REFINITIV

DELTA REPORT

10-Q

SCVL - SHOE CARNIVAL INC

10-Q - AUGUST 03, 2024 COMPARED TO 10-Q - MAY 04, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	786
CHANGES	166
DELETIONS	128
ADDITIONS	492

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 May 4, August 3, 2024

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from **to**

Commission File Number: **0-21360**

Shoe Carnival, Inc.
(Exact name of registrant as specified in its charter)

Indiana	**35-1736614**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification Number)*
7500 East Columbia Street Evansville, IN	**47715**
(Address of principal executive offices)	*(Zip code)*

(812) 867-4034
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	SCVL	The Nasdaq Stock Market LLC

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Number of Shares of Common Stock, par value $0.01 per share, outstanding at June 3, 2024 August 28, 2024 was 27,158,322 27,173,695.

SHOE CARNIVAL, INC.
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SHOE CARNIVAL, INC.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SHOE CARNIVAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

Unaudited

(In thousands, except share data)	May 4, 2024	February 3, 2024	April 29, 2023	August 3, 2024	February 3, 2024	July 29, 2023
Assets						
Current Assets:						
Cash and cash equivalents	$ 56,919	$ 99,000	$ 32,587	$ 71,633	$ 99,000	$ 34,562
Marketable securities	12,555	12,247	11,535	12,831	12,247	12,218
Accounts receivable	5,868	2,593	3,084	5,519	2,593	3,961
Merchandise inventories	411,619	346,442	389,508	425,462	346,442	409,342
Other	17,992	21,056	16,836	21,651	21,056	25,281
Total Current Assets	504,953	481,338	453,550	537,096	481,338	485,364
Property and equipment – net	172,182	168,613	150,487	170,717	168,613	159,186
Operating lease right-of-use assets	345,881	333,851	312,760	337,926	333,851	339,598
Intangible assets	41,001	32,600	32,600	40,990	32,600	32,600
Goodwill	15,223	12,023	12,023	15,376	12,023	12,023
Other noncurrent assets	13,342	13,600	15,209	12,922	13,600	14,433
Total Assets	$ 1,092,582	$ 1,042,025	$ 976,629	$ 1,115,027	$ 1,042,025	$ 1,043,204
Liabilities and Shareholders' Equity						
Current Liabilities:						
Accounts payable	$ 71,234	$ 58,274	$ 55,853	$ 73,916	$ 58,274	$ 77,429
Accrued and other liabilities	21,938	16,620	21,314	30,204	16,620	19,999
Current portion of operating lease liabilities	56,025	52,981	58,077	55,870	52,981	57,335
Total Current Liabilities	149,197	127,875	135,244	159,990	127,875	154,763
Long-term portion of operating lease liabilities	313,302	301,355	279,168	304,578	301,355	307,326
Deferred income taxes	15,999	17,341	14,526	15,187	17,341	14,631
Deferred compensation	12,157	11,639	9,809	12,564	11,639	10,596
Other	4,123	426	202	4,213	426	369
Total Liabilities	494,778	458,636	438,949	496,532	458,636	487,685
Shareholders' Equity:						
Common stock, $0.01 par value, 50,000,000 shares authorized and 41,049,190 shares issued in each period, respectively	410	410	410	410	410	410
Additional paid-in capital	84,576	83,738	80,361	86,208	83,738	81,151
Retained earnings	728,175	714,647	667,196	746,996	714,647	683,875
Treasury stock, at cost, 13,890,868 shares, 13,919,326 shares and 13,713,595 shares, respectively	(215,357)	(215,406)	(210,287)			
Treasury stock, at cost, 13,875,495 shares, 13,919,326 shares and 13,689,493 shares, respectively	(215,119)	(215,406)	(209,917)			
Total Shareholders' Equity	597,804	583,389	537,680	618,495	583,389	555,519
Total Liabilities and Shareholders' Equity	$ 1,092,582	$ 1,042,025	$ 976,629	$ 1,115,027	$ 1,042,025	$ 1,043,204

See notes to Condensed Consolidated Financial Statements.

SHOE CARNIVAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Unaudited

(In thousands, except per share data)	Thirteen Weeks Ended May 4, 2024	Thirteen Weeks Ended April 29, 2023	Thirteen Weeks Ended August 3, 2024	Thirteen Weeks Ended July 29, 2023	Twenty-six Weeks Ended August 3, 2024	Twenty-six Weeks Ended July 29, 2023
Net sales	$ 300,365	$ 281,184	$ 332,696	$ 294,615	$ 633,061	$ 575,799
Cost of sales (including buying, distribution and occupancy costs)	193,565	182,667	212,753	189,150	406,318	371,817
Gross profit	106,800	98,517	119,943	105,465	226,743	203,982
Selling, general and administrative expenses	84,293	77,578	89,864	80,803	174,157	158,381
Operating income	22,507	20,939	30,079	24,662	52,586	45,601
Interest income	(803)	(478)	(672)	(433)	(1,475)	(911)
Interest expense	136	66	137	71	273	137
Income before income taxes	23,174	21,351	30,614	25,024	53,788	46,375
Income tax expense	5,888	4,825	8,041	5,583	13,929	10,408
Net income	$ 17,286	$ 16,526	$ 22,573	$ 19,441	$ 39,859	$ 35,967
Net income per share:						
Basic	$ 0.64	$ 0.61	$ 0.83	$ 0.71	$ 1.47	$ 1.32
Diluted	$ 0.63	$ 0.60	$ 0.82	$ 0.71	$ 1.45	$ 1.31
Weighted average shares:						
Basic	27,142	27,223	27,159	27,336	27,151	27,280
Diluted	27,408	27,505	27,500	27,410	27,452	27,449

See notes to Condensed Consolidated Financial Statements.

SHOE CARNIVAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Unaudited

	Thirteen Weeks Ended							Thirteen Weeks Ended						
	Common Stock			Additional Paid-In	Retained	Treasury		Common Stock			Additional Paid-In	Retained	Treasury	
(In thousands, except per share data)	Issued	Treasury	Amount	Capital	Earnings	Stock	Total	Issued	Treasury	Amount	Capital	Earnings	Stock	Total
Balance at February 3, 2024	41,049	(13,919)	$ 410	$ 83,738	$ 714,647	$ (215,406)	$ 583,389							
Balance at May 4, 2024	41,049	(13,891)	$ 410	$ 84,576	$ 728,175	$ (215,357)	$ 597,804							
Dividends declared ($0.135 per share)					(3,758)		(3,758)					(3,752)		(3,752)
Employee stock purchase plan purchases		1		19		20	39		3		13		40	53

Stock-based compensation awards		46		(717)		717	0		13		(198)		198	0
Shares surrendered by employees to pay taxes on stock-based compensation awards		(19)				(688)	(688)							
Stock-based compensation expense				1,536			1,536				1,817			1,817
Net income					17,286		17,286					22,573		22,573
Balance at May 4, 2024	41,049	(13,891)	$ 410	$ 84,576	$ 728,175	$ (215,357)	$ 597,804							
Balance at August 3, 2024	41,049	(13,875)	$ 410	$ 86,208	$ 746,996	$ (215,119)	$ 618,495							
Balance at January 28, 2023	41,049	(13,884)	$ 410	$ 83,423	$ 653,450	$ (211,715)	$ 525,568							
Balance at April 29, 2023	41,049	(13,714)	$ 410	$ 80,361	$ 667,196	$ (210,287)	$ 537,680							
Dividends declared ($0.10 per share)					(2,780)		(2,780)					(2,762)		(2,762)
Employee stock purchase plan purchases		3		17		40	57		2		12		41	53
Stock-based compensation awards		282		(4,315)		4,315	0		23		(329)		329	0
Shares surrendered by employees to pay taxes on stock-based compensation awards		(115)				(2,927)	(2,927)							
Stock-based compensation expense				1,236			1,236				1,107			1,107
Net income					16,526		16,526					19,441		19,441
Balance at April 29, 2023	41,049	(13,714)	$ 410	$ 80,361	$ 667,196	$ (210,287)	$ 537,680							
Balance at July 29, 2023	41,049	(13,689)	$ 410	$ 81,151	$ 683,875	$ (209,917)	$ 555,519							

	Twenty-six Weeks Ended						
	Common Stock			Additional Paid-In	Retained	Treasury	
(In thousands, except per share data)	**Issued**	**Treasury**	**Amount**	**Capital**	**Earnings**	**Stock**	**Total**
Balance at February 3, 2024	41,049	(13,919)	$ 410	$ 83,738	$ 714,647	$ (215,406)	$ 583,389
Dividends declared ($0.27 per share)					(7,510)		(7,510)
Employee stock purchase plan purchases		4		32		60	92
Stock-based compensation awards		59		(915)		915	0
Shares surrendered by employees to pay taxes on stock-based compensation awards		(19)				(688)	(688)
Stock-based compensation expense				3,353			3,353
Net income					39,859		39,859
Balance at August 3, 2024	41,049	(13,875)	$ 410	$ 86,208	$ 746,996	$ (215,119)	$ 618,495
Balance at January 28, 2023	41,049	(13,884)	$ 410	$ 83,423	$ 653,450	$ (211,715)	$ 525,568
Dividends declared ($0.20 per share)					(5,542)		(5,542)
Employee stock purchase plan purchases		5		29		81	110
Stock-based compensation awards		305		(4,644)		4,644	0
Shares surrendered by employees to pay taxes on stock-based compensation awards		(115)				(2,927)	(2,927)
Stock-based compensation expense				2,343			2,343
Net income					35,967		35,967
Balance at July 29, 2023	41,049	(13,689)	$ 410	$ 81,151	$ 683,875	$ (209,917)	$ 555,519

See notes to Condensed Consolidated Financial Statements.

SHOE CARNIVAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

(In thousands)	Thirteen Weeks Ended May 4, 2024	Thirteen Weeks Ended April 29, 2023	Twenty-six Weeks Ended August 3, 2024	Twenty-six Weeks Ended July 29, 2023
Cash Flows From Operating Activities				
Net income	$ 17,286	$ 16,526	$ 39,859	$ 35,967
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	7,385	6,697	15,116	13,822
Stock-based compensation	1,757	1,209	3,574	2,326
Loss on retirement and impairment of assets, net	117	19	215	59
Deferred income taxes	326	2,682	(486)	2,787
Non-cash operating lease expense	14,926	15,163	28,307	27,627
Other	277	180	810	251
Changes in operating assets and liabilities:				
Accounts receivable	(904)	(32)	(561)	(909)
Merchandise inventories	(23,387)	882	(37,177)	(18,952)
Operating leases	(14,916)	(15,295)	(29,223)	(27,181)
Accounts payable and accrued liabilities	7,886	(23,128)	20,498	(927)
Other	6,306	(2,851)	(190)	(12,518)
Net cash provided by operating activities	17,059	2,052	40,742	22,352
Cash Flows From Investing Activities				
Purchases of property and equipment	(10,192)	(15,005)	(15,722)	(30,629)
Investments in marketable securities	(17)	(21)	(35)	(41)
Acquisition, net of cash acquired	(44,577)	0	(44,384)	0
Net cash used in investing activities	(54,786)	(15,026)	(60,141)	(30,670)
Cash Flows From Financing Activities				
Proceeds from issuance of stock	39	57	92	110
Dividends paid	(3,705)	(2,941)	(7,372)	(5,675)
Shares surrendered by employees to pay taxes on stock-based compensation awards	(688)	(2,927)	(688)	(2,927)
Net cash used in financing activities	(4,354)	(5,811)	(7,968)	(8,492)
Net decrease in cash and cash equivalents	(42,081)	(18,785)	(27,367)	(16,810)
Cash and cash equivalents at beginning of period	99,000	51,372	99,000	51,372
Cash and cash equivalents at end of period	$ 56,919	$ 32,587	$ 71,633	$ 34,562
Supplemental disclosures of cash flow information:				
Cash paid during period for interest	$ 70	$ 67	$ 269	$ 138
Cash (received)/paid during period for income taxes	$ (103)	$ 206		
Cash paid during period for income taxes	$ 11,570	$ 12,732		
Capital expenditures incurred but not yet paid	$ 813	$ 3,211	$ 671	$ 2,730
Dividends declared but not yet paid	$ 332	$ 156	$ 417	$ 183
Contingent consideration related to business acquisition	$ 3,600	$ 0	$ 3,600	$ 0

See notes to Condensed Consolidated Financial Statements.

