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

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 30, 2021

OR

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

For the transition period from __________________________ to __________________________

COMMISSION FILE NUMBER: **000-20969**

HIBBETT, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-8159608**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2700 Milan Court, Birmingham, Alabama 35211
(Address of principal executive offices, including zip code)

205-942-4292
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value Per Share	HIBB	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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

Shares of common stock, par value $0.01 per share, outstanding as of December 2, 2021, were 13,688,704 shares.

HIBBETT, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

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

ASSETS	October 30, 2021	January 30, 2021	October 31, 2020
Current assets:			
Cash and cash equivalents	$ 29,749	$ 209,290	$ 177,698
Receivables, net	13,349	11,905	12,762
Inventories, net	258,839	202,038	210,857
Other current assets	22,401	16,567	10,803
Total current assets	324,338	439,800	412,120
Property and equipment, net	127,715	107,159	99,094
Operating right-of-use assets	232,847	216,224	220,141
Finance right-of-use assets, net	2,137	3,285	2,887
Tradename intangible asset	23,500	23,500	23,500
Deferred income taxes, net	11,188	14,625	15,750
Other assets, net	3,517	3,573	3,910
Total assets	$ 725,242	$ 808,166	$ 777,402
LIABILITIES AND STOCKHOLDERS' INVESTMENT			
Current liabilities:			
Accounts payable	$ 116,234	$ 107,215	$ 102,414
Operating lease obligations	61,643	58,613	60,533
Finance lease obligations	861	956	847
Accrued payroll expenses	18,805	29,948	20,474
Other accrued expenses	15,009	28,588	28,585
Total current liabilities	212,552	225,320	212,853
Operating lease obligations	202,568	186,133	186,147
Finance lease obligations	1,505	2,599	2,315
Unrecognized tax benefits	631	725	639
Other liabilities	2,501	2,353	2,287
Total liabilities	419,757	417,130	404,241
Stockholders' investment:			
Preferred stock, $0.01 par value, 1,000,000 shares authorized, no shares issued	—	—	—
Common stock, $0.01 par value, 80,000,000 shares authorized, 39,587,012, 39,379,865 and 39,338,741 shares issued at October 30, 2021, January 30, 2021, and October 31, 2020, respectively	396	394	393
Paid-in capital	201,370	194,534	193,208
Retained earnings	1,008,066	858,951	835,020
Treasury stock, at cost; 25,900,206, 22,901,101 and 22,743,290 shares repurchased at October 30, 2021, January 30, 2021, and October 31, 2020, respectively	(904,347)	(662,843)	(655,460)
Total stockholders' investment	305,485	391,036	373,161
Total liabilities and stockholders' investment	$ 725,242	$ 808,166	$ 777,402

See notes to unaudited condensed consolidated financial statements.

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

	13-Weeks Ended				39-Weeks Ended			
	October 30, 2021		October 31, 2020		October 30, 2021		October 31, 2020	
		% to Sales		% to Sales		% to Sales		% to Sales
Net sales	$ 381,719		$ 331,383		$ 1,307,837		$ 1,042,827	
Cost of goods sold	243,023	63.7 %	204,347	61.7 %	796,028	60.9 %	678,047	65.0 %
Gross margin	138,696	36.3 %	127,036	38.3 %	511,809	39.1 %	364,780	35.0 %
Store operating, selling, and administrative expenses	96,324	25.2 %	86,330	26.1 %	281,328	21.5 %	255,838	24.5 %
Goodwill impairment	—	— %	—	— %	—	— %	19,661	1.9 %
Depreciation and amortization	8,959	2.3 %	7,541	2.3 %	25,418	1.9 %	21,895	2.1 %
Operating income	33,413	8.8 %	33,165	10.0 %	205,063	15.7 %	67,386	6.5 %
Interest expense, net	64	— %	32	— %	191	— %	407	— %
Income before provision for income taxes	33,349	8.7 %	33,133	10.0 %	204,872	15.7 %	66,979	6.4 %
Provision for income taxes	8,157	2.1 %	7,867	2.4 %	48,218	3.7 %	16,645	1.6 %
Net income	$ 25,192	6.6 %	$ 25,266	7.6 %	$ 156,654	12.0 %	$ 50,334	4.8 %
Basic earnings per share	$ 1.75		$ 1.52		$ 10.13		$ 3.04	
Diluted earnings per share	$ 1.68		$ 1.47		$ 9.74		$ 2.98	
Weighted-average shares:								
Basic	14,362		16,572		15,460		16,551	
Diluted	14,975		17,177		16,082		16,902	

