

REFINITIV

DELTA REPORT

10-Q

HIBB - HIBBETT INC

10-Q - JULY 29, 2023 COMPARED TO 10-Q - APRIL 29, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	400
CHANGES	179
DELETIONS	88
ADDITIONS	133

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 **April 29, 2023** **July 29, 2023**

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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
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.

Shares As of August 31, 2023, 12,394,431 shares of common stock, par value \$0.01 per share, outstanding as of May 31, 2023, were 12,746,513 shares, 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)

ASSETS	ASSETS	April 29, 2023	January 28, 2023	April 30, 2022	ASSETS	July 29, 2023	January 28, 2023	July 30, 2022
Current assets:	Current assets:				Current assets:			
Cash and cash equivalents	Cash and cash equivalents	\$ 26,926	\$ 16,015	\$ 23,221	Cash and cash equivalents	\$ 33,067	\$ 16,015	\$ 28,438
Receivables, net	Receivables, net	12,582	12,850	13,877	Receivables, net	15,449	12,850	16,495
Inventories, net	Inventories, net	437,957	420,839	314,861	Inventories, net	430,819	420,839	366,218
Other current assets	Other current assets	13,662	23,351	16,579	Other current assets	23,124	23,351	25,864
Total current assets	Total current assets	491,127	473,055	368,538	Total current assets	502,459	473,055	437,015
Property and equipment, net	Property and equipment, net	175,285	169,476	153,993	Property and equipment, net	174,358	169,476	159,608
Operating right-of-use assets	Operating right-of-use assets	262,999	263,391	250,522	Operating right-of-use assets	263,334	263,391	260,932
Finance right-of-use assets, net	Finance right-of-use assets, net	1,913	2,279	2,348	Finance right-of-use assets, net	2,366	2,279	2,086
Tradename intangible asset	Tradename intangible asset	23,500	23,500	23,500	Tradename intangible asset	23,500	23,500	23,500
Deferred income taxes, net	Deferred income taxes, net	2,744	3,025	3,236	Deferred income taxes, net	2,875	3,025	2,441
Other assets, net	Other assets, net	7,777	4,434	3,477	Other assets, net	7,974	4,434	3,113
Total assets	Total assets	\$ 965,345	\$ 939,160	\$ 805,614	Total assets	\$ 976,866	\$ 939,160	\$ 888,695
LIABILITIES AND STOCKHOLDERS' INVESTMENT	LIABILITIES AND STOCKHOLDERS' INVESTMENT				LIABILITIES AND STOCKHOLDERS' INVESTMENT			
Current liabilities:	Current liabilities:				Current liabilities:			
Accounts payable	Accounts payable	\$ 131,437	\$ 190,648	\$ 164,294	Accounts payable	\$ 133,310	\$ 190,648	\$ 140,951
Operating lease obligations	Operating lease obligations	73,142	72,544	65,054	Operating lease obligations	73,700	72,544	73,454
Credit facility	Credit facility	103,577	36,264	20,415	Credit facility	106,897	36,264	88,548
Finance lease obligations	Finance lease obligations	929	1,132	1,034	Finance lease obligations	802	1,132	1,015
Accrued payroll expenses	Accrued payroll expenses	7,707	11,361	9,730	Accrued payroll expenses	12,776	11,361	11,755
Other accrued expenses	Other accrued expenses	14,183	15,803	15,271	Other accrued expenses	15,977	15,803	16,631
Total current liabilities	Total current liabilities	330,975	327,752	275,798	Total current liabilities	343,462	327,752	332,354
Operating lease obligations	Operating lease obligations	228,645	229,388	219,296	Operating lease obligations	229,292	229,388	228,848
Finance lease obligations	Finance lease obligations	1,116	1,305	1,516	Finance lease obligations	1,690	1,305	1,258
Unrecognized tax benefits		417	368	542				
Other liabilities	Other liabilities	5,177	4,116	2,356	Other liabilities	5,112	4,484	3,692
Total liabilities	Total liabilities	566,330	562,929	499,508	Total liabilities	579,556	562,929	566,152
Stockholders' investment:	Stockholders' investment:				Stockholders' investment:			
Common stock, 40,119,820, 39,916,593 and 39,779,841 shares issued, respectively		401	399	398				
Common stock - 40,131,503; 39,916,593; and 39,829,704 shares issued, respectively					Common stock - 40,131,503; 39,916,593; and 39,829,704 shares issued, respectively	401	399	398
Paid-in capital	Paid-in capital	216,309	213,182	205,720	Paid-in capital	217,986	213,182	207,678

Retained earnings	Retained earnings	1,170,180	1,137,481	1,058,383	Retained earnings	1,177,914	1,137,481	1,079,872
Treasury stock, at cost; 27,373,307, 27,166,538 and 26,855,158 shares repurchased, respectively		(987,875)	(974,831)	(958,395)				
Treasury stock, at cost - 27,668,224; 27,166,538; and 27,000,336 shares repurchased, respectively					Treasury stock, at cost - 27,668,224; 27,166,538; and 27,000,336 shares repurchased, respectively	(998,991)	(974,831)	(965,405)
Total stockholders' investment	Total stockholders' investment	399,015	376,231	306,106	Total stockholders' investment	397,310	376,231	322,543
Total liabilities and stockholders' investment	Total liabilities and stockholders' investment	\$ 965,345	\$ 939,160	\$ 805,614	Total liabilities and stockholders' investment	\$ 976,866	\$ 939,160	\$ 888,695

See notes to unaudited condensed consolidated financial statements.

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

		13-Weeks Ended						13-Weeks Ended					26-Weeks Ended							
		April 29, 2023			April 30, 2022			July 29, 2023			July 30, 2022		July 29, 2023			July 30, 2022				
		% to Sales			% to Sales			% to Sales			% to Sales		% to Sales			% to Sales				
Net sales	Net sales	\$ 455,497			\$ 424,051			Net sales	\$ 374,877			\$ 392,805			\$ 830,374			\$ 816,857		
Cost of goods sold	Cost of goods sold	301,877	66.3 %		267,218	63.0 %		Cost of goods sold	251,954	67.2 %		257,653	65.6 %		553,832	66.7 %		524,872	64.3 %	
Gross margin	Gross margin	153,620	33.7 %		156,833	37.0 %		Gross margin	122,923	32.8 %		135,152	34.4 %		276,542	33.3 %		291,985	35.7 %	
Store operating, selling and administrative expenses	Store operating, selling and administrative expenses	96,014	21.1 %		95,596	22.5 %		Store operating, selling and administrative expenses	94,867	25.3 %		91,414	23.3 %		190,880	23.0 %		187,011	22.9 %	
Depreciation and amortization	Depreciation and amortization	11,693	2.6 %		10,518	2.5 %		Depreciation and amortization	12,039	3.2 %		10,926	2.8 %		23,732	2.9 %		21,444	2.6 %	
Operating income	Operating income	45,913	10.1 %		50,719	12.0 %		Operating income	16,017	4.3 %		32,812	8.4 %		61,930	7.5 %		83,530	10.2 %	
Interest expense, net	Interest expense, net	1,327	0.3 %		72	— %		Interest expense, net	1,891	0.5 %		361	0.1 %		3,217	0.4 %		432	0.1 %	
Income before provision for income taxes	Income before provision for income taxes	44,586	9.8 %		50,647	11.9 %		Income before provision for income taxes	14,126	3.8 %		32,451	8.3 %		58,713	7.1 %		83,098	10.2 %	
Provision for income taxes	Provision for income taxes	8,711	1.9 %		11,300	2.7 %		Provision for income taxes	3,224	0.9 %		7,738	2.0 %		11,936	1.4 %		19,038	2.3 %	
Net income	Net income	\$ 35,875	7.9 %		\$ 39,347	9.3 %		Net income	\$ 10,902	2.9 %		\$ 24,713	6.3 %		\$ 46,777	5.6 %		\$ 64,060	7.8 %	
Basic earnings per share	Basic earnings per share	\$ 2.80			\$ 2.98			Basic earnings per share	\$ 0.86			\$ 1.91			\$ 3.68			\$ 4.89		