SHOE CARNIVAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

Note 1 – Basis of Presentation

Shoe Carnival, Inc. is one of the nation's largest omnichannel family footwear retailers, selling footwear and related products through our retail stores located in 36 states within the continental United States and in Puerto Rico, as well as through our e-commerce sales channels. We offer customers a broad assortment of primarily branded dress and casual shoes, sandals, boots and athletic footwear and accessories for men, women and children with an emphasis on national name brands through our Shoe Carnival and Shoe Station store banners. We are an Indiana corporation that was initially formed in Delaware in 1993 and reincorporated in Indiana in 1996. References to "we," "us," "our" and the "Company" in this Quarterly Report on Form 10-Q refer to Shoe Carnival, Inc. and its subsidiaries.

Our consolidated financial statements include the accounts of Shoe Carnival, Inc. and its wholly-owned subsidiaries Rogan Shoes, Incorporated, SCHC, Inc. and Shoe Carnival Ventures, LLC, and SCLC, Inc., a wholly-owned subsidiary of SCHC, Inc. All intercompany accounts and transactions have been eliminated. In our opinion, the accompanying unaudited Condensed Consolidated Financial Statements and notes have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial information and contain all normal recurring adjustments necessary to fairly present our financial position and the results of our operations and our cash flows for the periods presented. Certain information and disclosures normally included in the notes to Condensed Consolidated Financial Statements have been condensed or omitted as permitted by the rules and regulations of the SEC although we believe that the disclosures are adequate to make the information presented not misleading. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. The unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

Note 2 - Acquisition of Rogan Shoes

On February 13, 2024, we acquired all of the stock of Rogan Shoes, Incorporated, a privately-held 53-year-old work and family footwear company incorporated in Wisconsin ("Rogan's") for a an adjusted preliminary purchase price of $44.6 44.8 million, net of $2.2 million of cash acquired. acquired, of which $44.4 million has been paid to date from cash on hand. The adjusted preliminary purchase price was funded entirely with cash on hand and is subject to customary adjustments, and additional adjustments. Additional consideration of up to $5.0 million may be paid by the Company subject to the achievement of three-year performance targets. At the time of the acquisition, Rogan's operated 28 store locations in Wisconsin, Minnesota and Illinois. The Rogan's acquisition advanced our strategy to be the nation's leading family footwear retailer. It immediately positioned us as the market leader in Wisconsin, and it established a store base in Minnesota, creating additional expansion opportunities.

Rogan's results were included in our consolidated financial statements since the acquisition date. Net Sales from our newly acquired Rogan's operations totaled $19.6 22.0 million in the thirteen weeks ended August 3, 2024 and $41.6 million from February 13, 2024 through May 4, 2024 August 3, 2024. For the thirteen and twenty-six weeks ended May 4, 2024 August 3, 2024, acquisition-related costs of $321,000 97,000 and $418,000, respectively, were expensed as incurred and were included in Selling, General and Administrative Expenses.

The following table summarizes the preliminary purchase price and the allocation of the preliminary purchase price to the fair value of the assets acquired and liabilities assumed. We measured these fair values using Level 3 inputs. The excess purchase price over the fair value of net assets acquired was allocated to Goodwill. The allocation of the purchase price shown in the table below is preliminary and subject to change based on the finalization of our detailed valuations and any subsequent change in the purchase price. The final determination of the fair values and related impacts will be completed as soon as practicable and within the measurement period of up to one year from the acquisition date.

(In thousands)		
Preliminary purchase price:		
Cash consideration, net of cash acquired	$ 44,577	$ 44,828
Fair value of contingent consideration	3,600	3,600
Total preliminary purchase price	$ 48,177	$ 48,428
Fair value of identifiable assets and liabilities:		
Accounts receivable	$ 2,371	$ 2,365

Merchandise inventories	41,954	42,340
Other assets	2,892	3,763
Operating lease right-of-use assets	16,891	16,891
Identifiable intangible assets	8,400	8,400
Goodwill	3,200	3,352
Total assets	$ 75,708	$ 77,111
Accounts payable	6,308	6,308
Operating lease liabilities	19,843	19,843
Accrued and other liabilities	1,380	2,532
Total liabilities	$ 27,531	$ 28,683
Total fair value allocation of preliminary purchase price	$ 48,177	$ 48,428

Our fair value estimate of the Merchandise Inventories for Rogan's was determined using the Comparative Sales and Replacement Cost methods. Our fair value estimate of the contingent consideration for the Rogan's acquisition was determined using a Monte Carlo simulation and other methods that account for the probabilities of various outcomes and was recorded in Other long-term liabilities. Significant assumptions used for the valuation include the discount rate, projected cash flows and calculated volatility. Our fair value estimate related to the identified intangible asset of Rogan's trade name was determined using the Relief from Royalty method, and the significant assumptions used for the valuation include the royalty rate, estimated projected revenues, long-term growth rate and the discount rate. Our fair value estimates related to Rogan's customer relationships were determined using the Multi-Period Excess Earnings method, and the significant assumptions used for the valuation include projected cash flows, the discount rate and customer attrition rate.

Identifiable intangible assets include Rogan's trade name and customer relationships. We assigned an indefinite life to Rogan's trade name; therefore, Goodwill and Rogan's trade name will be charged to expense only if impaired. Impairment reviews will be conducted at least annually and involve a comparison of fair value to the carrying amount. If fair value is less than the carrying amount, an impairment loss would be recognized in Selling, General and Administrative Expenses. Customer relationships are subject to amortization and will be amortized over a period of 20 years. Goodwill and the acquisition-related Intangible Assets will not be deductible for tax purposes.

Note 3 - Net Income Per Share

The following table sets forth the computation of Basic and Diluted Net Income per Share as shown on the face of the accompanying Condensed Consolidated Statements of Income:

	Thirteen Weeks Ended						Thirteen Weeks Ended					
	May 4, 2024			April 29, 2023			August 3, 2024			July 29, 2023		
	(In thousands, except per share data)						(In thousands, except per share data)					
Basic Net Income per Share:	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Net income available for basic common shares and basic net income per share	$ 17,286	27,142	$ 0.64	$ 16,526	27,223	$ 0.61	$ 22,573	27,159	$ 0.83	$ 19,441	27,336	$ 0.71
Diluted Net Income per Share:												
Net income	$ 17,286			$ 16,526			$ 22,573			$ 19,441		
Conversion of stock-based compensation arrangements	0	266		0	282		0	341		0	74	
Net income available for diluted common shares and diluted net income per share	$ 17,286	27,408	$ 0.63	$ 16,526	27,505	$ 0.60	$ 22,573	27,500	$ 0.82	$ 19,441	27,410	$ 0.71

Twenty-six Weeks Ended

	August 3, 2024			July 29, 2023		
	(In thousands, except per share data)					
Basic Net Income per Share:	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Net income available for basic common shares and basic net income per share	$ 39,859	27,151	$ 1.47	$ 35,967	27,280	$ 1.32
Diluted Net Income per Share:						
Net income	$ 39,859			$ 35,967		
Conversion of stock-based compensation arrangements	0	301		0	169	
Net income available for diluted common shares and diluted net income per share	$ 39,859	27,452	$ 1.45	$ 35,967	27,449	$ 1.31

The computation of Basic Net Income per Share is based on the weighted average number of common shares outstanding during the period. The computation of Diluted Net Income per Share is based on the weighted average number of shares outstanding plus the dilutive incremental shares that would be outstanding assuming the vesting of stock-based compensation arrangements involving restricted stock, restricted stock units and performance stock units. No unvested stock-based awards that will be settled in shares were excluded from the computation of Diluted Net Income per Share for the thirteen and twenty-six weeks ended May 4, 2024 August 3, 2024. During the thirteen and twenty-six weeks ended April 29, 2023 July 29, 2023, approximately 134,000 and 1,000, respectively, of unvested stock-based awards that will be settled in shares were excluded from the computation of Diluted Net Income per Share because the impact would have been anti-dilutive.

Note 4 - Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The guidance improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in the ASU will be applied retrospectively to all prior periods presented in the financial statements, using the significant segment expense categories identified and disclosed in the period of adoption. We are continuing to evaluate the impact of this new guidance but believe the adoption will not have a material impact on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The guidance requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. The ASU is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in the ASU should be applied on a prospective basis, but retrospective application is permitted. We are continuing to evaluate the impact of this new guidance but believe the adoption will not have a material impact on our consolidated financial statements.

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Note 5 - Fair Value Measurements

Financial Instruments

The following table presents financial instruments that are measured at fair value on a recurring basis at May 4, 2024 August 3, 2024, February 3, 2024 and April 29, 2023 July 29, 2023:

	Fair Value Measurements				Fair Value Measurements			
(In thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As of May 4, 2024								
As of August 3, 2024								
Cash equivalents - money market mutual funds	$ 40,588	$ 0	$ 0	$ 40,588	$ 44,072	$ 0	$ 0	$ 44,072
Marketable securities - mutual funds that fund deferred compensation	12,555	0	0	12,555	12,831	0	0	12,831
Total	$ 53,143	$ 0	$ 0	$ 53,143	$ 56,903	$ 0	$ 0	$ 56,903

As of February 3, 2024								
Cash equivalents - money market mutual funds	$ 91,733	$ 0	$ 0	$ 91,733	$ 91,733	$ 0	$ 0	$ 91,733
Marketable securities - mutual funds that fund deferred compensation	12,247			12,247	12,247			12,247
Total	$ 103,980	$ 0	$ 0	$ 103,980	$ 103,980	$ 0	$ 0	$ 103,980
As of April 29, 2023								
As of July 29, 2023								
Cash equivalents - money market mutual funds	$ 29,456	$ 0	$ 0	$ 29,456	$ 22,445	$ 0	$ 0	$ 22,445
Marketable securities - mutual funds that fund deferred compensation	11,535			11,535	12,218			12,218
Total	$ 40,991	$ 0	$ 0	$ 40,991	$ 34,663	$ 0	$ 0	$ 34,663

We invest in publicly traded mutual funds with readily determinable fair values. These Marketable Securities are designed to mitigate volatility in our Consolidated Statements of Income associated with our non-qualified deferred compensation plan. As of May 4, 2024 August 3, 2024, these Marketable Securities were principally invested in equity-based mutual funds, consistent with the allocation in our deferred compensation plan. To the extent there is a variation in invested funds compared to the total non-qualified deferred compensation plan liability, such fund variance is managed through a stable value mutual fund. We classify these Marketable Securities as current assets because we have the ability to convert the securities into cash at our discretion and these Marketable Securities are not held in a rabbi trust. Changes in these Marketable Securities and deferred compensation plan liabilities are charged to Selling, General and Administrative Expenses.

Deferred Compensation Plan Liabilities and Related Marketable Securities

The following tables present the balances and activity of the Company's deferred compensation plan liabilities and related Marketable Securities:

(In thousands)	**May 4, 2024**	**February 3, 2024**	**April 29, 2023**	**August 3, 2024**	**February 3, 2024**	**July 29, 2023**
Deferred compensation plan current liabilities	$ 183	$ 114	$ 1,921	$ 193	$ 114	$ 1,617
Deferred compensation plan long-term liabilities	12,157	11,639	9,809	12,564	11,639	10,596
Total deferred compensation plan liabilities	$ 12,340	$ 11,753	$ 11,730	$ 12,757	$ 11,753	$ 12,213
Marketable securities - mutual funds that fund deferred compensation	$ 12,555	$ 12,247	$ 11,535	$ 12,831	$ 12,247	$ 12,218

(In thousands)	**Thirteen Weeks Ended May 4, 2024**	**Thirteen Weeks Ended April 29, 2023**	**Thirteen Weeks Ended August 3, 2024**	**Thirteen Weeks Ended July 29, 2023**	**Twenty-six Weeks Ended August 3, 2024**	**Twenty-six Weeks Ended July 29, 2023**
Deferred compensation liabilities						
Employer contributions, net	$ 81	$ 96	$ 71	$ 75	$ 152	$ 171
Investment earnings (losses)	323	(3)				
Investment earnings	259	659	582	656		
Marketable Securities						
Mark-to-market (gains) losses (1)	(308)	66				
Mark-to-market gains (1)	(276)	(683)	(584)	(617)		
Net deferred compensation expense	$ 96	$ 159	$ 54	$ 51	$ 150	$ 210

(1) Included in the mark-to-market activity we recognized unrealized gains of $292,000 and $299,000related to equity securities still held at May 4, 2024 quarter-end, we recognized unrealized gains of $258,000 and April 29, 2023 $761,000 for the thirteen weeks ended August 3, 2024 and July 29, 2023, respectively, and $550,000 and $1.1 million for the twenty-six weeks ended August 3, 2024 and July 29, 2023, respectively.

The fair values of Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Accrued and Other Liabilities approximate their carrying values because of their short-term nature.