Percentages may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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

	39-Weeks Ended	
	October 30, 2021	**October 31, 2020**
Cash Flows From Operating Activities:		
Net income	$ 156,654	$ 50,334
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25,418	21,895
Stock-based compensation	4,373	2,869
Impairment charges	2,508	34,541
Contingent earnout, net	(13,761)	(1,586)
Other non-cash adjustments	2,141	(9,095)
Changes in operating assets and liabilities:		
Inventories, net	(56,801)	77,155
Receivables, net	(1,527)	(4,541)
Accounts payable	6,270	(29,248)
Income tax payable, net	(1,259)	995
Other assets and liabilities	(12,028)	1,890
Net cash provided by operating activities	111,988	145,209
Cash Flows From Investing Activities:		
Capital expenditures	(43,894)	(20,791)
Other, net	913	1,497
Net cash used in investing activities	(42,981)	(19,294)
Cash Flows From Financing Activities:		
Proceeds under credit facilities	—	117,535
Repayments under credit facilities	—	(117,535)
Stock repurchases	(238,327)	(9,748)
Cash used for contingent earnout	(1,239)	(4,761)
Cash dividends paid to stockholders	(7,533)	—
Proceeds from options exercised and purchase of shares under the employee stock purchase plan	2,465	1,463
Other, net	(3,914)	(1,249)
Net cash used in financing activities	(248,548)	(14,295)
Net (decrease) increase in cash and cash equivalents	(179,541)	111,620
Cash and cash equivalents, beginning of period	209,290	66,078
Cash and cash equivalents, end of period	$ 29,749	$ 177,698

See notes to unaudited condensed consolidated financial statements.

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

13-Weeks Ended October 30, 2021

	Common Stock				Treasury Stock		
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount	Total Stockholders' Investment
Balance - July 31, 2021	39,578	$ 396	$ 199,713	$ 986,568	24,473	$ (786,498)	$ 400,179
Net income	—	—	—	25,192	—	—	25,192
Issuance of shares through the Company's equity plans	9	—	468	—	—	—	468
Purchase of shares under the stock repurchase program	—	—	—	—	1,427	(117,850)	(117,850)
Cash dividends declared, $0.25 per common share	—	—	—	(3,694)	—	—	(3,694)
Stock-based compensation	—	—	1,190	—	—	—	1,190
Balance - October 30, 2021	39,587	$ 396	$ 201,370	$ 1,008,066	25,900	$ (904,347)	$ 305,485

13-Weeks Ended October 31, 2020

	Common Stock				Treasury Stock		
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount	Total Stockholders' Investment
Balance - August 1, 2020	39,287	$ 393	$ 190,992	$ 809,754	22,743	$ (655,460)	$ 345,679
Net income	—	—	—	25,266	—	—	25,266
Issuance of shares through the Company's equity plans	52	—	1,202	—	—	—	1,202
Stock-based compensation	—	—	1,014	—	—	—	1,014
Balance - October 31, 2020	39,339	$ 393	$ 193,208	$ 835,020	22,743	$ (655,460)	$ 373,161

Columns may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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

39-Weeks Ended October 30, 2021

	Common Stock				Treasury Stock		
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount	Total Stockholders' Investment
Balance - January 30, 2021	39,380	$ 394	$ 194,534	$ 858,951	22,901	$ (662,843)	$ 391,036
Net income	—	—	—	156,654	—	—	156,654
Issuance of shares through the Company's equity plans	207	2	2,463	—	—	—	2,465
Purchase of shares under the stock repurchase program	—	—	—	—	2,954	(238,327)	(238,327)
Settlement of net share equity awards	—	—	—	—	45	(3,177)	(3,177)
Cash dividends declared, $0.25 per common share	—	—	—	(7,540)	—	—	(7,540)
Stock-based compensation	—	—	4,373	—	—	—	4,373
Balance - October 30, 2021	39,587	$ 396	$ 201,370	$ 1,008,066	25,900	$ (904,347)	$ 305,485

39-Weeks Ended October 31, 2020

	Common Stock				Treasury Stock		
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount	Total Stockholders' Investment
Balance - February 1, 2020	39,141	$ 391	$ 188,879	$ 784,942	22,280	$ (645,229)	$ 328,983
Net income	—	—	—	50,334	—	—	50,334
Issuance of shares through the Company's equity plans	198	2	1,460	—	—	—	1,462
Adjustment for adoption of accounting standard(1)	—	—	—	(256)	—	—	(256)
Purchase of shares under the stock repurchase program	—	—	—	—	428	(9,748)	(9,748)
Settlement of net share equity awards	—	—	—	—	35	(483)	(483)
Stock-based compensation	—	—	2,869	—	—	—	2,869
Balance - October 31, 2020	39,339	$ 393	$ 193,208	$ 835,020	22,743	$ (655,460)	$ 373,161

Columns may not foot due to rounding.