Diluted earnings per share	Diluted earnings per share	\$ 2.74	\$ 2.89	Diluted earnings per share	\$ 0.85	\$ 1.86	\$ 3.61	\$ 4.77
Weighted-average shares:	Weighted-average shares:			Weighted-average shares:				
Basic	Basic	12,791	13,224	Basic	12,648	12,951	12,719	13,088
Diluted	Diluted	13,111	13,612	Diluted	12,822	13,261	12,967	13,436

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)

		(in thousands)				
		13-Weeks Ended			26-Weeks Ended	
		April 29, 2023	April 30, 2022		July 29, 2023	July 30, 2022
Cash Flows From Operating Activities:	Cash Flows From Operating Activities:			Cash Flows From Operating Activities:		
Net income	Net income	\$ 35,875	\$ 39,347	Net income	\$ 46,777	\$ 64,060
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	11,693	10,518	Depreciation and amortization	23,732	21,444
Stock-based compensation	Stock-based compensation	2,005	2,455	Stock-based compensation	3,382	4,044
Impairment charges	Impairment charges	199	—	Impairment charges	453	131
Other non-cash adjustments	Other non-cash adjustments	1,449	3,867	Other non-cash adjustments	367	5,521
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Inventories, net	Inventories, net	(17,119)	(93,642)	Inventories, net	(9,980)	(144,999)
Receivables, net	Receivables, net	7,277	(270)	Receivables, net	(4,531)	(2,888)
Accounts payable	Accounts payable	(62,361)	76,263	Accounts payable	(60,773)	51,029
Other assets and liabilities	Other assets and liabilities	(5,815)	(9,716)	Other assets and liabilities	1,209	(8,188)
Net cash (used in) provided by operating activities		(26,797)	28,822			
Net cash provided by (used in) operating activities				Net cash provided by (used in) operating activities	636	(9,846)
Cash Flows From Investing Activities:	Cash Flows From Investing Activities:			Cash Flows From Investing Activities:		
Capital expenditures	Capital expenditures	(14,219)	(15,975)	Capital expenditures	(25,657)	(30,495)
Other, net	Other, net	(12)	361	Other, net	1,067	758
Net cash used in investing activities	Net cash used in investing activities	(14,231)	(15,614)	Net cash used in investing activities	(24,590)	(29,737)

Cash Flows From Financing Activities:	Cash Flows From Financing Activities:			Cash Flows From Financing Activities:		
Proceeds under credit facilities	Proceeds under credit facilities	214,075	126,216	Proceeds under credit facilities	417,926	450,294
Repayments under credit facilities	Repayments under credit facilities	(146,762)	(105,801)	Repayments under credit facilities	(347,293)	(361,746)
Stock repurchases	Stock repurchases	(10,199)	(22,399)	Stock repurchases	(21,212)	(29,409)
Cash dividends paid to stockholders	Cash dividends paid to stockholders	(3,173)	(3,277)	Cash dividends paid to stockholders	(6,339)	(6,500)
Payments of finance lease obligations	Payments of finance lease obligations	(281)	(249)	Payments of finance lease obligations	(552)	(510)
Proceeds from options exercised and purchase of shares under the employee stock purchase plan	Proceeds from options exercised and purchase of shares under the employee stock purchase plan	1,124	538	Proceeds from options exercised and purchase of shares under the employee stock purchase plan	1,424	907
Other, net	Other, net	(2,845)	(2,069)	Other, net	(2,948)	(2,069)
Net cash provided by (used in) financing activities		51,939	(7,041)			
Net cash provided by financing activities				Net cash provided by financing activities	41,006	50,967
Net increase in cash and cash equivalents	Net increase in cash and cash equivalents	10,911	6,167	Net increase in cash and cash equivalents	17,052	11,384
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	16,015	17,054	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	\$ 26,926	\$ 23,221	Cash and cash equivalents, end of period	\$ 33,067	\$ 28,438

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 April 29, 2023															
13-Weeks Ended July 29, 2023	13-Weeks Ended July 29, 2023														
	Common Stock				Treasury Stock				Total Stockholders' Investment	Common Stock				Treasury Stock	
	Shares	Amount	Paid-In Capital	Retained Earnings	Shares	Amount	Shares	Amount		Paid-In Capital	Retained Earnings	Shares	Amount		
Balance - January 28, 2023	39,917	\$ 399	\$213,182	\$1,137,481	27,167	\$(974,831)	\$ 376,231	Balance - April 29, 2023							
	40,120	\$ 401	\$216,309	\$1,170,180	27,373	\$(987,875)									
Net income	Net income	—	—	35,875	—	—	35,875	Net income	—	—	—	10,902	—		

Issuance of shares through the Company's equity plans	Issuance of shares through the Company's equity plans	203	2	1,122	—	—	—	1,124	Issuance of shares through the Company's equity plans	12	—	300	—	—	—
Purchase of shares under the stock repurchase program	Purchase of shares under the stock repurchase program	—	—	—	—	160	(10,199)	(10,199)	Purchase of shares under the stock repurchase program	—	—	—	—	295	(11,013)
Settlement of net share equity awards		—	—	—	—	47	(2,833)	(2,833)							
Excise tax on stock repurchases	Excise tax on stock repurchases	—	—	—	—	—	(12)	(12)	Excise tax on stock repurchases	—	—	—	—	—	(103)
Cash dividends declared, \$0.25 per common share	Cash dividends declared, \$0.25 per common share	—	—	—	(3,176)	—	—	(3,176)	Cash dividends declared, \$0.25 per common share	—	—	—	(3,168)	—	—
Stock-based compensation	Stock-based compensation	—	—	2,005	—	—	—	2,005	Stock-based compensation	—	—	1,377	—	—	—
Balance - April 29, 2023		<u>40,120</u>	<u>\$ 401</u>	<u>\$216,309</u>	<u>\$1,170,180</u>	<u>27,373</u>	<u>\$(987,875)</u>	<u>\$ 399,015</u>							
Balance - July 29, 2023									Balance - July 29, 2023	<u>40,132</u>	<u>\$ 401</u>	<u>\$217,986</u>	<u>\$1,177,914</u>	<u>27,668</u>	<u>\$(998,991)</u>