Long-Lived Asset Impairment Testing

We periodically evaluate our long-lived assets for impairment if events or circumstances indicate that the carrying value may not be recoverable. The carrying value of long-lived assets is considered impaired when the carrying value of the assets exceeds the expected future cash flows to be derived from their use. Assets are grouped, and the evaluation is performed, at the lowest level for which there are identifiable cash flows, which is generally at a store level. Store level asset groupings typically include Property and Equipment and Operating Lease Right-of-Use Assets, net of the current and long-term portions of Operating Lease Liabilities. Assets subject to impairment are adjusted to estimated fair value and, if applicable, an impairment loss is recorded in Selling, General and Administrative Expenses. If the Operating Lease Right-of-Use Asset is impaired, we would amortize the remaining right-of-use asset on a straight-line basis over the remaining lease term. No impairment charges were recorded during the thirteen twenty-six weeks ended May 4, 2024August 3, 2024 or the thirteen twenty-six weeks ended April 29, 2023July 29, 2023.

Note 6 - Stock-Based Compensation

On June 20, 2023, our shareholders approved the Shoe Carnival, Inc. Amended and Restated 2017 Equity Incentive Plan (the “Amended 2017 Plan”). Pursuant to the amendment and restatement, the number of shares of our common stock that are available for issuance under the Amended 2017 Plan was increased by 1.8 million additional shares, the term of the plan was extended by an additional ten years from the date of shareholder approval, and certain other design changes were made to the plan. As of May 4, 2024 August 3, 2024, there were 1,721,139 1,698,379 shares available for issuance under the Amended 2017 Plan, assuming that all outstanding performance stock units where the performance condition has not been satisfied vest at the maximum level of performance.

Stock-based compensation includes share-settled awards issued pursuant to the Amended 2017 Plan in the form of restricted stock units, performance stock units, and restricted and other stock awards. Additionally, we recognize stock-based compensation expense for the discount on shares sold to employees through our Employee Stock Purchase Plan and for cash-settled stock appreciation rights. For the thirteen and twenty-six weeks ended May 4, 2024 August 3, 2024 and April 29, 2023 July 29, 2023, stock-based compensation expense was comprised of the following:

(In thousands)	Thirteen Weeks Ended May 4, 2024	Thirteen Weeks Ended April 29, 2023	Thirteen Weeks Ended August 3, 2024	Thirteen Weeks Ended July 29, 2023	Twenty-six Weeks Ended August 3, 2024	Twenty-six Weeks Ended July 29, 2023
Share-settled equity awards	$ 1,529	$ 1,226	$ 1,774	$ 1,098	$ 3,303	$ 2,324
Stock appreciation rights	221	(27)	0	10	221	(17)
Employee stock purchase plan	7	10	43	9	50	19
Total stock-based compensation expense	$ 1,757	$ 1,209	$ 1,817	$ 1,117	$ 3,574	$ 2,326
Income tax effect at statutory rates	$ (427)	$ (273)	$ (442)	$ (249)	$ (869)	$ (522)
Additional income tax benefit on vesting of share-settled awards	$ (109)	$ (620)				
Additional income tax expense (benefit) on vesting of share-settled awards	$ 0	$ 5	$ (109)	$ (616)		

As of May 4, 2024 August 3, 2024, approximately $13.5 11.3 million of unrecognized compensation expense remained related to our share-settled equity awards. The cost is expected to be recognized over a weighted average period of approximately 1.9 1.6 years.

Share-Settled Equity Awards

The following table summarizes transactions for our restricted stock units and performance stock units:

	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at February 3, 2024	579,307	$ 27.04	579,307	$ 27.04
Granted	328,773	31.99	338,773	32.06
Vested	(46,333)	30.17	(46,333)	30.17
Unearned	(159,954)	24.87	(159,954)	24.87
Outstanding at May 4, 2024	701,793	$ 29.65		
Outstanding at August 3, 2024	711,793	$ 29.72		

The total fair value at grant date of restricted stock units and performance stock units that vested during the thirteen twenty-six weeks ended May 4, 2024 August 3, 2024 and April 29, 2023 July 29, 2023 was $1.4 million and $4.8 million, respectively. The weighted-average grant date fair value of restricted stock units and performance stock units granted during the thirteen twenty-six weeks ended April 29, 2023 July 29, 2023 was $24.98. There were 159,954 shares that were not earned because the performance condition for performance stock units granted in Fiscal 2023 was not satisfied.

The following table summarizes transactions for our restricted stock and other stock awards:

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at February 3, 2024	0	$ 0.00
Granted	12,760	36.84
Vested	0	0.00
Forfeited	0	0.00
Outstanding at August 3, 2024	12,760	$ 36.84

No restricted stock or other stock awards vested during the twenty-six weeks ended August 3, 2024 or July 29, 2023. The weighted average grant date fair value of restricted stock awards granted during the twenty-six weeks ended July 29, 2023 was $21.90.

Note 7 – Revenue

Disaggregation of Net Sales by Product Category

Net Sales and percentage of Net Sales, disaggregated by product category, for the thirteen and twenty-six weeks ended May 4, 2024 August 3, 2024 and April 29, 2023 July 29, 2023 were as follows:

(In thousands)	Thirteen Weeks Ended May 4, 2024		Thirteen Weeks Ended April 29, 2023		Thirteen Weeks Ended August 3, 2024		Thirteen Weeks Ended July 29, 2023	
Non-Athletics:								
Women's	$ 77,529	26%	$ 77,759	28%	$ 84,285	25%	$ 82,747	28%
Men's	49,193	16	43,446	15	58,663	18	51,650	17
Children's	21,395	7	21,527	8	23,243	7	22,318	8
Total	148,117	49	142,732	51	166,191	50	156,715	53
Athletics:								
Women's	50,183	17	42,788	15	49,649	15	40,598	14
Men's	52,149	17	48,036	17	56,636	17	49,096	17
Children's	33,565	12	32,029	12	39,971	12	32,013	11
Total	135,897	46	122,853	44	146,256	44	121,707	42
Accessories	15,012	5	14,548	5	18,872	6	14,881	5
Other	1,339	0	1,051	0	1,377	0	1,312	0
Total	$ 300,365	100%	$ 281,184	100%	$ 332,696	100%	$ 294,615	100%

(In thousands)	Twenty-six Weeks Ended August 3, 2024		Twenty-six Weeks Ended July 29, 2023	
Non-Athletics:				
Women’s	$ 161,813	25 %	$ 160,505	28 %
Men’s	107,856	17	95,096	16
Children’s	44,639	7	43,846	8
Total	314,308	49	299,447	52
Athletics:				
Women’s	99,831	16	83,386	15
Men’s	108,785	17	97,132	17
Children’s	73,536	13	64,042	11
Total	282,152	46	244,560	43
Accessories	33,884	5	29,429	5
Other	2,717	0	2,363	0
Total	$ 633,061	100 %	$ 575,799	100 %

Accounting Policy and Performance Obligations

We operate as an omnichannel, family footwear retailer and provide the convenience of shopping at our physical stores or shopping online through our e-commerce sales channels. As part of our omnichannel strategy, we offer Shoes 2U, a program that enables us to ship product to a customer’s home or selected store if the product is not in stock at a particular store. We also offer “buy online, pick up in store” services for our customers. “Buy online, pick up in store” provides the convenience of local pickup for our customers.

For our physical stores, we satisfy our performance obligation and control is transferred at the point of sale when the customer takes possession of the products. This also includes the “buy online, pick up in store” scenario described above and includes sales made via our Shoes 2U program when customers choose to pick up their goods at a physical store. For sales made through our e-commerce sales channels in which the customer chooses home delivery, we transfer control and recognize revenue when the product is shipped. This also includes sales made via our Shoes 2U program when the customer chooses home delivery.

We offer our customers sales incentives including coupons, discounts and free merchandise. Sales are recorded net of such incentives and returns and allowances. If an incentive involves free merchandise, that merchandise is recorded as a zero sale and the cost is included in Cost of Sales. Gift card revenue is recognized at the time of redemption. When a customer makes a purchase as part of our rewards program, we allocate the transaction price between the goods purchased and the loyalty reward points and recognize the loyalty revenue based on estimated customer redemptions.

Transaction Price and Payment Terms

The transaction price is the amount of consideration we expect to receive from our customers and is reduced by any stated promotional discounts at the time of purchase. The transaction price may be variable due to terms that permit customers to exchange or return products for a refund. The implicit contract with the customer reflected in the transaction receipt states the final terms of the sale, including the description, quantity, and price of each product purchased. The customer agrees to a stated price in the contract that does not vary over the term of the contract and may include revenue to offset shipping costs. Taxes imposed by governmental authorities, such as sales taxes, are excluded from Net Sales.

We accept various forms of payment from customers at the point of sale typical for an omnichannel retailer. Payments made for products are generally collected when control passes to the customer, either at the point of sale or at the time the customer order is shipped. For Shoes 2U transactions, customers may order the product at the point of sale. For these transactions, customers pay in advance and unearned revenue is recorded as a contract liability. We recognize the related revenue when control has been transferred to the customer (i.e., when the product is picked up by the customer or shipped to the customer). Unearned revenue related to Shoes 2U was not material to our consolidated financial statements at May 4, 2024 August 3, 2024, February 3, 2024 or April 29, 2023 July 29, 2023.

Returns and Refunds

We have established an allowance based upon historical experience in order to estimate return and refund transactions. This allowance is recorded as a reduction in sales with a corresponding refund liability recorded in Accrued and Other Liabilities. The estimated cost of Merchandise Inventories is recorded as a reduction to Cost of Sales and an increase in Merchandise Inventories. Approximately $962,000 of refund liabilities and $618,000 of right of return assets associated with estimated product returns were recorded in Accrued and Other Liabilities and Merchandise Inventories, respectively, as of May 4, 2024 August 3, 2024 and February 3, 2024. Approximately $866,000 of refund liabilities and $503,000 of right of return assets associated with estimated product returns were recorded in Accrued and Other Liabilities and Merchandise Inventories, respectively, at April 29, 2023 July 29, 2023.

Contract Liabilities

The issuance of a gift card is recorded as an increase to contract liabilities and a decrease to contract liabilities when a customer redeems a gift card. Estimated breakage is determined based on historical breakage percentages and recognized as revenue based on expected gift card usage. We do not record breakage revenue when escheat liability to relevant jurisdictions exists. At May 4, 2024 August 3, 2024, February 3, 2024 and April 29, 2023 July 29, 2023, approximately $2.7 2.6 million, $2.4 million and $2.0 million of contract liabilities associated with unredeemed gift cards were recorded in Accrued and Other Liabilities, respectively. We expect the revenue associated with these liabilities to be recognized in proportion to the pattern of customer redemptions within two years. Breakage revenue associated with our gift cards recognized in Net Sales was not material to any of the periods presented.

Our Shoe Perks rewards program allows customers to accrue points and provides customers with the opportunity to earn rewards. Points under Shoe Perks are earned primarily by making purchases through any of our omnichannel points of sale. Once a certain threshold of accumulated points is reached, the customer earns a reward certificate, which is redeemable through any of our sales channels.

When a Shoe Perks customer makes a purchase, we allocate the transaction price between the goods purchased and the loyalty reward points earned based on the relative standalone selling price. The portion allocated to the points program is recorded as a contract liability for rewards that are expected to be redeemed. We then recognize revenue based on an estimate of when customers redeem rewards, which incorporates an estimate of points expected to expire using historical rates. During the thirteen and twenty-six weeks ended May 4, 2024 and April 29, 2023 August 3, 2024, approximately $761,000 790,000 and $1.3 1.6 million, respectively, of loyalty rewards were recognized in Net Sales. During the thirteen and twenty-six weeks ended July 29, 2023, approximately $1.4 million and $2.7 million, respectively, of loyalty rewards were recognized in Net Sales. At May 4, 2024 August 3, 2024, February 3, 2024 and April 29, 2023 July 29, 2023, approximately $501,000 574,000, $481,000 and $884,000 950,000, respectively, of contract liabilities associated with loyalty rewards were recorded in Accrued and Other Liabilities. We expect the revenue associated with these liabilities to be recognized in proportion to the pattern of customer redemptions in less than one year.

Note 8 – Leases

We lease all of our physical stores, our Evansville distribution center, which has a current lease term expiring in 2034, and other warehousing and office space. We also enter into leases of equipment, copiers and billboards. Substantially all of our leases are operating leases; however, as a result of the acquisition of Rogan's, we also acquired certain assets subject to finance leases. The finance lease assets and related current liabilities and noncurrent liabilities were recorded in Other Noncurrent Assets, Accrued and Other Liabilities and Other long-term liabilities, respectively. Leases with terms of twelve months or less are immaterial and are expensed as incurred, and we did not have any leases with related parties as of May 4, 2024 August 3, 2024.