(1) Adoption of Accounting Standards Update ("ASU") No. 2016-13, Topic 326, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. See Note 2, *Recent Accounting Pronouncements*, in our Annual Report on Form 10-K filed on April 7, 2021.

See notes to unaudited condensed consolidated financial statements.

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

1. Basis of Presentation and Accounting Policies

The accompanying unaudited condensed consolidated financial statements of Hibbett, Inc. and its wholly-owned subsidiaries (including the condensed consolidated balance sheet as of January 30, 2021, which has been derived from audited financial statements) have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. References to "Hibbett," "we," "our," "us," and the "Company" refer to Hibbett, Inc. and its subsidiaries, as well as its predecessors.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 30, 2021, filed on April 7, 2021 ("2021 Annual Report"). The unaudited condensed consolidated financial statements have been prepared on a basis consistent in all material respects with the accounting policies described in the 2021 Annual Report and reflect all adjustments of a normal recurring nature that are, in management's opinion, necessary for the fair presentation of the results of operations, financial position, and cash flows for the periods presented.

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

Property and Equipment

Property and equipment are recorded at cost. Finance lease assets are shown as right-of-use ("ROU") assets and are excluded from property and equipment (*see Note 3, Leases*). The fixed asset component of asset group impairment charges was not material in any period presented.

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

	October 30, 2021	January 30, 2021	October 31, 2020
Land	$ 7,277	$ 7,277	$ 7,277
Buildings	22,132	21,505	21,432
Equipment	114,295	104,431	100,785
Furniture and fixtures	47,234	42,448	39,144
Leasehold improvements	127,501	109,220	105,489
Construction in progress	4,518	1,470	1,675
Total property and equipment	322,957	286,351	275,802
Less: accumulated depreciation and amortization	195,242	179,192	176,708
Total property and equipment, net	$ 127,715	$ 107,159	$ 99,094

Revenue Recognition

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

Gift Cards, Customer Orders, and Layaways: The net deferred revenue liability for gift cards, customer orders, and layaways at October 30, 2021, January 30, 2021, and October 31, 2020 was $9.2 million, $8.8 million, and $8.2 million, respectively, recognized in accounts payable on our unaudited condensed consolidated balance sheets. We recognize revenue when a gift card is redeemed by the customer and recognize gift card breakage income in net sales in proportion to the redemption pattern of rights exercised by the customer. For all periods presented, gift card breakage was immaterial.

During the 13-weeks ended October 30, 2021 and October 31, 2020, $0.5 million and $0.5 million, respectively, of gift card deferred revenue from prior periods was realized. During the 39-weeks ended October 30, 2021 and October 31, 2020, $1.2 million and $1.0 million, respectively, of gift card deferred revenue from prior periods was realized.

Loyalty Program: We offer the Hibbett Rewards program whereby upon registration and in accordance with the terms of the program, customers earn points on certain purchases. Points convert into rewards at defined thresholds. The short-term future performance obligation liability is estimated at each reporting period based on historical conversion and redemption patterns. The liability is included in other accrued expenses on our unaudited condensed consolidated balance sheets and was $3.6 million, $3.4 million, and $3.2 million at October 30, 2021, January 30, 2021, and October 31, 2020, respectively.

Return Sales: The liability for return sales is estimated at each reporting period based on historical return patterns and is recognized at the transaction price. The liability is included in other accrued expenses on our unaudited condensed consolidated balance sheets. The return asset and corresponding adjustment to cost of goods sold for our right to recover the merchandise returned by the customer is immaterial.

Retail Store Sales: For merchandise sold in our stores, revenue is recognized at the point of sale when tender is accepted and the customer takes possession of the merchandise.