13-Weeks Ended April 30, 2022																
13-Weeks Ended July 30, 2022									13-Weeks Ended July 30, 2022							
	Common Stock				Treasury Stock				Total Stockholders' Investment	Common Stock				Treasury Stock		
	Shares	Amount	Paid-In Capital	Retained Earnings	Shares	Amount	Shares	Amount		Shares	Amount	Paid-In Capital	Retained Earnings	Shares	Amount	
Balance - January 29, 2022	39,611	\$ 396	\$202,729	\$1,022,317	26,318	\$(933,927)	\$ 291,515									
Balance - April 30, 2022								Balance - April 30, 2022	39,780	\$ 398	\$205,720	\$1,058,383	26,855	\$(958,395)		
Net income	Net income	—	—	—	39,347	—	—	39,347	Net income	—	—	—	24,713	—	—	
Issuance of shares through the Company's equity plans	Issuance of shares through the Company's equity plans	169	2	536	—	—	—	538	Issuance of shares through the Company's equity plans	50	—	369	—	—	—	
Purchase of shares under the stock repurchase program	Purchase of shares under the stock repurchase program	—	—	—	—	491	(22,399)	(22,399)	Purchase of shares under the stock repurchase program	—	—	—	—	145	(7,009)	
Settlement of net share equity awards		—	—	—	—	46	(2,069)	(2,069)								
Cash dividends declared, \$0.25 per common share	Cash dividends declared, \$0.25 per common share	—	—	—	(3,280)	—	—	(3,280)	Cash dividends declared, \$0.25 per common share	—	—	—	(3,226)	—	—	

Stock-based compensation	—	—	2,455	—	—	—	2,455	Stock-based compensation	—	—	1,589	—	—	—
Balance - April 30, 2022	39,780	\$ 398	\$205,720	\$1,058,383	26,855	\$(958,395)	\$ 306,106							
Balance - July 30, 2022								Balance - July 30, 2022	39,830	\$ 398	\$207,678	\$1,079,872	27,000	\$(965,405)

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)

26-Weeks Ended July 29, 2023							
	Common Stock				Treasury Stock		Total Stockholders' Investment
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount	
Balance - January 28, 2023	39,917	\$ 399	\$ 213,182	\$ 1,137,481	27,167	\$ (974,831)	\$ 376,231
Net income	—	—	—	46,777	—	—	46,777
Issuance of shares through the Company's equity plans	215	2	1,422	—	—	—	1,424
Purchase of shares under the stock repurchase program	—	—	—	—	455	(21,212)	(21,212)
Settlement of net share equity awards	—	—	—	—	47	(2,833)	(2,833)
Excise tax on stock repurchase	—	—	—	—	—	(115)	(115)
Cash dividends declared, \$0.50 per common share	—	—	—	(6,344)	—	—	(6,344)
Stock-based compensation	—	—	3,382	—	—	—	3,382
Balance - July 29, 2023	40,132	\$ 401	\$ 217,986	\$ 1,177,914	27,668	\$ (998,991)	\$ 397,310

26-Weeks Ended July 30, 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	—	—	—	64,060	—	—	64,060
Issuance of shares through the Company's equity plans	219	2	905	—	—	—	907
Purchase of shares under the stock repurchase program	—	—	—	—	636	(29,409)	(29,409)
Settlement of net share equity awards	—	—	—	—	46	(2,069)	(2,069)
Cash dividends declared, \$0.50 per common share	—	—	—	(6,505)	—	—	(6,505)
Stock-based compensation	—	—	4,044	—	—	—	4,044
Balance - July 30, 2022	39,830	\$ 398	\$ 207,678	\$ 1,079,872	27,000	\$ (965,405)	\$ 322,543

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, 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, filed on March 24, 2023 (the "2023 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 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. **Such 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 3, *Leases*).

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

		April 29, 2023	January 28, 2023	April 30, 2022		July 29, 2023	January 28, 2023	July 30, 2022
Land	Land	\$ 7,277	\$ 7,277	\$ 7,277	Land	\$ 7,277	\$ 7,277	\$ 7,277
Buildings	Buildings	22,552	22,529	22,271	Buildings	22,589	22,529	22,271
Equipment	Equipment	140,265	134,304	122,927	Equipment	139,812	134,304	126,118
Furniture and fixtures	Furniture and fixtures	68,836	67,522	63,081	Furniture and fixtures	69,388	67,522	65,130
Leasehold improvements	Leasehold improvements	179,980	170,773	144,515	Leasehold improvements	185,525	170,773	154,712
Construction in progress	Construction in progress	4,151	5,501	6,449	Construction in progress	3,909	5,501	5,297
Total property and equipment	Total property and equipment	423,061	407,906	366,520	Total property and equipment	428,500	407,906	380,805
Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	247,776	238,430	212,527	Less: accumulated depreciation and amortization	254,142	238,430	221,197
Total property and equipment, net	Total property and equipment, net	\$ 175,285	\$ 169,476	\$ 153,993	Total property and equipment, net	\$ 174,358	\$ 169,476	\$ 159,608

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 **which is** 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 **April 29, 2023** **July 29, 2023**, January 28, 2023, and **April 30, 2022** **July 30, 2022** was **\$10.4 million** **\$11.8 million**, \$9.8 million, and **\$10.8 million** **\$11.0 million**, respectively, recognized in accounts payable on our unaudited condensed consolidated balance sheets.

During the 13-weeks and 26-weeks ended **April 29, 2023** **July 29, 2023** and **April 30, 2022** **July 30, 2022**, 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 **\$4.2 million** **\$4.1 million**, **\$4.1 million**, and **\$3.8 million** **\$3.7 million** at **April 29, 2023** **July 29, 2023**, January 28, 2023, and **April 30, 2022** **July 30, 2022**, respectively.

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

		13-Weeks Ended				13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022			July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Footwear	Footwear	\$ 320,534	\$ 263,652	Footwear	\$ 256,828	\$ 260,924	\$ 577,362	\$ 524,577	
Apparel	Apparel	88,833	111,182	Apparel	70,066	94,099	158,900	205,280	
Equipment	Equipment	46,130	49,217	Equipment	47,983	37,782	94,112	87,000	
Total	Total	\$ 455,497	\$ 424,051	Total	\$ 374,877	\$ 392,805	\$ 830,374	\$ 816,857	

Indefinite-Lived Intangible Assets

The City Gear tradename 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 tradename intangible was recognized during the 13-weeks and 26-weeks ended **April 29, 2023** **July 29, 2023** and **April 30, 2022** **July 30, 2022**.