Lease costs, including other related occupancy costs, reported in our Condensed Consolidated Statements of Income were as follows for the thirteen and twenty-six weeks ended May 4, 2024 August 3, 2024 and April 29, 2023 July 29, 2023:

(In thousands)	Thirteen Weeks Ended May 4, 2024	Thirteen Weeks Ended April 29, 2023

Operating lease cost	$	17,175	$	15,872
Variable lease cost				
Occupancy costs		5,760		5,352
Percentage rent and other variable lease costs		(35)		243
Finance lease cost				
Amortization of leased assets		7		0
Interest on lease liabilities		3		0
Total	$	22,910	$	21,467

(In thousands)	Thirteen Weeks Ended August 3, 2024	Thirteen Weeks Ended July 29, 2023	Twenty-six Weeks Ended August 3, 2024	Twenty-six Weeks Ended July 29, 2023
Operating lease cost	$ 17,311	$ 15,952	$ 34,486	$ 31,824
Variable lease cost				
Occupancy costs	5,742	5,370	$ 11,502	$ 10,722
Percentage rent and other variable lease costs	308	381	$ 273	$ 624
Finance lease cost				
Amortization of leased assets	8	0	15	0
Interest on lease liabilities	3	0	5	0
Total	$ 23,372	$ 21,703	$ 46,281	$ 43,170

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Factors That May Affect Future Results

This Quarterly Report on Form 10-Q contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties. A number of factors could cause our actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These factors include, but are not limited to: our ability to control costs and meet our labor needs in a rising wage, inflationary, and/or supply chain constrained environment; the impact of competition and pricing, including our ability to maintain current promotional intensity levels; the effects and duration of economic downturns and unemployment rates; our ability to achieve expected operating results from, and planned growth of, our Shoe Station banner, which includes the recently acquired stores and operations of Rogan's, within expected time frames, or at all; the potential impact of national and international security concerns, including those caused by war and terrorism, on the retail environment; general economic conditions in the areas of the continental United States and Puerto Rico where our stores are located; changes in the overall retail environment and more specifically in the apparel and footwear retail sectors; our ability to successfully utilize e-commerce sales channels and the impact on traffic and transactions in our physical stores; the success of the open-air shopping centers where many of our stores are located and the impact on our ability to attract customers to our stores; our ability to attract customers to our e-commerce sales channels and to successfully grow our omnichannel sales; the effectiveness of our inventory management, including our ability to manage key merchandise vendor relationships and direct-to-consumer initiatives; changes in our relationships with other key suppliers; changes in the political and economic environments in, the status of trade relations with, and the impact of changes in trade policies and tariffs impacting, China and other countries which are the major manufacturers of footwear; our ability to successfully manage and execute our marketing initiatives and maintain positive brand perception and recognition; our ability to successfully manage our current real estate portfolio and leasing obligations; changes in weather, including patterns impacted by climate change; changes in consumer buying trends and our ability to identify and respond to emerging fashion trends; the impact of disruptions in our distribution or information technology operations, including at our distribution center located in Evansville, IN; the impact of natural disasters, public health and political crises, civil unrest, and other catastrophic events on our operations and the operations of our suppliers, as well as on consumer confidence and purchasing in general; the duration and spread of a public health crisis and the mitigating efforts deployed, including the effects of government stimulus on consumer spending; risks associated with the seasonality of the retail industry; the impact of unauthorized disclosure or misuse of personal and confidential information about our customers, vendors and employees, including as a result of a cybersecurity breach; our ability to effectively integrate Rogan's, retain Rogan's employees, and achieve the expected operating results, synergies, efficiencies and other benefits from the Rogan's acquisition within the expected time frames, or at all; risks that the Rogan's acquisition may disrupt our current plans and operations or negatively impact our relationship with our vendors and other suppliers; our ability to successfully execute our business strategy, including the availability of desirable store locations at acceptable lease terms, our ability to identify, consummate or effectively integrate future acquisitions, our ability to implement and adapt to new technology and systems, our ability to open new stores in a timely and profitable manner, including our entry into major new markets, and the availability of sufficient funds to implement our business plans; higher than anticipated costs associated with the closing of underperforming stores; the inability of manufacturers to deliver products in a timely manner; an increase in the cost, or a disruption in the flow, of imported goods; the impact of regulatory changes in the United States, including minimum wage laws and regulations, and the countries where our manufacturers are located; the resolution of litigation or regulatory proceedings in which we are or may become involved; continued volatility and disruption in the capital and credit markets; future stock repurchases under our stock repurchase program and future dividend payments. For a more detailed discussion of risk factors impacting us, see the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

General

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide information to assist the reader in better understanding and evaluating our financial condition and results of operations. We encourage you to read this in conjunction with our Condensed Consolidated Financial Statements and the notes thereto included in PART I, ITEM 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 as filed with the SEC. This section of this Quarterly Report on Form 10-Q generally discusses our results for first second quarter 2024 and first second quarter 2023 and year-over-year comparisons between first second quarter 2024 and first second quarter 2023. 2023, as well as year-to-date results for, and comparisons between, the two periods.

Referred to herein, first second quarter 2024 is the thirteen weeks ended May 4, 2024 August 3, 2024 and first second quarter 2023 is the thirteen weeks ended April 29, 2023 July 29, 2023. Also referred to herein, year-to-date 2024 is the twenty-six weeks ended August 3, 2024 and year-to-date 2023 is the twenty-six weeks ended July 29, 2023.

Overview of Our Business

Shoe Carnival, Inc. is one of the nation's largest omnichannel family footwear retailers. On December 3, 2021, we began operating under two banners: Shoe Carnival and Shoe Station. On February 13, 2024, we furthered our acquisition strategy by acquiring all of

the stock of Rogan Shoes, Incorporated ("Rogan's"). The acquisition of Rogan's added 28 physical stores (25 in Wisconsin, 2 in Minnesota, and 1 in Illinois) to our portfolio, positioned us as the market leader in Wisconsin and established a store base in Minnesota, creating additional expansion opportunities. Rogan's is being integrated into our Shoe Station banner and our current plan is to brand and operate these stores using both the Rogan's and Shoe Station trade names. More information about the acquisition of Rogan's can be found in Note 2 — "Acquisition of Rogan Shoes" to our Notes to Condensed Consolidated Financial Statements contained in PART I, ITEM 1 of this Quarterly Report on Form 10-Q.

Our objective is to be the nation's leading family footwear retailer. Our product assortment, whether shopping in a physical store or through our e-commerce sales channels, is primarily branded footwear and includes dress and casual shoes, sandals, boots and a wide assortment of athletic shoes. Our typical physical store carries shoes in two general categories – athletics and non-athletics with subcategories for men's, women's and children's, as well as a broad range of accessories. In addition to our physical stores, through our e-commerce sales channels, customers can purchase the same assortment of merchandise in all categories of footwear with expanded options in certain instances.

Our stores under the Shoe Carnival banner combine competitive pricing with a high-energy in-store environment that encourages customer participation. Footwear in our Shoe Carnival physical stores is organized by category and brand, creating strong brand statements within the aisles. These brand statements are underscored by branded signage on endcaps and in-line signage throughout the store. Our signage may highlight a vendor's product offerings or sales promotions, or may highlight seasonal or lifestyle statements by grouping similar footwear from multiple vendors.

The Shoe Station banner and retail locations, including Rogan's locations, are a complementary retail platform for us to serve a broader base of family footwear customers in both urban and suburban demographics. The Shoe Station concept targets a more affluent family footwear customer and has a strong track record of capitalizing on emerging footwear fashion trends and introducing new brands. Due to the larger average size of our Shoe Station stores and the targeted, more affluent customer, these locations provide a primary destination shopping experience.

We believe our distinctive shopping experiences give us various competitive advantages, including increased multiple unit sales; the building of a loyal, repeat customer base; the creation of word-of-mouth advertising; and enhanced sell-through of in-season goods.

Critical Accounting Policies

We use judgment in reporting our financial results. This judgment involves estimates based in part on our historical experience and incorporates the impact of the current general economic climate and company-specific circumstances. However, because future events and economic conditions are inherently uncertain, our actual results could differ materially from these estimates. Our accounting policies that require more significant judgments include those with respect to Merchandise Inventories, valuation of long-lived assets, valuation of Goodwill and Intangible Assets, leases and income taxes. The accounting policies that require more significant judgment are discussed in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024, and there have been no material changes to those critical accounting policies.

Results of Operations Summary Information

	Number of Stores					Store Square Footage			Number of Stores					Store Square Footage		
Quarter Ended	Beginning of Period	Opened	Acquired	Closed	End of Period	Net Change	End of Period	Comparable Store Sales(1)	Beginning of Period	Opened	Acquired	Permanently Closed	End of Period	Net Change	End of Period	Compara Store Sales(1
May 4, 2024	400	2	28	0	430	377,000	4,946,000	(3.4)%	400	2	28	0	430	377,000	4,946,000	(3
August 3, 2024	430	1	0	1	430	2,000	4,948,000	(2.1)%								
Year-to-date	400	3	28	1	430	379,000	4,948,000	(2.8)%								
April 29, 2023	397	1	0	1	397	5,000	4,510,000	(11.9)%	397	1	0	1	397	5,000	4,510,000	(1
July 29, 2023	397	2	0	0	399	32,000	4,542,000	(6.5)%								
Year-to-date	397	3	0	1	399	37,000	4,542,000	(9.3)%								

(1) Comparable store sales stores Net Sales is a key performance indicator for us. Comparable store sales stores Net Sales include stores that have been open for 13 full mo after such stores' grand opening or acquisition prior to the beginning of the period, including those stores that have been relocated, remodeled or remodeled. rebanne Therefore, stores recently opened, acquired or permanently closed

are not included in comparable store sales. stores Net Sales. We generally include e-commerce sales in our comparable store sales stores Net Sales as a result of omnichannel retailer strategy. Due to our omnichannel retailer strategy, we view e-commerce sales as an extension of our physical stores. E-commerce sales char associated with a physical store acquisition will not be included in comparable store sales stores Net Sales until the initial physical stores are included. The 21 original S Station stores acquired and the www.shoestation.com e-commerce site that went live in early February 2023 were included in comparable store sales stores Net S calculations beginning in first quarter 2023. All Rogan's sales (physical stores and e-commerce) are excluded from our comparable store sales. stores Net Sales.

Our fiscal year is a 52/53 week year ending on the Saturday closest to January 31. Fiscal 2023 consisted of the 53 weeks ended February 3, 2023, while Fiscal 2024 consists of the 52 weeks ending February 1, 2025. The 53rd week in Fiscal 2023 caused a one-week shift in our fiscal calendar. As a result, each of our first three quarters in Fiscal 2024 is shifted one week later compared to Fiscal 2023. This one-week shift impacts our year-over-year sales comparisons when there are seasonal sales influences that fall near the respective quarter-end dates. To minimize the effect of this fiscal calendar shift on comparable store sales, stores Net Sales, our reported comparable store sales stores Net Sales results for first second quarter 2024 in this Quarterly Report on Form 10-Q and our other public disclosures compare the 13-week period thirteen-week and twenty-six week periods ended May 4, 2024 August 3, 2024 to the 13-week period thirteen-week and twenty-six week periods ended May 6, 2023 August 5, 2023. As such, changes in comparable store sales stores Net Sales may not be consistent with changes in Net Sales reported for the fiscal period.

The following table sets forth our results of operations expressed as a percentage of Net Sales for the periods indicated:

	Thirteen Weeks Ended May 4, 2024	Thirteen Weeks Ended April 29, 2023	Thirteen Weeks Ended August 3, 2024	Thirteen Weeks Ended July 29, 2023	Twenty-six Weeks Ended August 3, 2024	Twenty-six Weeks Ended July 29, 2023
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales (including buying, distribution and occupancy costs)	64.4	65.0	63.9	64.2	64.2	64.6
Gross profit	35.6	35.0	36.1	35.8	35.8	35.4
Selling, general and administrative expenses	28.1	27.6	27.1	27.4	27.5	27.5
Operating income	7.5	7.4	9.0	8.4	8.3	7.9
Interest income, net	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)
Income tax expense	1.9	1.7	2.4	1.9	2.2	1.8
Net income	5.8 %	5.9 %	6.8 %	6.6 %	6.3 %	6.3 %

Executive Summary for First Second Quarter Ended May 4, 2024 August 3, 2024

During first quarter 2024, we completed the second acquisition in our history, acquiring all the stock of Rogan's. The Rogan's acquisition advanced our strategy to be the nation's leading family footwear retailer, and it immediately positioned us as the market leader in Wisconsin and established a store base in Minnesota. More information about this acquisition can be found in Note 2 — "Acquisition of Rogan Shoes" to our Notes to Condensed Consolidated Financial Statements contained in PART I, ITEM 1 of this Quarterly Report on Form 10-Q.