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

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Footwear	$ 231,365	$ 201,047	$ 824,088	$ 675,270
Apparel	104,598	90,380	346,130	268,564
Equipment	45,756	39,956	137,619	98,993
Total	$ 381,719	$ 331,383	$ 1,307,837	$ 1,042,827

Goodwill and Indefinite-Lived Intangible Assets

Goodwill and the City Gear tradename are indefinite-lived assets which are not amortized, but rather tested for impairment at least annually, or on an interim basis if events and circumstances have occurred that indicate that it is more likely than not that an asset is impaired. Such events or circumstances could include, but are not limited to, significant negative industry or economic trends, unanticipated changes in the competitive environment and a significant sustained decline in the market price of our stock. If an asset is impaired, the amount that the carrying value exceeds the fair value is recorded as an impairment charge to current income.

Due to the macroeconomic impact of the COVID-19 pandemic, we determined that indicators of potential impairment were present during the 13-weeks ended May 2, 2020. As a result, we performed interim impairment testing on goodwill and the City Gear tradename as of April 15, 2020, using updated assumptions around prospective financial information, growth rates, discount rates applied to future cash flows, and comparable multiples from publicly traded companies in our industry.

In valuing goodwill, we use a combination of the Discounted Cash Flow methodology and the Guideline Public Company methodology, which require assumptions related to future cash flows, discount rate, and comparable public company entities. In the 13-weeks ended May 2, 2020 and year ended January 30, 2021, we determined that goodwill of our City Gear reporting unit was fully impaired and recognized a non-cash impairment charge of $19.7 million. No impairment related to goodwill was recognized during the 13-weeks or 39-weeks ended October 30, 2021.

In valuing the tradename intangible, we use the Relief from Royalty method which requires assumptions related to future revenues, royalty rate, and discount rate. In the 13-weeks ended May 2, 2020 and year ended January 30, 2021, we determined that the City Gear tradename was partially impaired and recognized a non-cash impairment charge of $8.9 million in store operating, selling, and administrative expenses on our unaudited condensed consolidated statements of operations. No impairment related to the tradename intangible was recognized during the 13-weeks or 39-weeks ended October 30, 2021.

2. Recent Accounting Pronouncements

Standards that were adopted

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, "*Income Taxes ("Topic 740"): Simplifying the Accounting for Income Taxes*," as part of its overall simplification initiative. ASU 2019-12 was issued in order to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to financial statement users. The amendments remove certain exceptions to the general provisions of Topic 740 and provide simplification in other areas of Topic 740. We adopted ASU 2019-12 on January 31, 2021, with no material impact to our consolidated financial statements.

Standards that are not yet adopted

We continuously monitor and review all current accounting pronouncements and standards from the FASB of U.S. GAAP for applicability to our operations. As of October 30, 2021, there were no other new pronouncements or interpretations that had or were expected to have a significant impact on our financial reporting.

3. Leases

ROU lease assets are periodically reviewed for impairment losses. The Company uses the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment - Overall*, to determine when to test ROU assets (or asset groups that contain one or more ROU assets for impairment), whether ROU assets are impaired, and if so, the amount of the impairment loss to recognize. An asset group impairment charge of approximately $2.1 million and $1.4 million was recognized in the 13-weeks ended October 30, 2021 and October 31, 2020, respectively. An asset group impairment charge of approximately $2.6 million and $6.0 million was recognized in the 39-weeks ended October 30, 2021 and October 31, 2020, respectively.

Lease costs are as follows (in thousands):

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Operating lease cost	$ 16,796	$ 16,467	$ 47,357	$ 50,236
Finance lease cost:				
Amortization of assets	224	234	638	712
Interest on lease liabilities	30	43	109	137
Variable lease cost	4,264	388	15,186	734
	$ 21,314	$ 17,132	$ 63,290	$ 51,819

Finance ROU assets on the unaudited condensed consolidated balance sheets at October 30, 2021, January 30, 2021, and October 31, 2020 are shown net of accumulated amortization of $2.3 million, $1.7 million, and $1.4 million, respectively.

The following table provides supplemental balance sheet information related to leases:

	October 30, 2021	January 30, 2021	October 31, 2020
Weighted-average remaining lease term (in years):			
Operating leases	5	5	5
Finance leases	3	4	4
Weighted-average discount rate:			
Operating leases	3.2 %	3.5 %	3.7 %
Finance leases	5.2 %	5.5 %	6.4 %

The following table provides supplemental cash flow and other information related to leases (in thousands):

	39-Weeks Ended	
	October 30, 2021	October 31, 2020
Operating cash flows from operating leases	$ 56,228	$ 57,461
Operating cash flows from finance leases	$ 109	$ 137
Financing cash flows from finance leases	$ 736	$ 766
ROU assets obtained in exchange for lease obligations, net:		
Operating leases	$ 63,827	$ 42,895
Finance leases	$ (452)	$ 1,351