2. Recent Accounting Pronouncements

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 **April 29, 2023** **July 29, 2023**, there were no new pronouncements or interpretations that had or were expected to have a significant impact on our financial reporting.

3. 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 and 26-weeks ended **April 29, 2023** **July 29, 2023** and **April 30, 2022** **July 30, 2022**, were immaterial.

Lease costs are as follows (in thousands):

		13-Weeks Ended				13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022			July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Operating lease cost	Operating lease cost	\$ 20,038	\$ 18,259	Operating lease cost	\$ 20,219	\$ 19,062	\$ 40,258	\$ 37,321	
Finance lease cost:	Finance lease cost:			Finance lease cost:					
Amortization of assets	Amortization of assets	255	236	Amortization of assets	265	245	520	481	
Interest on lease liabilities	Interest on lease liabilities	27	28	Interest on lease liabilities	27	29	54	57	
Variable lease cost	Variable lease cost	5,068	4,459	Variable lease cost	4,624	4,306	9,692	8,765	
		\$ 25,388	\$ 22,982		\$ 25,135	\$ 23,642	\$ 50,524	\$ 46,624	

Finance ROU assets on the unaudited condensed consolidated balance sheets at **April 29, 2023** **July 29, 2023**, January 28, 2023, and **April 30, 2022** **July 30, 2022** are shown net of accumulated amortization of **\$3.6 million** **\$3.8 million**, \$3.3 million, and \$2.8 million, respectively.

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

13-Weeks Ended		26-Weeks Ended	
April 29, 2023	April 30, 2022	July 29, 2023	July 30, 2022

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	\$ 18,433	\$ 23,534	Operating leases	\$ 38,696	\$ 50,939
Finance leases	Finance leases	\$ —	\$ 397	Finance leases	\$ 718	\$ 395

As of **April 29, 2023** **July 29, 2023**, we have entered into approximately **\$7.9 million** **\$8.6 million** of operating lease obligations related to future store locations that have not yet commenced.

4. 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 **restated and** replaced the 2021 Credit Facility and amended certain of its 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 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, the 2023 Credit Facility did not make any material changes to the principal terms of the 2021 Credit Facility, including with respect to financial covenants. As a result, we are subject to certain financial covenants, which include:

- **Advance** **advance** limitation of 55% of the net book value of the Company's inventory;
- **Aa** Consolidated Lease-Adjusted Leverage Ratio comparing lease-adjusted funded debt (funded debt plus all lease liabilities) to EBITDAR (as defined in the 2021 Credit Facility) with a maximum of 3.5x; and
- **Aa** 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 **April 29, 2023** **July 29, 2023**, we were in compliance with these covenants.

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

		April 29, 2023	January 28, 2023	April 30, 2022		July 29, 2023		January 28, 2023	July 30, 2022	
		13- Weeks Ended	52-Weeks Ended	13- Weeks Ended		13- Weeks Ended	26- Weeks Ended	52-Weeks Ended	13- Weeks Ended	26- Weeks Ended
Number of days borrowings incurred	Number of days borrowings incurred	91	307	54	Number of days borrowings incurred	91	182	307	91	145
Average borrowing		\$96.7	\$40.8	\$7.7						
Maximum borrowing		\$124.9	\$110.5	\$28.7						
Average borrowings					Average borrowings			\$117.6	\$107.2	\$40.8
Maximum borrowings					Maximum borrowings			\$134.1	\$134.1	\$110.5
Average interest rate	Average interest rate	5.81%	3.21%	1.53%	Average interest rate	6.35%	6.08%	3.21%	2.11%	1.89%

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At **April 29, 2023** **July 29, 2023**, we had a balance of **\$103.6 million** **\$106.9 million** and a total of **\$56.4 million** **\$53.1 million** available to us under the 2023 Credit Facility.

5. Stock-Based Compensation

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

		13-Weeks Ended				13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022			July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
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	\$ —	\$ —	\$ 220	\$ 155	
Restricted stock units	Restricted stock units	1,653	2,125	Restricted stock units	1,268	1,488	2,921	3,613	
Employee stock purchases	Employee stock purchases	106	158	Employee stock purchases	83	77	189	235	
Director deferred compensation	Director deferred compensation	26	17	Director deferred compensation	26	24	52	41	
Total stock-based compensation expense	Total stock-based compensation expense	2,005	2,455	Total stock-based compensation expense	1,377	1,589	3,382	4,044	
Income tax benefit recognized	Income tax benefit recognized	454	557	Income tax benefit recognized	263	369	649	926	
Stock-based compensation expense, net of income tax	Stock-based compensation expense, net of income tax	\$ 1,551	\$ 1,898	Stock-based compensation expense, net of income tax	\$ 1,114	\$ 1,220	\$ 2,733	\$ 3,118	

Expense for restricted stock units is shown net of forfeitures, which were immaterial for the 13-weeks and 26-weeks ended **April 29, 2023** **July 29, 2023** and **April 30, 2022** **July 30, 2022**.

We granted the following equity awards:

		13-Weeks Ended				13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022			July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Stock options	Stock options	8,188	7,212	Stock options	—	—	8,188	7,212	
Restricted stock unit awards	Restricted stock unit awards	78,515	107,848	Restricted stock unit awards	—	1,673	78,515	109,521	
Performance-based restricted stock unit awards	Performance-based restricted stock unit awards	39,567	49,978	Performance-based restricted stock unit awards	—	—	39,567	49,978	
Deferred stock units	Deferred stock units	450	405	Deferred stock units	705	532	1,155	937	

At **April 29, 2023** **July 29, 2023**, the total compensation cost not yet recognized related to unvested restricted stock unit awards was **\$11.5 million** **\$8.6 million** and the weighted-average period over which such awards are expected to be recognized was **1.5** **1.1** years. There were no unrecognized compensation costs related to unvested stock options at **April 29, 2023** **July 29, 2023**.

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

		13-Weeks Ended				13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022			July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Total stock options granted	Total stock options granted	8,188	7,212	Total stock options granted	—	—	8,188	7,212	
Exercise price	Exercise price	\$ 58.38	\$ 46.22	Exercise price	\$ —	\$ —	\$ 58.38	\$ 46.22	

Fair value of stock options	Fair value of stock options	\$	26.87	\$	21.46	Fair value of stock options	\$	—	\$	—	\$	26.87	\$	21.46
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Under the Hibbett, Inc. Amended and Restated Non-Employee Director Equity Plan, 10,469 shares of our common stock were awarded subject to awards granted during the 13-weeks 26-weeks ended April 29, 2023 July 29, 2023 and 6,388 shares of our common stock were awarded during the 13-weeks 26-weeks ended April 30, 2022 July 30, 2022.