During first quarter 2024, Net Sales grew 6.8% 12.9% compared to first second quarter 2023, to $300.4 million $332.7 million, a record level of second quarter Net Sales. The increase was led by the following key drivers:

- Shoe Station Net Sales grew in the low double digits as we entered new markets, engaged new customers, continued to grow share in the existing markets we ser increased Shoe Station's e-commerce Net Sales;
- Rogan's, which was acquired on February 13, 2024, delivered first second quarter Net Sales of $19.6 million $22.0 million;
- Shoe Station banner Net Sales grew in the mid-teens, inclusive of e-commerce and new store growth; and
- Trends significantly improved continued to improve at our Shoe Carnival banner, due primarily to with Net Sales up mid-singles, driven by our new, digital-first ma campaign. campaign and product assortment.

Due to the calendar shift described above, an important week of the back-to-school season moved into second quarter 2024 that was included in third quarter 2023. The net effect of this shift increased Net Sales in second quarter 2024 by approximately $20 million compared to second quarter 2023.

On a comparable store stores basis, as impacted by the this calendar shift, discussed above under "Results of Operations Summary Information," Net Sales were down 3.4%. During 2.1%, representing continued improvement from first quarter 2024 when comparable store sales trends significantly improved as the stores Net Sales were down 3.4% and second quarter progressed and included 2023 when comparable store sales increases stores Net Sales were down 6.5%. The improvement in both athletics and sandals. Overall, comparable store sales demonstrated growth versus the prior year late stores Net Sales in first second quarter 2024 included increased Net Sales in the sandal and were improved compared to the more significant declines experienced in late Fiscal 2023.

women's athletics categories.

Long-term gross profit margin expansion has been a key driver of our profit transformation, led by our targeted promotional plans, buying strategies and growth of our Shoe Perks membership. During first second quarter 2024, our gross profit margin was above 35% for the 13th 14th consecutive quarter at 35.6% 36.1%, an increase of 60 30 basis points compared to first second quarter 2023 and an increase of 600 basis points compared to the same period five years ago. 2023.

First Second quarter 2024 Operating Income totaled $22.5 million $30.1 million and increased 7.5% 22.0% versus first second quarter 2023, driven by higher Net Sales and higher gross profit margin expansion. margin.

Operating Income in the first second quarter 2024 included $485,000 $430,000 in merger and integration expenses related to the Rogan's acquisition, of which $164,000 $333,000 were in Cost of Sales and $321,000 $97,000 were in Selling, General and Administrative Expenses ("SG&A").

First Second quarter 2024 Net Income was $17.3 million $22.6 million, or $0.63 $0.82 per diluted share, compared to first second quarter 2023 Net Income of $16.5 million $19.4 million, or $0.60 $0.71 per diluted share as impacted by increased share. The increase reflected the higher Operating Income, partially offset by a higher effective tax rate.
Second quarter 2024 ranked as the third best second quarter Diluted Net Income per Share in our history and was in the top ten of any historical quarter.
Merchandise Inventories totaled $411.6 million $425.5 million at the end of first second quarter 2024, an increase of approximately $22.1 million versus first $16.1 million compared to the end of first second quarter 2023. The increase reflected Rogan's inventory, of which was approximately $40 million when acquired in February 2024, and the timing of purchases, partially offset by continued inventory efficiencies as part of our ongoing inventory optimization improvement plan. Excluding the inventory acquired in the Rogan's acquisition, Merchandise Inventories at the end of first second quarter 2024 were approximately 6% 7% lower on a dollar basis compared to the end of first second quarter 2023.

At the end of first second quarter 2024, we had total Cash, Cash Equivalents and Marketable Securities of $69.5 million $84.5 million. Cash and Cash Equivalents increased $24.3 million $37.1 million compared to the end of first second quarter 2023, and cash flows Cash Flows from operations Operations in first quarter year-to-date 2024 increased $15.0 million $18.4 million compared to first quarter year-to-date 2023.

Fiscal 2023 year end marked the 19th consecutive year the Company we ended the fiscal year with no debt, and through first quarter in year-to-date 2024, we continued to fund our operations and growth investments, including the initial purchase price for the of Rogan's, acquisition of $44.6 million (net of $2.2 million of cash acquired), from operating cash flows and without incurring debt. In year-to-date 2024, we have paid $44.4 million for Rogan's and, based on the current preliminary purchase price adjustment estimates, we will owe another $445,000 in the near term. Up to $5.0 million more in consideration will be due in 2027 if three-year performance targets are met.

Results of Operations for First Second Quarter Ended May 4, 2024 August 3, 2024 Compared to First Second Quarter Ended April 29, 2023 July 29, 2023

Net Sales

Net Sales were $300.4 million $332.7 million during first second quarter 2024 and increased 6.8% 12.9% compared to first second quarter 2023. The increase was due to the acquisition of Rogan's, which added Net Sales of $19.6 million $22.0 million, the effect of the calendar shift adding approximately $20 million of Net Sales to second quarter 2024 and new store growth in the Shoe Station banner, partially offset by a 3.4% 2.1% decrease in comparable store sales. stores Net Sales. E-commerce sales were approximately 9% of merchandise sales in first both second quarter 2024 compared to 8% in first quarter 2023, and were favorably impacted by the relaunch of www.shoecarnival.com in third quarter 2023 and the launch of www.shoestation.com in first second quarter 2023.

Gross Profit

Gross Profit was $106.8 million $119.9 million during first second quarter 2024, an increase of $8.3 million $14.5 million compared to first second quarter 2023. Gross profit margin in first second quarter 2024 was 35.6% 36.1% compared to 35.0% 35.8% in first second quarter 2023. Merchandise The increase in gross profit margin increased 50 basis points was primarily due to stable product margins and lower inbound freight and e-commerce shipping costs. improved leverage of Buying, distribution and occupancy ("BDO") costs were higher in first quarter 2024 compared to first quarter 2023 due to rent associated with operating more stores; however, BDO costs increased gross profit margin by 10 basis points due to the higher Net Sales in first second quarter 2024. BDO costs were higher in second quarter 2024 compared to second quarter 2023 due primarily to occupancy costs associated with operating more stores. The increase in gross profit margin was partially offset by a 50 basis point decrease in merchandise margin in second quarter 2024 compared to second quarter 2023 due to competitive intensity.

Selling, General and Administrative Expenses

SG&A increased $6.7 million $9.1 million in first second quarter 2024 to $84.3 million $89.9 million compared to $77.6 million $80.8 million in first second quarter 2023. The increase was primarily due to higher selling expenses compensation-related costs, including compensation costs related to Rogan's, and increased marketing investment during first quarter 2024. other Rogan's-related operating expenses. As a percentage of Net Sales, SG&A were 28.1% 27.1% in first second quarter 2024 compared to 27.6% 27.4% in first second quarter 2023.

Income Taxes

The effective income tax rate for first second quarter 2024 was 25.4% 26.3% compared to 22.6% 22.3% for first second quarter 2023. Our provision for income taxes is based on the current estimate of our annual effective tax rate and is adjusted as necessary for quarterly events. The higher effective tax rate in first second quarter 2024 compared to the prior year second quarter 2023 was due to the decrease in tax benefits from share-settled equity awards. awards in second quarter 2024 and a state deferred tax benefit included in second quarter 2023 that did not recur in Fiscal 2024. For the full 2024 fiscal year, we expect our tax rate to be between 25.5% and 26% 26.0% compared to the 23.7% effective tax rate recognized during the full 2023 fiscal year.

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Results of Operations Year-to-Date Through August 3, 2024 Compared to Year-to-Date Through July 29, 2023

Net Sales

Net Sales were $633.1 million during year-to-date 2024 and increased 9.9% compared to year-to-date 2023. The increase was due to the acquisition of Rogan's, which added Net Sales of $41.6 million, the effect of the calendar shift adding approximately $25 million of Net Sales to year-to-date 2024 results and new store growth in the Shoe Station banner, partially offset by a 2.8% decrease in comparable stores Net Sales. E-commerce sales were approximately 9% of merchandise sales in year-to-date 2024, compared to 8% in year-to-date 2023. Year-to-date 2024 e-commerce sales were favorably impacted by the relaunch of www.shoecarnival.com in third quarter 2023 and the launch of www.shoestation.com in first quarter 2023.

Gross Profit

Gross Profit was $226.7 million during year-to-date 2024, an increase of $22.8 million compared to year-to-date 2023. Gross profit margin in year-to-date 2024 was 35.8% compared to 35.4% in year-to-date 2023. BDO costs were higher in year-to-date 2024 compared to year-to-date 2023 due to occupancy costs associated with operating more stores; however, BDO costs increased gross profit margin by 50 basis points due to the higher Net Sales in year-to-date 2024. Merchandise margin decreased 10 basis points.

Selling, General and Administrative Expenses

SG&A increased $15.8 million, or 10.0%, in year-to-date 2024 to $174.2 million compared to $158.4 million in year-to-date 2023. The increase was due to higher compensation-related costs, including compensation costs related to Rogan's, and other Rogan's-related operating expenses and increased marketing investment in year-to-date 2024. As a percentage of Net Sales, SG&A were 27.5% in both year-to-date 2024 and year-to-date 2023.

Interest Income and Interest Expense

Changes in our interest income and expense increased our income before taxes by $428,000 in year-to-date 2024 compared to year-to-date 2023. This increase was primarily due to higher interest earned on invested cash balances.

Income Taxes

The effective income tax rate for year-to-date 2024 was 25.9% compared to 22.4% for year-to-date 2023. The higher effective tax rate in year-to-date 2024 compared to year-to-date 2023 was due to the decrease in tax benefits from share-settled equity awards in year-to-date 2024 and a state deferred tax benefit included in second quarter 2023 that did not recur in Fiscal 2024.

Liquidity and Capital Resources

Our primary sources of liquidity are $69.5 million $84.5 million of Cash, Cash Equivalents and Marketable Securities on hand at the end of the first second quarter 2024, cash generated from operations and availability under our $100 million Credit Agreement. We believe our resources will be sufficient to fund our cash needs, as they arise, for at least the next 12 months. Our primary uses of cash are normally for working capital, which are principally inventory purchases, investments in our stores, such as new stores, modernization/remodels, and relocations, rebannered stores, distribution center initiatives, lease payments associated with our real estate leases, potential dividend payments, potential share repurchases under our share repurchase program and the financing of capital projects, including investments in new systems. As part of our growth strategy, we have also pursued strategic acquisitions of other footwear retailers.

Cash Flow - Operating Activities

Net cash generated from operating activities was $17.1 million $40.7 million in first quarter year-to-date 2024 compared to $2.1 million $22.4 million in first quarter year-to-date 2023. The change in operating cash flow was primarily driven by the timing of inventory, purchases. tax and prepaid contracts payments and higher earnings.

Working capital increased on a year-over-year basis and totaled $355.8 million $377.1 million at May 4, 2024 August 3, 2024 compared to $318.3 million $330.6 million at April 29, 2023 July 29, 2023. The increase was primarily attributable to a higher cash balance and higher Merchandise Inventories levels due to the acquisition of Rogan's, partially offset by increased Accounts Payable. Rogan's. Our current ratio was 3.4 as of May 4, 2024 and August 3, 2024 compared to 3.1 as of April 29, 2023 July 29, 2023.

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Cash Flow – Investing Activities

Our cash outflows for investing activities are normally for capital expenditures. During the first quarters of year-to-date 2024 and 2023, we expended $10.2 million $15.7 million and $15.0 million $30.6 million, respectively, for the purchase of Property and Equipment, primarily related to store modernization. modernization and opening new Shoe Station stores.

During Our Rogan's acquisition in first quarter 2024 our Rogan's acquisition resulted in the payment of initial cash consideration of $44.6 million $44.4 million, net of cash acquired. acquired, during year-to-date 2024. Additional information regarding the Rogan's acquisition, including information on the additional contingent consideration of up to $5.0 million, can be found in Note 2 — "Acquisition of Rogan Shoes" to our Notes to Condensed Consolidated Financial Statements contained in PART I, ITEM 1 of this Quarterly Report on Form 10-Q.

We invest in publicly traded mutual funds designed to mitigate income statement volatility associated with our non-qualified deferred compensation plan. The balance of these Marketable Securities was $12.6 million $12.8 million at May 4, 2024 August 3, 2024, compared to $12.2 million at February 3, 2024 and $11.5 million at April 29, 2023 July 29, 2023. Additional information can be found in Note 5 — "Fair Value Measurements" to our Notes to Condensed Consolidated Financial Statements contained in PART I, ITEM 1 of this Quarterly Report on Form 10-Q.