Maturities of lease obligation as of October 30, 2021 (in thousands):

	Operating	Finance	Total
Remainder of Fiscal 2022	$ 12,446	$ 238	$ 12,684
Fiscal 2023	73,960	930	74,890
Fiscal 2024	60,983	863	61,846
Fiscal 2025	48,280	282	48,562
Fiscal 2026	35,500	202	35,702
Thereafter	54,585	—	54,585
Total minimum lease payments	285,754	2,515	288,269
Less amount representing interest	21,543	149	21,692
	$ 264,211	$ 2,366	$ 266,577

As of October 30, 2021, we have entered into approximately $9.6 million of operating lease obligations related to future store locations that have not yet commenced.

4. Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurement*, establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

Level I – Quoted prices in active markets for identical assets or liabilities.
Level II – Observable inputs other than quoted prices included in Level I.
Level III – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The table below segregates all financial assets and financial liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value (in thousands):

	October 30, 2021			January 30, 2021			October 31, 2020		
	Level I	Level II	Level III	Level I	Level II	Level III	Level I	Level II	Level III
Short-term investments	$ 129	$ —	$ —	$ 219	$ —	$ —	$ 541	$ —	$ —
Long-term investments	2,265	—	—	2,107	—	—	2,005	—	—
Short-term contingent earnout	—	—	—	—	—	15,000	—	—	14,710
Long-term contingent earnout	—	—	—	—	—	—	—	—	—
Total investments	$ 2,394	$ —	$ —	$ 2,326	$ —	$ 15,000	$ 2,546	$ —	$ 14,710

Short-term investments are reported in other current assets on our unaudited condensed consolidated balance sheets. Long-term investments are reported in other assets on our unaudited condensed consolidated balance sheets. Short-term contingent earnout is reported in other accrued expenses on our unaudited condensed consolidated balance sheets. Long-term contingent earnout is reported in other liabilities on our unaudited condensed consolidated balance sheets.

The short-term and long-term contingent earnouts represent the fair value of potential additional payments outlined in the Purchase Agreement to the former members and warrant holders of City Gear if certain financial goals were achieved in Fiscal 2020 and Fiscal 2021 ("Earnout"). The total Earnout was valued using a Monte Carlo simulation analysis in a risk-neutral framework with assumptions for volatility, risk-free rate, and dividend yield. The Earnout was re-valued each quarter in Fiscal 2020 and Fiscal 2021 and any change in valuation was recognized in our consolidated statements of operations. No revaluation was required in Fiscal 2022 and therefore no costs were recognized in store operating, selling, and administrative expenses in Fiscal 2022 as both Earnouts had been fully determined and paid out by the first quarter of Fiscal 2022. As a result of the revaluation for the 13-weeks and 39-weeks ended October 31, 2020, an increase of $0.2 million and $3.7 million was recognized in store operating, selling, and administrative expenses, respectively.

The table below are reconciliations of the contingent earnout balance for each period presented (in thousands):

	39-Weeks Ended October 30, 2021		52-Weeks Ended January 30, 2021		39-Weeks Ended October 31, 2020	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Beginning balance	$ 15,000	$ —	$ 9,958	$ 11,099	$ 9,958	$ 11,099
Change in valuation, net	—	—	3,943	—	3,653	
Payment	(15,000)	—	(10,000)	—	$ (10,000)	—
Reclassification from long-term, net	—	—	11,099	(11,099)	11,099	(11,099)
Ending balance	$ —	$ —	$ 15,000	$ —	$ 14,710	$ —

5. Debt

In October 2018, we entered into amended agreements with Bank of America, N.A. and Regions Bank providing for an aggregate amount of credit available to us under each line of credit of $50.0 million.

On April 16, 2020, we entered into the Second Amended and Restated Note with Regions Bank ("Amended Credit Facility") that provided for an aggregate amount of credit available to us of $75.0 million. The Amended Credit Facility superseded the Regions Bank credit agreement dated October 2018, with a maturity date of April 19, 2021, and was secured by all assets of the Company with the exception of real property. Simultaneous with the execution of the Amended Credit Facility, the $50.0 million outstanding under the previous credit agreements was paid in full, the Bank of America credit agreement dated October 2018 was terminated and we incurred borrowings under the Amended Credit Facility of $50.0 million. On June 5, 2020, we entered into a Note Modification Agreement that extended the maturity date of the Amended Credit Facility from April 19, 2021 to July 18, 2021. No other provisions of the Amended Credit Facility were affected.