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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:

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		13-Weeks Ended			13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022		July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Shares purchased	Shares purchased	7,026	14,273	Shares purchased	9,705	7,352	16,731	21,625
Average price per share	Average price per share	\$ 50.13	\$ 61.14	Average price per share	\$ 30.85	\$ 36.07	\$ 38.95	\$ 52.62
Weighted-average fair value at grant date	Weighted-average fair value at grant date	\$ 17.60	\$ 18.03	Weighted-average fair value at grant date	\$ 15.18	\$ 10.65	\$ 16.19	\$ 15.52

6. 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			13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022		July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Weighted-average shares used in basic computations	Weighted-average shares used in basic computations	12,791	13,224	Weighted-average shares used in basic computations	12,648	12,951	12,719	13,088
Dilutive equity awards	Dilutive equity awards	320	388	Dilutive equity awards	174	310	248	348
Weighted-average shares used in diluted computations	Weighted-average shares used in diluted computations	13,111	13,612	Weighted-average shares used in diluted computations	12,822	13,261	12,967	13,436

For the 13-weeks ended April 29, 2023 July 29, 2023, we excluded 88,001 42,452 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 April 30, 2022 July 30, 2022, 64,888 66,026 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 April 29, 2023 July 29, 2023 and April 30, 2022 July 30, 2022, we also excluded 117,037 66,246 and 94,962 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 April 29, 2023 July 29, 2023 and April 30, 2022 July 30, 2022, respectively. Assuming the performance criteria had been achieved as of April 29, 2023 July 29, 2023, the incremental dilutive impact would have been 49,203 10,219 shares. There would have been no 5,003 dilutive impact on shares assuming the performance criteria had been achieved as of April 30, 2022 July 30, 2022.

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

\$800.0 million to 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.

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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):

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		13-Weeks Ended				13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022			July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Common stock repurchased under the Repurchase Program	Common stock repurchased under the Repurchase Program	159,592	491,218	Common stock repurchased under the Repurchase Program		294,917	145,178	454,509	636,396
Aggregate cost of repurchases under the Repurchase Program	Aggregate cost of repurchases under the Repurchase Program	\$ 10,199	\$ 22,399	Aggregate cost of repurchases under the Repurchase Program		\$ 11,013	\$ 7,009	\$ 21,212	\$ 29,409
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	47,177	45,993	Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements		—	—	47,177	45,993
Tax withholding requirement from holders of restricted stock unit awards	Tax withholding requirement from holders of restricted stock unit awards	\$ 2,833	\$ 2,069	Tax withholding requirement from holders of restricted stock unit awards		\$ —	\$ —	\$ 2,833	\$ 2,069
Excise tax on stock repurchases	Excise tax on stock repurchases	\$ 12	\$ —	Excise tax on stock repurchases		\$ 103	\$ —	\$ 115	\$ —

As of [April 29, 2023](#) [July 29, 2023](#), we had approximately [\\$319.9 million](#) [\\$308.9 million](#) remaining under the Repurchase Program for stock repurchases.

Note 8. 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				13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022			July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Cash dividends paid (in millions)	Cash dividends paid (in millions)	\$3.2	\$3.3	Cash dividends paid (in millions)		\$3.2	\$3.2	\$6.3	\$6.5

Total paid per share during period	Total paid per share during period	\$0.25	\$0.25	Total paid per share during period	\$0.25	\$0.25	\$0.50	\$0.50
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Subsequently, on [May 23, 2023](#) [August 22, 2023](#), the Board declared a cash dividend of \$0.25 per common share, payable on [June 20, 2023](#) [September 19, 2023](#), to stockholders of record at the close of business on [June 8, 2023](#) [September 7, 2023](#). The estimated aggregate payment is expected to be approximately [\\$3.2 million](#) [\\$3.1 million](#).

9. Commitments and Contingencies

Legal Proceedings and Contingencies.

From time to time, the Company is 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 recorded accruals with respect to these matters, where appropriate, which are reflected in the Company's 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 that its pending legal matters, both individually and in the aggregate, will be resolved without a material adverse effect on the Company's 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 business, or other developments in such matters could affect our operating results in future periods or result in a liability or other amounts material to the Company's annual consolidated financial statements. No material amounts were accrued at [April 29, 2023](#) [July 29, 2023](#), January 28, 2023, or [April 30, 2022](#) [July 30, 2022](#) pertaining to legal proceedings or other contingencies.

10. 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

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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.

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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 [April 29, 2023](#) [July 29, 2023](#), January 28, 2023, and [April 30, 2022](#) [July 30, 2022](#), 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 or by most state taxing jurisdictions for years prior to Fiscal 2019.

11. 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](#) [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 [April 29, 2023](#) [July 29, 2023](#) and [April 30, 2022](#) [July 30, 2022](#) were immaterial.

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

TIG performs certain new store and store remodel construction for the Company and is owned by a close relative of the Company's President and CEO. For the 13-weeks ended [April 29, 2023](#) [July 29, 2023](#) and [April 30, 2022](#) [July 30, 2022](#), payments to TIG for its services were [\\$2.4 million](#) [\\$0.7 million](#) and [\\$2.9 million](#) [\\$2.3 million](#), respectively. For the 26-weeks ended [July 29, 2023](#) and [July 30, 2022](#), payments to TIG for its services were [\\$3.1 million](#) and [\\$5.2 million](#), respectively. The amount outstanding to TIG, included in accounts payable on our unaudited condensed consolidated balance sheets at [April 29, 2023](#) [July 29, 2023](#), January 28, 2023, and [April 30, 2022](#) [July 30, 2022](#), 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 [April 29, 2023](#) [July 29, 2023](#) and [April 30, 2022](#) [July 30, 2022](#), payments to RSG were \$0.2 million and \$0.3 million, respectively. For the 26-weeks ended [July 29, 2023](#) and [July 30, 2022](#), payments to RSG for its services were [\\$0.4 million](#) and [\\$0.5 million](#), respectively. The amount outstanding to RSG, included in accounts payable on our unaudited condensed consolidated balance sheets at [April 29, 2023](#) [July 29, 2023](#), January 28, 2023 and [April 30, 2022](#) [July 30, 2022](#), 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," "forecast," "guidance," "outlook," "estimate," "estimate," "will," "may," "could," "possible," "potential," or other similar words, phrases or expressions. For example, our forward-looking statements include statements regarding:

- our ability to accurately forecast consumer demand for our products and manage our inventory in response to changing 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;
- 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 presence and the expected impact of

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such factors on our net sales growth;

- our store growth, including our plans to add, expand, relocate or close stores, our markets' 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;

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- 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 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 Form 10-K for the fiscal year ended January 28, 2023, filed with the SEC on March 24, 2023 (the "2023 Annual Report"). You should also 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.

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.

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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

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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 **April 29, 2023** **July 29, 2023**, we operated a total of **1,143** **1,148** retail stores under the Hibbett, City Gear and Sports Additions banners in 36 states:

Brand	Brand	Average Square Footage	Location			Brand	Average Square Footage	Location		
			Strip Center ⁽¹⁾	Mall	Total			Strip Center ⁽¹⁾	Mall	Total
Hibbett	Hibbett	5,800	762	177	939	Hibbett	5,800	766	177	943
City Gear	City Gear	5,200	151	37	188	City Gear	5,200	152	37	189
Sports Additions ⁽²⁾	Sports 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 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.