Cash Flow – Financing Activities

Our cash outflows for financing activities are typically for cash dividend payments, share repurchases or payments on our Credit Agreement. Shares of our common stock can be either acquired as part of a publicly announced repurchase program or withheld by us in connection with employee payroll tax withholding upon the vesting of stock-based compensation awards that are settled in shares. Our cash inflows from financing activities generally reflect stock issuances to employees under our Employee Stock Purchase Plan and borrowings under our Credit Agreement.

During first quarter year-to-date 2024, net cash used in financing activities was $4.4 million $8.0 million compared to $5.8 million $8.5 million during first quarter year-to-date 2023. The decrease in net cash used in financing activities was primarily due to the decrease in shares surrendered by employees to pay taxes on stock-based compensation awards, partially offset by increased dividend payments.

Credit Agreement

On March 23, 2022, we entered into a $100 million Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement is collateralized by our inventory, expires on March 23, 2027, and uses a Secured Overnight Financing Rate ("SOFR") as quoted by The Federal Reserve Bank of New York as the basis for financing charges. Material covenants associated with the Credit Agreement require that we maintain a minimum net worth of $250 million and a consolidated interest coverage ratio of not less than 3.0 to 1.0. We were in compliance with these covenants as of May 4, 2024 August 3, 2024.

The Credit Agreement contains certain restrictions. However, as long as our consolidated EBITDA is positive and there are either no or low borrowings outstanding, we expect these restrictions would have no impact on our ability to pay cash dividends, execute share repurchases or facilitate acquisitions from cash on hand. The Credit Agreement stipulates that cash dividends and share repurchases of $15 million or less per fiscal year can be made without restriction as long as there is no default or event of default before and immediately after such distributions. We are also permitted to make acquisitions and pay cash dividends or repurchase shares in excess of $15 million in a fiscal year provided that (a) no default or event of default exists before and immediately after the transaction and (b) on a proforma basis, the ratio of (i) the sum of (A) our consolidated funded indebtedness plus (B) three times our consolidated rental expense to (ii) the sum of (A) our consolidated EBITDA plus (B) our consolidated rental expense is less than 3.5 to 1.0. Among other restrictions, the Credit Agreement also limits our ability to incur additional secured or unsecured debt to $20 million.

The Credit Agreement bears interest, at our option, at (1) the agent bank's base rate plus 0.0% to 1.0% or (2) Adjusted Term SOFR plus 0.9% to 1.9%, depending on our achievement of certain performance criteria. A commitment fee is charged at 0.2% to 0.3% per annum, depending on our achievement of certain performance criteria, on the unused portion of the lenders' commitment. During first quarter year-to-date 2024, we did not borrow or repay funds under the Credit Agreement. Letters of credit outstanding were $1.0 million at May 4, 2024 August 3, 2024 and our borrowing capacity was $99.0 million.

The terms "net worth", "consolidated interest coverage ratio", "consolidated funded indebtedness", "consolidated rental expense", "consolidated EBITDA", "base rate" and "Adjusted Term SOFR" are defined in the Credit Agreement.

See Note 9 – "Debt" in our Notes to Consolidated Financial Statements contained in PART II, ITEM 8 of our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 for a further discussion of our Credit Agreement and its covenants.

Capital Expenditures

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Capital Expenditures

Capital expenditures for fiscal Fiscal 2024, including actual expenditures in first quarter year-to-date 2024, are expected to be between $25 million $30 million and $35 million, with approximately $15 million $20 million to $20 million $25 million to be used for new and rebannered stores and modernization and approximately $10 million to $15 million for upgrades to our Evansville distribution center and e-commerce sales channels, various other store improvements, continued investments in technology and normal asset replacement activities. The resources allocated to projects are subject to near-term changes depending on the supply chain and potential inflationary and other macroeconomic impacts. Furthermore, the actual amount of cash required for capital expenditures for store operations depends in part on the number of stores opened, relocated, and remodeled, and the amount of lease incentives, if any, received from landlords. The number of new store openings and relocations will be dependent upon, among other things, the availability of desirable locations, the negotiation of acceptable lease terms and general economic and business conditions affecting consumer spending.

Store Portfolio

During first quarter 2024, we We opened two three new Shoe Station branded stores, permanently closed one Shoe Carnival branded store, and acquired 28 Rogan's stores, which are being integrated into our Shoe Station banner. banner, in year-to-date 2024. Increasing market penetration by adding new stores is a key component of our growth strategy. We currently have 430 stores and are targeting operating over 500 stores in 2028. We believe our current store footprint provides for growth in new markets within the United States as well as fill-in opportunities within existing markets. We aim to grow the Shoe Station banner to over 100 stores over the same time period. Since our acquisition of Shoe Station in December 2021, we have gained insights about the Shoe Station customer base and have defined markets where we believe a Shoe Station bannered store may outperform our current Shoe Carnival bannered store located in those markets. In year-to-date 2024, we have closed a Shoe Carnival bannered store and opened a Shoe Station bannered store in three test markets, and each test market has grown comparable stores Net Sales since transition. To further test and learn, we plan to close five to ten additional Shoe Carnival bannered stores in the second half of Fiscal 2024 and open Shoe Station bannered stores in those markets. Future store growth may continue to be impacted by macroeconomic uncertainty and our ability to identify desirable locations and/or acquisition partners.

Dividends and Share Repurchases

On March 13, 2024 June 25, 2024, the Board of Directors approved the payment of a 12.5% increase in our second quarter 2024 cash dividend paid to shareholders in first quarter 2024. our shareholders. The quarterly cash dividend of $0.135 per share was paid on April 22, 2024 July 22, 2024 to shareholders of record as of the close of business on April 8, 2024 July 8, 2024. In first second quarter 2023, the dividend paid was $0.100 per share. During the first quarters of year-to-date 2024 and 2023, we returned $3.7 million $7.4 million and $2.9 million $5.7 million, respectively, to our shareholders through our quarterly cash dividends. The declaration and payment of any future dividends are at the discretion of the Board of Directors and will depend on our results of operations, financial condition, business conditions and other factors deemed relevant by our Board of Directors.

On December 14, 2023, our Board of Directors authorized a share repurchase program for up to $50.0 million of our outstanding common stock, effective January 1, 2024 (the "2024 Share Repurchase Program"). The purchases may be made in the open market or through privately negotiated transactions from time-to-time through December 31, 2024 and in accordance with applicable laws, rules and regulations. The 2024 Share Repurchase Program may be amended, suspended, or discontinued at any time and does not commit us to repurchase shares of our common stock. We have funded, and intend to continue to fund, share repurchases from cash on hand, and any shares acquired will be available for stock-based compensation awards and other corporate purposes. The actual number and value of the shares to be purchased will depend on the performance of our stock price and other market and economic factors.

No share repurchases have been made to date in Fiscal 2024 and no share repurchases were made during first quarter year-to-date 2023.

Our Credit Agreement permits the payment of dividends and repurchase of shares, subject to certain covenants and restrictions. See "Credit Agreement" above and Note 9 — "Debt" to our Notes to Consolidated Financial Statements contained in PART II, ITEM 8 of our Annual Report on Form 10-K for the fiscal year ended February 3, 2024 for a further discussion of the Credit Agreement, its covenants and restrictions regarding dividends and share repurchases and other matters. The Credit Agreement's covenants and restrictions did not change during first quarter year-to-date 2024.

Seasonality

We have three distinct peak selling periods: Easter, back-to-school and Christmas. Our operating results depend significantly upon the sales generated during these periods. To prepare for our peak shopping seasons, we must order and keep in stock significantly more merchandise than we would carry during other periods of the year. Any unanticipated decrease in demand for our products or a supply chain disruption that reduces inventory availability during these peak shopping seasons could reduce our Net Sales and Gross Profit and negatively affect our profitability.

Recent Accounting Pronouncements

See Note 4 — “Recently Issued Accounting Pronouncements” to our Notes to Condensed Consolidated Financial Statements contained in PART I, ITEM 1 of this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements that may have an impact on our condensed consolidated financial statements when adopted.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in that the interest payable under the Credit Agreement is based on variable interest rates and therefore is affected by changes in market rates. We do not use interest rate derivative instruments to manage exposure to changes in market interest rates. We had no borrowings outstanding during first quarter year-to-date 2024.

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of May 4, 2024 August 3, 2024, that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

On February 13, 2024, we acquired all of the stock of Rogan’s, a privately-held, 53-year-old work and family footwear company. Under the SEC’s rules and regulations, we are currently integrating Rogan’s into management's assessment of the effectiveness of our internal control over financial reporting as of February 1, 2025.

There have been no significant changes in our internal control over financial reporting that occurred during the quarter ended May 4, 2024 August 3, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1)		Average Price Paid per Share	Total Number Of Shares Purchased as Part of Publicly Announced Programs (2)		Approximate Dollar Value of Shares that May Yet Be Purchased Under Programs (2)
February 4, 2024 to March 2, 2024	1,231	$	26.28	0	$	50,000,000
March 3, 2024 to April 6, 2024	17,896	$	36.64	0	$	50,000,000
April 7, 2024 to May 4, 2024	0	$	0.00	0	$	50,000,000
	19,127			0		

Period	Total Number of Shares	Average Price Paid	Total Number Of Shares Purchased	Approximate Dollar Value of Shares

	Purchased		per Share	as Part of Publicly Announced Programs (1)		that May Yet Be Purchased Under Programs (1)
May 5, 2024 to June 1, 2024	~~0~~	~~$~~	~~0.00~~	0	$	50,000,000
June 2, 2024 to July 6, 2024	0	$	0.00	0	$	50,000,000
July 7, 2024 to August 3, 2024	0	$	0.00	0	$	50,000,000
	0			0		

(1) 19,127 shares were withheld by us in connection with employee payroll tax withholding upon the vesting of stock-based compensation awards that were settled in shares.

(2) On December 14, 2023, our Board of Directors authorized the 2024 Share Repurchase Program for up to $50.0 million of our outstanding common stock, effective January 1 and expiring on December 31, 2024.

ITEM 5. OTHER INFORMATION

During first second quarter 2024, no members of our Board of Directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, amended or terminated any contract, instruction or written plan for the purchase or sale of our securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement, as defined in the SEC's rules.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description	Incorporated by Reference To: Form	Exhibit	Filing Date	Filed Herewith
3-A	Amended and Restated Articles of Incorporation of Registrant	8-K	3-A	06/27/2022	
3-B	By-laws of Registrant, as amended to date	8-K	3.B	03/17/2023	
10.1	Form of Restricted Stock Unit Award Agreement under the Shoe Carnival, Inc. Amended and Restated 2017 Equity Incentive Plan (Executive Officers)	8-K	10.1	03/18/2024	
10.2	Form of Performance Stock Unit Award Agreement under the Shoe Carnival, Inc. Amended and Restated 2017 Equity Incentive Plan (Executive Officers)	8-K	10.2	03/18/2024	
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

Exhibit No.	Description	Incorporated by Reference To: Form	Exhibit	Filing Date	Filed Herewith
3-A	Amended and Restated Articles of Incorporation of Registrant	8-K	3-A	06/27/2022	
3-B	By-laws of Registrant, as amended to date	8-K	3.B	03/17/2023	
10.1	Updated Form of 2022 Performance Stock Unit Award Agreement under the Registrant's 2017 Equity Incentive Plan (Executive Officers)				X
10.2	Updated Form of 2024 Performance Stock Unit Award Agreement under the Registrant's Amended and Restated 2017 Equity Incentive Plan (Executive Officers)				X

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document	X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X

SHOE CARNIVAL, INC.
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.

Date: June 7, 2024 September 6, 2024

SHOE CARNIVAL, INC.
(Registrant)

By: /s/ Patrick C. Edwards
Patrick C. Edwards
Senior Vice President,
Chief Financial Officer, Treasurer and Secretary
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Exhibit 10.1

SHOE CARNIVAL, INC.
2017 EQUITY INCENTIVE PLAN
Performance Stock Unit Award Agreement
(Executive Officers)

Shoe Carnival, Inc. (the "Company"), pursuant to its 2017 Equity Incentive Plan (the "Plan"), hereby grants an award of Performance Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Performance Stock Unit Award Agreement (the "Agreement"), consisting of this cover page and the Terms and Conditions on the following pages and the attached Exhibit A, and in the Plan document, a copy of which has been provided or otherwise made available to you and is incorporated by reference and made a part of this Agreement. Any capitalized term that is used but not defined in this Agreement shall have the meaning set forth in the Plan as it currently exists or as it is amended in the future.

Name of Participant: [________________________]

Number of Performance Stock Units: Target Number of Maximum Number of Performance Stock UnitsPerformance Stock Units [ ] [ ]
Grant Date: March 9, 2022
Performance Period: The fiscal year ending January 28, 2023 (“fiscal 2022”)
Vesting Schedule: The number of Units determined in accordance with Exhibit A to have been earned as of the end of the Performance Period will vest* on March 31, 2025 *Assumes you remain a Service Provider continuously from the Grant Date to the vesting date
Performance Goals: See Exhibit A

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents.