On July 9, 2021, we executed a new unsecured Credit Agreement ("2021 Credit Facility") between the Company and its subsidiaries and Regions Bank. The 2021 Credit Facility supersedes the Amended Credit Facility. The 2021 Credit Facility provides an unsecured line of credit of up to $100.0 million. The 2021 Credit Facility is effective through July 9, 2026 with an interest rate of one-month LIBOR plus 1.0% to 1.8% depending on specified leverage levels.

The 2021 Credit Facility includes an annual commitment fee, payable quarterly in arrears, in an amount between 15 and 20 basis points of the unused portion of the line of credit as determined on a daily basis, dependent on the amount of debt outstanding. In addition, the Company is subject to certain financial covenants which include:

- Advance limitation of 55% of the net book value of the Company's inventory;
- A Consolidated Lease-Adjusted Leverage Ratio comparing lease-adjusted funded debt (funded debt plus all lease liabilities) to EBITDAR (as defined in the 2021 Credit Facility) with a maximum of 3.5x; and
- A Consolidated Fixed Coverage Charge Ratio comparing EBITDAR to fixed charges and certain current liabilities (as defined in the 2021 Credit Facility) with a minimum of 1.2x.

As of October 30, 2021, we were in compliance with these covenants.

Given the International Exchange Benchmark Administration's announced phase-out of LIBOR, the 2021 Credit Facility includes a LIBOR phase-out provision. If, during the term of the 2021 Credit Facility, the lender determines that LIBOR is unavailable, impracticable or unreliable for use, the variable interest rate will be determined based on a substitute index which may be Term SOFR, Daily Simple SOFR, or an alternate rate index that has been selected by the Lender as the replacement for LIBOR. The replacement index will then become the operative interest rate index for borrowings under the 2021 Credit Facility, subject to provisions set forth in the 2021 Credit Facility.

We did not incur any borrowings against the 2021 Credit Facility or Amended Credit Facility during the 13-weeks or 39-weeks ended October 30, 2021. At October 30, 2021, a total of $100.0 million was available to us from the 2021 Credit Facility.

There were 97 days during the 52-weeks ended January 30, 2021, where we incurred borrowings against the credit facilities for an average and maximum borrowing of $43.3 million and $50.0 million, respectively, and an average interest rate of 3.45%.

We did not incur any borrowings during the 13-weeks ended October 31, 2020. There were 97 days during the 39-weeks ended October 31, 2020, where we incurred borrowings against the credit facilities for an average and maximum borrowing of $43.3 million and $50.0 million, respectively. The average interest rate during the 39-weeks ended October 31, 2020 was 3.45%.

6. Stock-Based Compensation

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

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Stock-based compensation expense by type:				
Stock options	$ —	$ —	$ 174	$ 90
Restricted stock units	1,126	968	4,005	2,615
Employee stock purchases	47	23	156	93
Director deferred compensation	17	23	38	71
Total stock-based compensation expense	1,190	1,014	4,373	2,869
Income tax benefit recognized	284	244	1,047	672
Stock-based compensation expense, net of income tax	$ 906	$ 770	$ 3,326	$ 2,197

Expense for restricted stock units is shown net of forfeitures of approximately $6,000 and $2,300 for the 13-weeks ended October 30, 2021 and October 31, 2020, respectively. Expense for restricted stock units is shown net of forfeitures of approximately $0.2 million and $0.9 million for the 39-weeks ended October 30, 2021 and October 31, 2020, respectively.

We have granted the following equity awards:

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Stock options	—	—	4,384	27,000
Restricted stock unit awards	—	—	62,031	337,749
Performance-based restricted stock unit awards	—	—	22,492	—
Deferred stock units	228	597	486	3,860

At October 30, 2021, the total compensation costs not yet recognized related to unvested restricted stock unit awards was $8.2 million and the weighted-average period over which such awards are expected to be recognized is 2.2 years. There were no unrecognized compensation costs related to unvested stock options at October 30, 2021.

The weighted-average grant date fair value of stock options granted during the 39-weeks ended October 30, 2021 and October 31, 2020 was $39.73 and $3.33 per share, respectively.

Under the 2012 Non-Employee Director Equity Plan ("2012 Plan"), no shares of our common stock were awarded during the 13-weeks or 39-weeks ended October 30, 2021 or October 31, 2020.