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 **existing established** stores. Management believes that positive comparable store sales contribute to greater leveraging of operating costs, 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 **open 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.

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

	April 29, 2023	April 30, 2022
13-weeks ended	1,088	1,060

	July 29, 2023	July 30, 2022
13-weeks ended	1,097	1,065
26-weeks ended	1,087	1,059

Executive Summary

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

		13-Weeks Ended					13-Weeks Ended				26-Weeks Ended									
		April 29, 2023		April 30, 2022			July 29, 2023		July 30, 2022		July 29, 2023		July 30, 2022							
Net sales (in millions)	Net sales (in millions)	\$	455.5		\$	424.1	Net sales (in millions)	\$	374.9		\$	392.8		\$	830.4		\$	816.9		
E-commerce, percentage to net sales	E-commerce, percentage to net sales		13.7	%		14.6	%	E-commerce, percentage to net sales		15.1	%		15.2	%		14.3	%		14.9	%
Operating income, percentage to sales	Operating income, percentage to sales		10.1	%		12.0	%	Operating income, percentage to sales		4.3	%		8.4	%		7.5	%		10.2	%
Comparable store sales	Comparable store sales		4.1	%		(18.9)	%	Comparable store sales		(7.3)	%		(9.2)	%		(1.4)	%		(14.5)	%
Brick and mortar comparable store sales	Brick and mortar comparable store sales		4.7	%		(22.0)	%	Brick and mortar comparable store sales		(7.7)	%		(11.9)	%		(1.2)	%		(17.4)	%
E-commerce comparable sales	E-commerce comparable sales		0.6	%		4.1	%	E-commerce comparable sales		(5.2)	%		8.3	%		(2.2)	%		6.2	%
Net income (in millions)	Net income (in millions)	\$	35.9		\$	39.3	Net income (in millions)	\$	10.9		\$	24.7		\$	46.8		\$	64.1		
Net income, percentage to net sales	Net income, percentage to net sales		7.9	%		9.3	%	Net income, percentage to net sales		2.9	%		6.3	%		5.6	%		7.8	%
Diluted earnings per share	Diluted earnings per share	\$	2.74		\$	2.89	Diluted earnings per share	\$	0.85		\$	1.86		\$	3.61		\$	4.77		

During the 13-weeks ended [April 29, 2023](#) [July 29, 2023](#), we opened [12](#) six new stores and closed [two](#) one underperforming stores. This brings the store base to [1,143](#) 1,148 in 36 states as of [April 29, 2023](#) [July 29, 2023](#). We closed the 13-weeks ended [April 29, 2023](#) At [July 29, 2023](#), with \$26.9 million we had \$33.1 million of available cash and cash equivalents and [\\$56.4](#) \$53.1 million available under our 2023 Credit Facility. Net inventory was [\\$438.0 million](#) \$430.8 million at [April 29, 2023](#) [July 29, 2023](#), a [39.1%](#) 17.6% increase compared to [April 30, 2022](#) [July 30, 2022](#) and up [4.1%](#) 2.4% from the beginning of the year. Inventory value increased compared to the prior-year quarter, despite a decline in total units in inventory due to a heavier mix of footwear, which carries a higher average unit cost. Inventory units are up slightly versus the beginning of the fiscal year in proportion to the net change in inventory value.

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 Annual Report. There have been no changes in our accounting policies in the [current period](#) 13-weeks ended [April 29, 2023](#) [July 29, 2023](#), that had a material impact on our unaudited condensed consolidated financial statements.

Recent Accounting Pronouncements

See Note 2, *Recent Accounting Pronouncements*, to the unaudited condensed consolidated financial statements included in this Form 10-Q for the period ended **April 29, 2023** **July 29, 2023**, for information regarding recent accounting pronouncements.

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Results of Operations

Summarized Unaudited Information

		13-Weeks Ended			13-Weeks Ended			26-Weeks Ended	
		April 29, 2023	April 30, 2022		July 29, 2023	July 30, 2022		July 29, 2023	July 30, 2022
Statements of Operations	Statements of Operations			Statements of Operations					
Net sales increase (decrease)		7.4 %	(16.3 %)						
Comparable store sales increase (decrease)		4.1 %	(18.9 %)						
Net sales (decrease) increase				Net sales (decrease) increase			(4.6) %	(6.3) %	1.7 % (11.8) %
Comparable store sales decrease				Comparable store sales decrease			(7.3) %	(9.2) %	(1.4) % (14.5) %
Balance Sheets	Balance Sheets			Balance Sheets					
Ending cash and cash equivalents (in thousands)	Ending cash and cash equivalents (in thousands)	\$ 26,926	\$ 23,221	Ending cash and cash equivalents (in thousands)	\$ 33,067	\$ 28,438			
Average inventory per store	Average inventory per store	\$ 383,164	\$ 284,942	Average inventory per store	\$ 375,278	\$ 327,859			
Store Information	Store Information			Store Information					
Beginning of period	Beginning of period	1,133	1,096	Beginning of period	1,143	1,105	1,133	1,096	
New stores opened	New stores opened	12	9	New stores opened	6	13	18	22	
Rebranded stores	Rebranded stores	—	1	Rebranded stores	—	—	—	1	
Stores closed	Stores closed	(2)	(1)	Stores closed	(1)	(1)	(3)	(2)	
End of period	End of period	1,143	1,105	End of period	1,148	1,117	1,148	1,117	
Estimated square footage at end of period (in thousands)	Estimated square footage at end of period (in thousands)	6,485	6,252	Estimated square footage at end of period (in thousands)	6,514	6,335			
Share Repurchase Information⁽¹⁾	Share Repurchase Information⁽¹⁾			Share Repurchase Information⁽¹⁾					
Shares purchased under our Repurchase Program	Shares purchased under our Repurchase Program	159,592	491,218	Shares purchased under our Repurchase Program	294,917	145,178	454,509	636,396	
Cost (in thousands)	Cost (in thousands)	\$ 10,199	\$ 22,399	Cost (in thousands)	\$ 11,013	\$ 7,009	\$ 21,212	\$ 29,409	

Settlement of net share equity awards	Settlement of net share equity awards	47,177	45,993	Settlement of net share equity awards	—	—	47,177	45,993
Cost (in thousands)	Cost (in thousands)	\$ 2,833	\$ 2,069	Cost (in thousands)	\$ —	\$ —	\$ 2,833	\$ 2,069
Dividend Information	Dividend Information			Dividend Information				
Number of declarations	Number of declarations	1	1	Number of declarations	1	1	2	2
Cash paid (in thousands)	Cash paid (in thousands)	\$ 3,173	\$ 3,277	Cash paid (in thousands)	\$ 3,165	\$ 3,223	\$ 6,339	\$ 6,500
Total paid per share	Total paid per share	\$ 0.25	\$ 0.25	Total paid per share	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50

(1) Excludes excise tax for the 13-weeks and 26-weeks ended April 29, 2023 July 29, 2023.