PARTICIPANT:	SHOE CARNIVAL, INC.
	By:____________________________________
[Name]	Name:
	Title:

Shoe Carnival, Inc.

2017 Equity Incentive Plan

Performance Stock Unit Award Agreement

Terms and Conditions

1.**Award of Performance Stock Units**. The Company hereby grants to you, as of the Grant Date specified on the cover page of this Agreement (the “Grant Date”) and subject to the terms and conditions in this Agreement and the Plan, an Award of Performance Stock Units (the “Units”) in an amount initially equal to the Target Number of Performance Stock Units specified on the cover page of this Agreement. The number of Units that may actually be earned and become eligible to vest pursuant to this Award can be between 25% and 175% of the Target Number of Performance Stock Units, but may not exceed the Maximum Number of Performance Stock Units specified on the cover page of this Agreement. Each Unit that is earned as a result of the performance goals specified in Exhibit A to this Agreement having been satisfied and which thereafter vests represents the right to receive one Share of the Company’s Stock. Prior to their settlement or forfeiture in accordance with the terms of this Agreement, the Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured contingent obligation of the Company.

2. **Restrictions Applicable to Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily, other than a transfer upon your death in accordance with your will, by the laws of descent and distribution or pursuant to a beneficiary designation submitted in accordance with Section 6(d) of the Plan. Following any such transfer, this Award shall continue to be subject to the same terms and conditions that were applicable to this Award immediately prior to its transfer. Any attempted transfer in violation of this Section 2 shall be void and without effect. The Units and your right to receive Shares in settlement of any Units under this Agreement shall be subject to forfeiture except to the extent the Units have been earned and thereafter vest as provided in Section 3 and Section 5 of this Agreement.

3. **Vesting and Forfeiture of Units**. As soon as practicable following the approval of the Company’s audited results for fiscal 2022 by the Audit Committee of the Company’s Board of Directors, the Committee shall determine whether and the extent to which the performance goals set forth in Exhibit A have been satisfied and the number of Units, if any, that you have earned. The date on which the Committee makes its determination is hereinafter referred to as the “Determination Date.” As permitted by Section 6(e)(ii) and Section 12 of the Plan, the Units shall vest at the earliest of the following times and to the degree specified (and not as specified in such sections of the Plan):

(a) Scheduled Vesting. Any Units that have been earned, as determined by the Committee in accordance with Exhibit A, will vest in full on March 31, 2025 (the “Vesting Date”), so long as your Service has been continuous from the Grant Date through such Vesting Date. For purposes of this Agreement, the “Vesting Period” is the period from the Grant Date through the Vesting Date.

(b) Death or Disability. If your Service terminates prior to the Vesting Date due to your death or Disability, the Ratable Portion of the Units will vest and will not be forfeited, which Ratable Portion will be determined on the later of the Determination Date or the date of your death or Disability, based on the Company’s Actual EPS (as defined in Exhibit A)at the end of fiscal 2022 and the portion of the Vesting Period that had elapsed since the Grant Date on the date of such death or Disability; all of the non-Ratable Portion of the Units will automatically be forfeited. For purpose of this Award, “Ratable Portion” shall be equal to the number of Units multiplied by the portion of the Vesting Period

that had elapsed since the Grant Date on the date of such death or Disability, measured on the basis of full months.

(c) Change in Control. If a Change in Control occurs while you continue to be a Service Provider and prior to the Vesting Date, the following provisions shall apply:

(i) If the Change in Control occurs prior to the Determination Date, the Company’s fully diluted net income per share as of the effectiv the Change in Control, with the threshold, target and maximum levels of fully diluted net income per share appropriately adjusted to r portion of fiscal 2022 that has elapsed as of the effective time of the Change in Control, will be used to determine the number of Unit be converted to time-vesting Units (the “Converted Award”).

(A) If and to the extent that this Converted Award is not continued, assumed or replaced in connection with the Change in Co restrictions on all Units underlying the Converted Award will expire and all such Units will become fully vested.

(B) If and to the extent that this Converted Award is continued, assumed or replaced in connection with the Change in Con such adjustments as may be required or permitted by the Plan), this Converted Award or replacement therefor w outstanding and will vest on the Vesting Date in accordance with subsection (a) above, subject to your Service continuin such date; provided, however, that if within 24 months after the Change in Control your Service terminates due to a term the Company without Cause or by you for Good Reason (each as defined in [your [Amended and Restated] Employ Noncompetition Agreement dated [ ] [(the “Employment Agreement”)][the Plan]), the restrictions on all Units unde Converted Award will expire and all such Units will become fully vested.

(ii) If the Change in Control occurs after the Determination Date but prior to the Vesting Date, any Units that remain unvested at the tim Change in Control will be treated the same as a Converted Award, as described in (i)(A) and (B) above.

(iii) For purposes of this Section 3(c), this Award will be considered assumed or replaced under the circumstances specified in Section 1 the Plan.

Notwithstanding the vesting and subsequent settlement of this Award, it shall remain subject to the provisions of Section 17 of the Plan.

4. **Effect of Termination of Service**. Except as otherwise provided in accordance with Section 3(b) or 3(c) of this Agreement [or as otherwise provided in the Employment Agreement], if you cease to be a Service Provider, you will immediately forfeit all unvested Units.

5. **Settlement of Units**. As soon as practicable after any date on which Units vest (but no later than the 15^{th} day of the third calendar month following such vesting date), the Company will cause to be issued and delivered to you (or to your personal representative or your designated beneficiary or estate in the event of your death, as applicable), one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the issuance of a stock certificate to you, by an appropriate entry in the stock register maintained by the Company’s transfer agent with a notice of issuance provided to you, or by the electronic

delivery of the Shares to a brokerage account you designate, and shall be subject to the tax withholding provisions of Section 8 of this Agreement and compliance with all applicable legal requirements as provided in Section 18(c) of the Plan, and shall be in complete satisfaction and settlement of such vested Units. The Company will pay any original issue or transfer taxes with respect to the issue and transfer of Shares to you pursuant to this Agreement, and all fees and expenses incurred by it in connection therewith.

6. **Dividend Equivalents**. On any date that a number of earned Units has been determined to have vested in accordance with the terms of this Agreement, a total dividend equivalent amount will be determined by multiplying the number of Units determined to have vested on such date by the per share amount of each cash dividend paid on the Company's Stock with a record date and payment date occurring between the Grant Date and the applicable vesting date, and adding those products together. The total dividend equivalent amount, net of any amount required to satisfy withholding tax obligations as provided in Section 8 of this Agreement, will be paid to you (or your permitted transferee) in cash at the time the vested Units are settled as provided in Section 5 of this Agreement.

7. **No Right to Continued Service or Future Awards**. This Agreement awards Units to you, but does not impose any obligation on the Company to make any future grants or issue any future awards to you or otherwise continue your participation under the Plan. This Agreement does not give you a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate your Service at any time without regard to the effect it may have upon you under this Agreement.

8. **Tax Consequences and Withholding**. As a condition precedent to the delivery of Shares in settlement of vested Units, you are required to make arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Shares. The Company will retain a portion of the Shares that would otherwise be delivered to you in settlement of vested Units, which retained Shares shall have a Fair Market Value on the date the taxes are required to be withheld equal to the amount of taxes required to be withheld, unless you provide notice to the Company prior to the vesting date of the Units that you desire to pay cash or direct the Company (or any Affiliate) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 14 of the Plan. Delivery of Shares in settlement of vested Units is subject to the satisfaction of applicable withholding tax obligations.

9. **No Shareholder Rights**. The Units subject to this Award do not entitle you to any rights of a holder of the Company's Stock. You will not have any of the rights of a shareholder of the Company in connection with any Units granted or earned pursuant to this Agreement unless and until Shares are issued to you in settlement of the earned and vested Units as provided in Section 5 of this Agreement.

10. **Governing Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, including the confidentiality, non-solicitation, forfeiture and recovery provisions set forth in Section 17 of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Board or the Committee pursuant to the Plan. All interpretations of the Committee and all related decisions or resolutions of the Board or the Committee shall be final and binding on the Company and you. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern, except to the extent that the terms and conditions of the Plan are supplemented or modified by this Agreement, as authorized by the Plan.

11. **Incentive Compensation Recovery Policy**. The Company's Incentive Compensation Recovery Policy, as may be amended from time to time, shall apply to the Units, any Shares delivered hereunder and any profits realized on the sale of such Shares to the extent that you are covered by such policy. If you are covered by such policy, the policy may apply to recoup Units awarded, any Shares delivered hereunder or profits

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realized on the sale of such Shares either before, on or after the date on which you become subject to such policy.

12. **Choice of Law**. This Agreement, the parties' performance hereunder, and the relationship between them shall be governed by, construed, and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

13. **Severability**. The provisions of this Agreement shall be severable and if any provision of this Agreement is found by any court to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You also agree that any trier of fact may modify any invalid, overbroad or unenforceable provision of this Agreement so that such provision, as modified, is valid and enforceable under applicable law.

14. **Binding Effect**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

15. **Section 409A of the Code**. The award of Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to be exempt from Section 409A of the Code under the short-term deferral exception specified in Treas. Reg. § 1.409A-l(b)(4).

16. **Electronic Delivery and Acceptance**. The Company may deliver any documents related to this Performance Stock Unit Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to

participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

EXHIBIT A

Performance Goal:

	Threshold	Target	Maximum
Net Income Per Share (Fiscal 2022)	$[ ]	$[ ]	$[ ]
Number of Units Earned	[ ]	[ ]	[ ]

In establishing and measuring achievements against performance for fiscal 2022, the Committee may provide that one or more adjustments may be made to the Company's fully diluted net income per share for fiscal 2022 for Material Adjustments. "Material Adjustments" mean adjustments that the Committee shall determine, in its sole discretion, to be appropriate in order to reflect the impact of (i) significant events that are unusual in nature or infrequently occurring or (ii) changes in applicable tax laws or accounting principles that occur during fiscal 2022.

If the Company's fully diluted net income per share for fiscal 2022, as adjusted by the Committee for any Material Adjustments ("Actual EPS"), equals or exceeds the maximum net income per share set forth above, the maximum number of Units will be earned. If the Company's Actual EPS is less than the threshold net income per share set forth above, all of the Units will be forfeited on the Determination Date. If the Company's Actual EPS falls between the threshold, target and maximum levels specified in the table above, the number of Units that will be earned, and the number of Units that will be forfeited on the Determination Date, will be interpolated.

Exhibit 10.2

SHOE CARNIVAL, INC.

AMENDED AND RESTATED 2017 EQUITY INCENTIVE PLAN

Performance Stock Unit Award Agreement

(Executive Officers)

Shoe Carnival, Inc. (the "Company"), pursuant to its Amended and Restated 2017 Equity Incentive Plan (the "Plan"), hereby grants an award of Performance Stock Units to you, the Participant named below. The terms and conditions of this Award are set forth in this Performance Stock Unit Award Agreement (the "Agreement"), consisting of this cover page and the Terms and Conditions on the following pages and the attached Exhibit A, and in the Plan document, a copy of which has been provided or otherwise made available to you and is incorporated by reference and made a part of this Agreement. Any capitalized term that is used but not defined in this Agreement shall have the meaning set forth in the Plan as it currently exists or as it is amended in the future.

Name of Participant: [_________________________]
Number of Performance Stock Units: Target Number of Maximum Number of Performance Stock UnitsPerformance Stock Units [ ] [ ]

Grant Date: [ ]
Performance Period: The fiscal year ending [ ] ("fiscal 20[ ]")
Vesting Schedule: The number of Units determined in accordance with Exhibit A to have been earned as of the end of the Performance Period will vest* on March 31, 20[ ] *Assumes you remain a Service Provider continuously from the Grant Date to the vesting date
Performance Goals: See Exhibit A

By signing below or otherwise evidencing your acceptance of this Agreement in a manner approved by the Company, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents.

PARTICIPANT:	SHOE CARNIVAL, INC.
	By:______________________________
[Name]	Name:
	Title:

Shoe Carnival, Inc.

