters. As a result of the calling of the Special Meeting and the Merger, our next annual meeting of stockholders will be held more than 30 days from the anniversary of the date of our 2023 annual meeting of stockholders. Following the anticipated closing of the Merger, the combined company will inform stockholders of the date of the next annual meeting of stockholders and of the relevant deadlines for submitting stockholder proposals and related matters, in each case, as applicable.

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ITEM 6. Exhibits.

The following exhibits are being filed or furnished as part of this Quarterly Report on Form 10-Q:

<u>Exhibit No.</u>	<u>Description</u>
<u>2.1</u>	Agreement and Plan of Merger, dated as of April 23, 2024, by and among Hibbett, Inc., Genesis Holdings, Inc., Steps Merger Sub, Inc. and, solely for purposes of certain provisions specified therein, JD Sports Fashion plc; incorporated herein by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2024.
<u>Certificate of Incorporation and By-Laws</u>	
<u>3.1</u>	Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 31, 2012.
<u>3.2</u>	Certificate of Amendment to the Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant's Form Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2021.
<u>3.3</u>	Certificate of Amendment to the Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant's Form Current Report on Form 8-K with the Securities and Exchange Commission on May 27, 2022.
<u>3.4</u>	Bylaws of the Registrant, as amended; incorporated herein by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2021.
<u>Certifications</u>	
<u>31.1</u>	* Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
<u>31.2</u>	* Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
<u>32.1</u>	* Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<u>Interactive Data Files</u>	
101.INS	* Inline XBRL Instance Document
101.SCH	* Inline XBRL Taxonomy Extension Schema Document
101.CAL	* Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	* Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	* Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	* Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	* The cover page for the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 28, 2023 May 4, 2024 , has been formatted in Inline XBRL. * Filed Within

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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.

HIBBETT, INC.

Date: **December 5, 2023** **June 11, 2024**

By: /s/ Robert J. Volke

Robert J. Volke

Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer

I, Michael E. Longo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hibbett, 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 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 functions):
 - (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: **December 5, 2023** June 11, 2024

/s/ Michael E. Longo

Michael E. Longo
Chief Executive Officer and President
(*Principal Executive Officer*)

End of Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer

I, Robert J. Volke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hibbett, 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 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 functions):

- (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: **December 5, 2023** June 11, 2024

/s/ Robert J. Volke

Robert J. Volke

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

End of Exhibit 31.2

Exhibit 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Hibbett, Inc. and Subsidiaries (the "Company") for the period ended **October 28, 2023** May 4, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Michael E. Longo, Chief Executive Officer of the Company, and Robert J. Volke, Chief Financial Officer of the Company, certify, to the best of each of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents in all material respects, the financial condition and results of operations of the Company.

Date: **December 5, 2023** June 11, 2024

/s/ Michael E. Longo

Michael E. Longo

Chief Executive Officer and President

(Principal Executive Officer)

Date: December 5, 2023 June 11, 2024

/s/ Robert J. Volke

Robert J. Volke

Senior Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

End of Exhibit 32.1

DISCLAIMER

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