13-Weeks Ended April 29, 2023 July 29, 2023 Compared to 13-Weeks Ended April 30, 2022 July 30, 2022

Net Sales

Net sales for the 13-weeks ended April 29, 2023 July 29, 2023, increased 7.4% decreased 4.6% to \$455.5 million \$374.9 million compared with \$424.1 million \$392.8 million for the 13-weeks ended April 30, 2022 July 30, 2022. A better assortment of footwear inventory and a favorable launch calendar featuring high demand products were the primary drivers of the year-over-year increase. Comparable store sales increased 4.1% decreased 7.3% versus the prior year, prior-year period. Brick and mortar comparable store sales were up 4.7% declined 7.7% while e-commerce sales increased 0.6% decreased 5.2% on a year-over-year basis. E-commerce represented 13.7% 15.1% of total net sales for the 13-weeks ended April 29, 2023 July 29, 2023, compared to 14.6% 15.2% in the prior year 13-weeks ended April 30, 2022 July 30, 2022.

Footwear remained the strongest category during the quarter but declined 1.6% to \$256.8 million as compared with \$260.9 million for the prior-year period. Results in footwear were challenged early in the quarter primarily due to decreased performance of select secondary brands and franchises, as well as an unfavorable launch calendar compared to the prior-year period. Results in the latter part of the quarter improved primarily due to an improved launch cadence and the start of the back-to-school season. Apparel for the quarter decreased 25.5% to \$70.1 million as compared with \$94.1 million for the prior-year period and continues to be adversely affected by promotional activity due to elevated inventory levels.

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Gross Margin

Gross margin was 33.7% 32.8% of net sales for the 13-weeks ended April 29, 2023 July 29, 2023, compared with 37.0% 34.4% of net sales for the 13-weeks ended April 30, 2022 July 30, 2022. The approximate 330 160 basis point decline was driven primarily by lower average product margin which was about 375 approximately 215 basis points lower than the prior year, prior-year period. This decrease decline was driven primarily due to by higher promotional activity across both

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footwear and apparel. Store In addition, the year-over-year sales decline resulted in deleverage of store occupancy was relatively flat costs of approximately 100 basis points. These unfavorable gross margin impacts were partially offset by lower freight, shipping and logistics expenses as a percent of sales year-over-year while both freight and logistics operations were favorable as a percentage of net sales. in comparison to the 13-weeks ended July 30, 2022.

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

SG&A expenses were 21.1% 25.3% of net sales for the 13-weeks ended April 29, 2023 July 29, 2023, compared with 22.5% 23.3% of net sales for the 13-weeks ended April 30, 2022 July 30, 2022. The decrease increase of approximately 140 200 basis points is primarily the result of expense reduction initiatives, deleverage from lower discretionary advertising spend and reduced sales volume with the largest headwinds noted in wage increases driven by inflation, incentive compensation, expense partially offset by ongoing wage inflation, employee medical expenses and data processing costs.

Depreciation and Amortization

Depreciation and amortization of \$11.7 million \$12.0 million increased by approximately 10 40 basis points as a percentage of net sales for the 13-weeks ended April 29, 2023 July 29, 2023, compared to the 13-weeks ended April 30, 2022 July 30, 2022. The increase in depreciation and amortization expense was mainly due primarily attributable to increased capital investment over the last three fiscal years on store development, technology and infrastructure projects.

Provision for Income Taxes

The combined federal, state, and local effective income tax rate as a percentage of pre-tax income was 19.5% 22.8% for the 13-weeks ended April 29, 2023 July 29, 2023, and was 22.3% 23.8% for the 13-weeks ended April 30, 2022 July 30, 2022. 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 April 29, 2023 July 29, 2023, was \$35.9 million \$10.9 million, or \$2.74 \$0.85 per diluted share compared with net income of \$39.3 million \$24.7 million, or \$2.89 \$1.86 per diluted share for the 13-weeks ended April 30, 2022 July 30, 2022.

26-Weeks Ended July 29, 2023 Compared to 26-Weeks Ended July 30, 2022

Net Sales

Net sales for the 26-weeks ended July 29, 2023, increased 1.7% to \$830.4 million compared with \$816.9 million for the 26-weeks ended July 30, 2022. Comparable store sales decreased 1.4% versus the 26-weeks ended July 30, 2022. Brick and mortar comparable store sales declined 1.2% while e-commerce sales decreased 2.2% compared to the 26-weeks ended July 30, 2022. E-commerce represented 14.3% of total net sales for the 26-weeks ended July 29, 2023, compared to 14.9% in the 26-weeks ended July 30, 2022.

Footwear increased 10.1% to \$577.4 million as compared with \$524.6 million for the prior-year period. Apparel decreased 22.6% to \$158.9 million as compared with \$205.3 million for the prior-year period.

Gross Margin

Gross margin was \$276.5 million, or 33.3% of net sales for the 26-weeks ended July 29, 2023, compared with \$292.0 million, or 35.7% of net sales for the 26-weeks ended July 30, 2022. The approximate 240 basis point decline was primarily due to lower average product margin of approximately 300 basis points and an approximate 45 basis point increase in store occupancy costs. Freight, shipping and logistics costs improved as a percent of sales on a year-over-year basis, partially offsetting the unfavorable average product margin and store occupancy performance.

SG&A Expenses

SG&A expenses were 23.0% of net sales for the 26-weeks ended July 29, 2023, compared with 22.9% of net sales for the 26-weeks ended July 30, 2022. The 10 basis point increase is primarily the result of higher employee medical expenses and an

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increase in data processing costs, partially offset by lower advertising and professional fees.

Depreciation and Amortization

Depreciation and amortization of \$23.7 million increased approximately 20 basis points as a percentage of net sales for the 26-weeks ended July 29, 2023, compared to the 26-weeks ended July 30, 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 20.3% for the 26-weeks ended July 29, 2023 and was 22.9% of pre-tax income for the 26-weeks ended July 30, 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.

We ended the first second quarter of Fiscal 2024 with \$26.9 million \$33.1 million of available cash and cash equivalents on the unaudited condensed consolidated balance sheet. As of April 29, 2023 July 29, 2023, we had \$103.6 million \$106.9 million of debt outstanding and \$56.4 \$53.1 million available to us under the 2023 Credit Facility, discussed in Note 4, Debt, to the unaudited condensed consolidated financial statements.

Inventory at April 29, 2023 July 29, 2023 was \$438.0 million \$430.8 million, a 39.1% 17.6% increase compared to April 30, 2022 July 30, 2022, and a 4.1% 2.4% increase from the beginning of the fiscal year. The majority of this increase is due to changes in our product mix and the effects of inflation. Inventory units are higher value increased compared to the prior year prior-year quarter, and fiscal year end with despite a decline in total units in inventory due to a heavier mix of footwear, which carries a higher average unit cost. Inventory units are up slightly versus the beginning of the fiscal year in proportion to the net change in inventory value.