Amended and Restated 2017 Equity Incentive Plan

Performance Stock Unit Award Agreement

Terms and Conditions

1.**Award of Performance Stock Units**. The Company hereby grants to you, as of the Grant Date specified on the cover page of this Agreement (the "Grant Date") and subject to the terms and conditions in this Agreement and the Plan, an Award of Performance Stock Units (the "Units") in an amount initially equal to the Target Number of Performance Stock Units specified on the cover page of this Agreement. The number of Units that may actually be earned and become eligible to vest pursuant to this Award can be between 25% and 175% of the Target Number of Performance Stock Units, but may not exceed the Maximum Number of Performance Stock Units specified on the cover page of this Agreement. Each Unit that is earned as a result of the performance goals specified in Exhibit A to this Agreement having been satisfied and which thereafter vests represents the right to receive one Share of the Company's Stock. Prior to their settlement or forfeiture in accordance with the terms of this Agreement, the Units granted to you will be credited to an account in your name maintained by the Company. This account shall be unfunded and maintained for book-keeping purposes only, with the Units simply representing an unfunded and unsecured contingent obligation of the Company.

2. **Restrictions Applicable to Units**. Neither this Award nor the Units subject to this Award may be sold, assigned, transferred, exchanged or encumbered, voluntarily or involuntarily, other than a transfer upon your death in accordance with your will, by the laws of descent and distribution or pursuant to a beneficiary designation submitted in accordance with Section 6(d) of the Plan. Following any such transfer, this Award shall continue to be subject to the same terms and conditions that were applicable to this Award immediately prior to its transfer. Any attempted transfer in violation of this Section 2 shall be void and without effect. The Units and your right to receive Shares in settlement of any Units under this Agreement shall be subject to forfeiture except to the extent the Units have been earned and thereafter vest as provided in Section 3 and Section 5 of this Agreement.

3. **Vesting and Forfeiture of Units**. As soon as practicable following the approval of the Company's audited results for fiscal 20[ ] by the Audit Committee of the Company's Board of Directors, the Committee shall determine whether and the extent to which the performance goals set forth in Exhibit A have been satisfied and the number of Units, if any, that you have earned. The date on which the Committee makes its determination is hereinafter referred to as the "Determination Date." As permitted by Section 6(e)(ii) and Section 12 of the Plan, the Units shall vest at the earliest of the following times and to the degree specified (and not as specified in such sections of the Plan):

(a) Scheduled Vesting. Any Units that have been earned, as determined by the Committee in accordance with Exhibit A, will vest in full on March 31, 20[ ] (the "Vesting Date"), so long as your Service has been continuous from the Grant Date through such Vesting Date. For purposes of this Agreement, the "Vesting Period" is the period from the Grant Date through the Vesting Date.

(b) Death or Disability. If your Service terminates prior to the Vesting Date due to your death or Disability, the Ratable Portion of the Units will vest and will not be forfeited, which Ratable Portion will be determined on the later of the Determination Date or the date of your death or Disability, based on the Company's Actual EPS (as defined in Exhibit A)at the end of fiscal 20[ ] and the portion of the Vesting Period that had elapsed since the Grant Date on the date of such death or Disability; all of the non-Ratable Portion of the Units will automatically be forfeited. For purpose of this Award, "Ratable Portion" shall be equal to the number of Units multiplied by the portion of the Vesting Period that had elapsed since the Grant Date on the date of such death or Disability, measured on the basis of full months.

(c) Change in Control. If a Change in Control occurs while you continue to be a Service Provider and prior to the Vesting Date, the following provisions shall apply:

(i) If the Change in Control occurs prior to the Determination Date, the Company's fully diluted net income per share as of the effecti the Change in Control, with the threshold, target and maximum levels of fully diluted net income per share appropriately adjusted to portion of fiscal 20[ ] that has elapsed as of the effective time of the Change in Control, will be used to determine the number of Unit be converted to time-vesting Units (the "Converted Award").

(A) If and to the extent that this Converted Award is not continued, assumed or replaced in connection with the Change in Co restrictions on all Units underlying the Converted Award will expire and all such Units will become fully vested.

(B) If and to the extent that this Converted Award is continued, assumed or replaced in connection with the Change in Co such adjustments as may be required or permitted by the Plan), this Converted Award or replacement therefor w outstanding and will vest on the Vesting Date in accordance with subsection (a) above, subject to your Service continuin such date; provided, however, that if within 24 months after the Change in Control your Service terminates due to a term the Company without Cause or by you for Good Reason (each as defined in your [Amended and Restated] Employ Noncompetition Agreement dated [ ] [(the "Employment Agreement")]), the restrictions on all Units underlying the Convert will expire and all such Units will become fully vested.

(ii) If the Change in Control occurs after the Determination Date but prior to the Vesting Date, any Units that remain unvested at the tim Change in Control will be treated the same as a Converted Award, as described in (i)(A) and (B) above.

(iii) For purposes of this Section 3(c), this Award will be considered assumed or replaced under the circumstances specified in Section the Plan.

Notwithstanding the vesting and subsequent settlement of this Award, it shall remain subject to the provisions of Section 17 of the Plan.

4. **Effect of Termination of Service**. Except as otherwise provided in accordance with Section 3(b) or 3(c) of this Agreement [or as otherwise provided in the Employment Agreement], if you cease to be a Service Provider, you will immediately forfeit all unvested Units.

5. **Settlement of Units**. As soon as practicable after any date on which Units vest (but no later than the 15th day of the third calendar month following such vesting date), the Company will cause to be issued and delivered to you (or to your personal representative or your designated beneficiary or estate in the event of your death, as applicable), one Share in payment and settlement of each vested Unit. Delivery of the Shares shall be effected by the issuance of a stock certificate to you, by an appropriate entry in the stock register maintained by the Company's transfer agent with a notice of issuance provided to you, or by the electronic

delivery of the Shares to a brokerage account you designate, and shall be subject to the tax withholding provisions of Section 8 of this Agreement and compliance with all applicable legal requirements as provided in Section 18(c) of the Plan, and shall be in complete satisfaction and settlement of such vested Units. The Company will pay any original issue or transfer taxes with respect to the issue and transfer of Shares to you pursuant to this Agreement, and all fees and expenses incurred by it in connection therewith.

6. **Dividend Equivalents**. On any date that a number of earned Units has been determined to have vested in accordance with the terms of this Agreement, a total dividend equivalent amount will be determined by multiplying the number of Units determined to have vested on such date by the per share amount of each cash dividend paid on the Company's Stock with a record date and payment date occurring between the Grant Date and the applicable vesting date, and adding those products together. The total dividend equivalent amount, net of any amount required to satisfy withholding tax obligations as provided in Section 8 of this Agreement, will be paid to you (or your permitted transferee) in cash at the time the vested Units are settled as provided in Section 5 of this Agreement.

7. **No Right to Continued Service or Future Awards**. This Agreement awards Units to you, but does not impose any obligation on the Company to make any future grants or issue any future awards to you or otherwise continue your participation under the Plan. This Agreement does not give you a right to continued Service with the Company or any Affiliate, and the Company or any such Affiliate may terminate your Service at any time without regard to the effect it may have upon you under this Agreement.

8. **Tax Consequences and Withholding**. As a condition precedent to the delivery of Shares in settlement of vested Units, you are required to make arrangements acceptable to the Company for payment of any federal, state, local or foreign withholding taxes that may be due as a result of the delivery of the Shares. The Company will retain a portion of the Shares that would otherwise be delivered to you in settlement of vested Units, which retained Shares shall have a Fair Market Value on the date the taxes are required to be withheld equal to the amount of taxes required to be withheld, unless you provide notice to the Company prior to the vesting date of the Units that you desire to pay cash or direct the Company (or any Affiliate) to withhold from payroll or other amounts payable to you any sums required to satisfy such withholding tax obligations, and otherwise agree to satisfy such obligations in accordance with the provisions of Section 14 of the Plan. Delivery of Shares in settlement of vested Units is subject to the satisfaction of applicable withholding tax obligations.

9. **No Shareholder Rights**. The Units subject to this Award do not entitle you to any rights of a holder of the Company's Stock. You will not have any of the rights of a shareholder of the Company in connection with any Units granted or earned pursuant to this Agreement unless and until Shares are issued to you in settlement of the earned and vested Units as provided in Section 5 of this Agreement.

10. **Governing Plan Document**. This Agreement and the Award are subject to all the provisions of the Plan, including the confidentiality, non-solicitation, forfeiture and recovery provisions set forth in Section 17 of the Plan, and to all interpretations, rules and regulations which may, from time to time, be adopted and promulgated by the Board or the Committee pursuant to the Plan. All interpretations of the Committee and all related decisions or resolutions of the Board or the Committee shall be final and binding on the Company and you. If there is any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan will govern, except to the extent that the terms and conditions of the Plan are supplemented or modified by this Agreement, as authorized by the Plan.

11. **Incentive Compensation Recovery Policy**. The Company's Amended and Restated Incentive Compensation Recovery Policy, as may be amended from time to time, shall apply to the Units, any Shares delivered hereunder and any profits realized on the sale of such Shares to the extent that you are covered by such policy. If you are covered by such policy, the policy may apply to recoup Units awarded, any Shares

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delivered hereunder or profits realized on the sale of such Shares either before, on or after the date on which you become subject to such policy.

12. **Choice of Law**. This Agreement, the parties' performance hereunder, and the relationship between them shall be governed by, construed, and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

13. **Severability**. The provisions of this Agreement shall be severable and if any provision of this Agreement is found by any court to be unenforceable, in whole or in part, the remainder of this Agreement shall nevertheless be enforceable and binding on the parties. You also agree that any trier of fact may modify any invalid, overbroad or unenforceable provision of this Agreement so that such provision, as modified, is valid and enforceable under applicable law.

14. **Binding Effect**. This Agreement will be binding in all respects on your heirs, representatives, successors and assigns, and on the successors and assigns of the Company.

15. **Section 409A of the Code**. The award of Units as provided in this Agreement and any issuance of Shares or payment pursuant to this Agreement are intended to be exempt from Section 409A of the Code under the short-term deferral exception specified in Treas. Reg. § 1.409A-l(b)(4).

16. **Electronic Delivery and Acceptance**. The Company may deliver any documents related to this Performance Stock Unit Award by electronic means and request your acceptance of this Agreement by electronic means. You hereby consent to receive all applicable documentation by electronic delivery and to participate in the Plan through an on-line (and/or voice activated) system established and maintained by the Company or the Company's third-party stock plan administrator.

EXHIBIT A

Performance Goal:

	Threshold	Target	Maximum
Net Income Per Share (Fiscal 20[ ])	$[ ]	$[ ]	$[ ]
Number of Units Earned	[ ]	[ ]	[ ]

In establishing and measuring achievements against performance for fiscal 20[ ], the Committee may provide that one or more adjustments may be made to the Company's fully diluted net income per share for fiscal 20[ ] for Material Adjustments. "Material Adjustments" mean adjustments that the Committee shall determine, in its sole discretion, to be appropriate in order to reflect the impact of (i) significant events that are unusual in nature or infrequently occurring or (ii) changes in applicable tax laws or accounting principles that occur during fiscal 20[ ].

If the Company's fully diluted net income per share for fiscal 20[ ], as adjusted by the Committee for any Material Adjustments ("Actual EPS"), equals or exceeds the maximum net income per share set forth above, the maximum number of Units will be earned. If the Company's Actual EPS is less than the threshold net income per share set forth above, all of the Units will be forfeited on the Determination Date. If the Company's Actual EPS falls between the threshold, target and maximum levels specified in the table above, the number of Units that will be earned, and the number of Units that will be forfeited on the Determination Date, will be interpolated.

Exhibit 31.1

SHOE CARNIVAL, INC.

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark J. Worden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Shoe Carnival, 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 o 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) 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 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 reasor assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accou 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 disclosur 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 registr 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 financia 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 committee of 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 affec 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 7, 2024 September 6, 2024

By: /s/ Mark J. Worden
Mark J. Worden
President and
Chief Executive Officer

Exhibit 31.2

SHOE CARNIVAL, INC.
CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick C. Edwards, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Shoe Carnival, 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 o 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) 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 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 reasor assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accou 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 disclosur 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 registr 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 financia 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 committee of 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 affec 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 7, 2024 September 6, 2024

By: /s/ Patrick C. Edwards
Patrick C. Edwards
Senior Vice President,
Chief Financial Officer, Treasurer and Secretary

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C.
SECTION 1350,
AS ADOPTED PURSUANT TO SECTION
906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Shoe Carnival, Inc. (the “Company”) on Form 10-Q for the period ending May 4, 2024 August 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark J. Worden, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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 7, 2024 September 6, 2024

By: /s/ Mark J. Worden
Mark J. Worden
President and
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C.
SECTION 1350,
AS ADOPTED PURSUANT TO SECTION
906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Shoe Carnival, Inc. (the “Company”) on Form 10-Q for the period ending May 4, 2024 August 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Patrick C. Edwards, Senior Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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 7, 2024 September 6, 2024

By: /s/ Patrick C. Edwards
Patrick C. Edwards
Senior Vice President,
Chief Financial Officer, Treasurer and Secretary

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