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

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Shares purchased	2,495	4,605	12,003	33,506
Average price per share	$ 65.11	$ 17.66	$ 47.95	$ 10.21
Weighted-average fair value at grant date	$ 22.22	$ 4.99	$ 13.68	$ 3.71

7. Earnings Per Share

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

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Weighted-average shares used in basic computations	14,362	16,572	15,460	16,551
Dilutive equity awards	613	605	622	351
Weighted-average shares used in diluted computations	14,975	17,177	16,082	16,902

For the 13-weeks ended October 30, 2021, we did not exclude any options from the computations of diluted weighted-average common shares or common stock equivalents. For the 13-weeks ended October 31, 2020, we excluded 104,091 options from the computation of diluted weighted-average common shares and common share equivalents outstanding because of their anti-dilutive effect.

We also excluded 55,084 unvested stock awards granted to certain employees from the computations of diluted weighted-average common shares and common share equivalents outstanding because they are subject to certain performance-based annual vesting conditions which had not been achieved by October 30, 2021. Assuming the performance-criteria had been achieved as of October 30, 2021, the incremental dilutive impact would have been 19,917 shares.

8. Stock Repurchase Activity

On May 26, 2021, the Board of Directors ("Board") authorized the expansion and extension of our existing Stock Repurchase Program ("Program") by $500.0 million to a total of $800.0 million to repurchase our common stock through February 1, 2025. The Program's original authorization was approved in November 2015 in the amount of $300.0 million and prior to the Board's action, was scheduled to expire on January 29, 2022.

The Program authorizes repurchases of our common stock in open market or negotiated transactions, with the amount and timing of repurchases dependent on market conditions and at the discretion of our management. In addition to the Program, we also acquire shares of our common stock from holders of restricted stock unit awards to satisfy tax withholding requirements due at vesting. Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements do not reduce the Program authorization.

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

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Common stock repurchased under the Program	1,427,314	—	2,953,860	428,018
Aggregate cost of repurchases under the Program (in thousands)	$ 117,850	$ —	$ 238,327	$ 9,748
Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements	—	—	45,245	34,956
Tax withholding requirement (in thousands)	$ —	$ —	$ 3,177	$ 483

As of October 30, 2021, we had approximately $398.0 million remaining under the Program for stock repurchases.

9. Commitments and Contingencies

Legal Proceedings and Contingencies.

From time to time, the Company is a party to various legal matters in the ordinary course of its business, including actions by employees, consumers, suppliers, government agencies, or others. The Company has recorded accruals with respect to these matters, where appropriate, which are reflected in the Company's unaudited condensed consolidated financial statements. For some matters, a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made.

The Company believes that its pending legal matters, both individually and in the aggregate, will be resolved without a material adverse effect on the Company's consolidated financial statements as a whole. However, litigation and other legal matters involve an element of uncertainty. Adverse decisions and settlements, including any required changes to the Company's business, or other developments in such matters could affect our operating results in future periods or result in a liability or other amounts material to the Company's annual consolidated financial statements. No material amounts were accrued at October 30, 2021, January 30, 2021, or October 31, 2020 pertaining to legal proceedings or other contingencies.

10. Income Taxes

Our effective tax rate is based on expected annual income, statutory tax rates, and tax planning opportunities available in the various jurisdictions in which we operate. For interim financial reporting, we estimate the annual effective tax rate based on expected taxable income or loss for the full year and record a quarterly income tax provision (benefit) in accordance with the anticipated annual effective rate and adjust for discrete items. We update the estimates of the taxable income or loss throughout the year as new information becomes available, including year-to-date financial results. This process often results in a change to our expected effective tax rate for the year. When this occurs, we adjust the income tax provision (benefit) during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected annual effective tax rate.

We apply the provisions of ASC Subtopic 740-10 in accounting for uncertainty in income taxes. We recognize a tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure the tax benefit as the largest amount that we judge to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. Our liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments, and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. Our effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management.

At October 30, 2021, we had a liability of $0.6 million associated with unrecognized tax benefits. We file income tax returns in U.S. federal and various state jurisdictions. Generally, we are not subject to changes in income taxes by the U.S. federal taxing jurisdiction for years prior to Fiscal 2019 or by most state taxing jurisdictions for years prior to Fiscal 2018.