Analysis of Cash Flows

Our capital requirements relate primarily to funding capital expenditures, stock repurchases, 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 in effect, 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):

		13-Weeks Ended		26-Weeks Ended	
		April 29, 2023	April 30, 2022	July 29, 2023	July 30, 2022
Net cash (used in) provided by operating activities		\$ (26,797)	\$ 28,822		
Net cash provided by (used in) operating activities				\$ 636	\$ (9,846)
Net cash used in investing activities	Net cash used in investing activities	(14,231)	(15,614)	(24,590)	(29,737)
Net cash provided by (used in) financing activities		51,939	(7,041)		
Net cash provided by financing activities				41,006	50,967
Net increase in cash and cash equivalents	Net increase in cash and cash equivalents	\$ 10,911	\$ 6,167	\$ 17,052	\$ 11,384

Operating Activities

Cash flow from operations is seasonal in our business. Typically, we use cash flow from operations to **increase 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 **used in provided by** operating activities was **\$26.8 million** **\$0.6 million** for the **13-weeks 26-weeks** ended **April 29, 2023** **July 29, 2023**, compared with net cash **provided by used in** operating activities of **\$28.8 million** **\$9.8 million** for the **13-weeks 26-weeks** ended **April 30, 2022** **July 30, 2022**. 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 have **continued building increased** with much of the dollar increase driven by product cost increases **due to ongoing inflation** and a mix shift toward higher average cost footwear.
- Changes in accounts payable are **mainly 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.

Investing Activities

Net cash used in investing activities in the **13-weeks 26-weeks** ended **April 29, 2023** **July 29, 2023**, totaled **\$14.2 million** **\$24.6 million** compared with net cash used in investing activities of **\$15.6 million** **\$29.7 million** in the **13-weeks 26-weeks** ended **April 30, 2022** **July 30, 2022**. Capital expenditures used **\$14.2 million** **\$25.7 million** of cash in the **13-weeks 26-weeks** ended **April 29, 2023** **July 29, 2023**, versus **\$16.0 million** **\$30.5 million** of cash in the **13-weeks 26-weeks** ended **April 30, 2022** **July 30, 2022**. Capital expenditures in both periods primarily consisted of store development (new stores, relocation, remodels and expansions), technology and infrastructure projects.

We opened 12 18 new stores during the 13-weeks 26-weeks ended April 29, 2023 July 29, 2023, as compared to opening nine 22 new stores during the 13-weeks 26-weeks ended April 30, 2022 July 30, 2022. In addition, one existing store was rebranded during the 13-weeks 26-weeks ended April 30, 2022 July 30, 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 provided by financing activities was \$51.9 million \$41.0 million in the 13-weeks 26-weeks ended April 29, 2023 July 29, 2023, compared to net cash used in provided by financing activities of \$7.0 million \$51.0 million in the prior year prior-year period.

During the 13-weeks 26-weeks ended April 29, 2023 July 29, 2023, we had net borrowings of \$67.3 million \$70.6 million against our credit facilities and \$56.4 have additional capacity of \$53.1 million available under the 2023 Credit Facility at April 29, 2023 July 29, 2023. During the 13-weeks 26-weeks ended April 30, 2022 July 30, 2022, we had net

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borrowings of \$20.4 million \$88.5 million against our credit facilities. See Note 4, *Debt*, to the unaudited condensed consolidated financial statements for additional information.

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In the current year, we have repurchased \$10.2 million \$21.2 million of our common stock under our Repurchase Program. This compares to \$22.4 million \$29.4 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 13-weeks 26-weeks ended April 29, 2023 July 29, 2023, we paid \$3.2 million \$6.3 million of dividends to our stockholders compared to \$3.3 \$6.5 million during the 13-weeks 26-weeks ended April 30, 2022 July 30, 2022. On May 23, 2023 August 22, 2023, the Board declared a cash dividend of \$0.25 per common share, payable on June 20, 2023 September 19, 2023, to stockholders of record at the close of business on June 8, 2023 September 7, 2023. The estimated payment is expected to be \$3.2 million \$3.1 million. 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. More recently, in Fiscal 2023 and Fiscal 2024 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 feel believe inflation, in addition to other macroeconomic pressures such as higher interest rates, are adversely influencing our target consumer's shopping behavior. We As a result of these pressures, we and other retailers are experiencing a more promotional environment and 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. 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 and Qualitative Disclosures About Market Risk" of the Company's 2023 Annual Report 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 April 29, 2023 July 29, 2023. 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,

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controls may become inadequate because of changes in a company's operating environment or degree of compliance with

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policies and procedures, as well as other factors that may be beyond management's control.

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 **April 29, 2023** **July 29, 2023**, 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, *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 Annual Report. If any of the risks described in our 2023 Annual Report were to actually occur, our business, results of operations, and financial results could be adversely affected. There were no material changes to the risk factors disclosed in our 2023 Annual Report.

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

The following table presents our stock repurchase activity for the 13-weeks ended **April 29, 2023** **July 29, 2023**:

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⁾
January 29, 2023 - February 25, 2023	—	\$ —	—	\$ 330,062
February 26, 2023 - April 1, 2023	193,942	\$ 63.26	159,592	\$ 319,863
April 2, 2023 - April 29, 2023	12,827	\$ 60.47	—	\$ 319,863
Total	206,769	\$ 63.09	159,592	\$ 319,863

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⁾
April 30, 2023 - May 27, 2023	—	\$ —	—	\$ 319,863
May 28, 2023 - July 1, 2023	294,917	\$ 37.34	294,917	\$ 308,850
July 2, 2023 - July 29, 2023	—	\$ —	—	\$ 308,850
Total	294,917	\$ 37.34	294,917	\$ 308,850

(1) Excludes excise tax.

(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.

None. Securities Trading Plans of Directors and Section 16 Officers

During the 13-weeks ended July 29, 2023, 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).

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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>Certificate of Incorporation and By-Laws</u>	
3.1	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.
3.2	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.
3.3	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.
3.4	Bylaws of the Registrant, as amended; incorporated herein by reference to Exhibit 3.2 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on June 24, 2021.
<u>Certifications</u>	
31.1	* Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	* Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1	* 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 April 29, 2023 July 29, 2023, 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: June 6, September 5, 2023

By: /s/ Robert J. Volke

Robert J. Volke

Senior Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 31.1**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: June 6, 2023 September 5, 2023

/s/ Michael E. Longo

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

End of Exhibit 31.1

Exhibit 31.2**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: June 6, 2023 September 5, 2023

/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 April 29, 2023 July 29, 2023, 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: June 6, 2023 September 5, 2023

/s/ Michael E. Longo

Michael E. Longo

Chief Executive Officer and President

(Principal Executive Officer)

Date: June 6, 2023 September 5, 2023

/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

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