11. Related-Party Transactions

The Company leases one store under a lease arrangement with Preferred Growth Properties, LLC (formerly AL Florence Realty Holdings 2010, LLC), a wholly owned subsidiary of Books-A-Million, Inc. ("BAMM"). One of our Directors, Terrance G. Finley is an executive officer of BAMM. Minimum annual lease payments are $0.1 million, if not in co-tenancy, and the lease termination date is February 28, 2022. In August 2021, the Company exercised an option to extend the term of the lease by five years, which new term commences on March 1, 2022 and terminates on February 28, 2027. The minimum annual lease payment of $0.1 million did not change. The minimum annual lease payment of $0.1 million did not change. Minimum lease payments remaining under the lease at October 30, 2021 and October 31, 2020 were $0.6 million and $0.1 million, respectively.

The Company honored certain contracts in place for its wholly owned subsidiary, City Gear, LLC, upon acquisition, which included agreements with Memphis Logistics Group, T.I.G. Construction and Merchant's Capital of which Michael E. Longo, the Company's President and CEO, had an interest in, either directly or indirectly, at acquisition.

Memphis Logistics Group ("MLG")

MLG provided logistics and warehousing services to the Company's wholly-owned subsidiary, City Gear. Mr. Longo owned a majority interest in MLG and the initial contract term was effective through June 2020 but was extended to June 2021. Effective January 29, 2021, Mr. Longo fully divested his ownership interest in MLG and he no longer has any involvement with its management. MLG subsequently reorganized as Riverhorse Logistics, LLC.

In the 13-weeks and 39-weeks ended October 31, 2020, payments to MLG under the contract were $2.2 million and $5.6 million, respectively. The amount outstanding to MLG at January 30, 2021 and October 31, 2020 was $0.3 million and $0.2 million, respectively, and is included in accounts payable on our unaudited condensed consolidated balance sheets.

T.I.G. Construction ("TIG")

TIG historically performed the majority of new store and store remodel construction for City Gear and is owned by a close relative of Mr. Longo. For the 13-weeks ended October 30, 2021 and October 31, 2020, payments to TIG for its services were $1.8 million and $1.4 million, respectively. For the 39-weeks ended October 30, 2021 and October 31, 2020, payments to TIG for its services were $4.4 million and $3.7 million, respectively. The amount outstanding to TIG at October 30, 2021, January 30, 2021, and October 31, 2020 was approximately $0.3 million, $26,000, and $0.1 million, respectively, and is included in accounts payable on our unaudited condensed consolidated balance sheets.

Merchant's Capital ("MC")

Merchant's Capital owned the office building where City Gear had its corporate offices in Memphis, Tennessee. Mr. Longo is a 33.3% partner in MC. The initial lease term ended on December 31, 2019 but was extended to April 30, 2020 to allow for the transition of City Gear's corporate office to the Company's Birmingham, Alabama headquarters. In the 13-weeks ended October 30, 2021 and October 31, 2020, there were no lease payments to MC. In the 39-weeks ended October 31, 2020, lease payments to MC were $51,200. There were no amounts outstanding to MC at October 30, 2021, January 30, 2021, or October 31, 2020.

Retail Security Gates, LLC ("RSG")

During the second quarter of Fiscal 2022, a close relative of Mr. Longo purchased a 50% interest in an existing Company vendor, which was reorganized as RSG. We utilize RSG for specially manufactured store front security gates. For the 13-weeks and 39-weeks ended October 30, 2021, payments to RSG were $0.1 million and $0.2 million, respectively. The amount outstanding to RSG at October 30, 2021 was $36,000, and is included in accounts payable on our unaudited condensed consolidated balance sheets.

In addition to the related party interests listed above, Mr. Longo also has a membership interest in the earnout discussed in Note 4 - *Fair Value of Financial Instruments*. Pursuant to the Membership Interest and Warrant Purchase Agreement dated October 29, 2018, and based on Fiscal 2020 financial results, the former members and warrant holders of City Gear were entitled to and were paid the first earnout payment of $10.0 million in June 2020. Based on Fiscal 2021 financial results, the remaining earnout payment of $15.0 million was achieved and paid to the former members and warrant holders of City Gear in April 2021. Mr. Longo's share of the earnout payments was approximately 22.8% or approximately $2.3 million of the initial earnout payment and approximately 22.8% or approximately $3.4 million of the second earnout payment.

12. Subsequent Events

On November 23, 2021, our Board declared a dividend of $0.25 per share of common stock payable on December 21, 2021 to stockholders of record as of the close of business on December 9, 2021.

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

Cautionary Statement Regarding Forward-Looking Statements

This document contains "forward-looking statements" as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements address future events, developments, and results and do not relate strictly to historical facts. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. They include statements preceded by, followed by or including words such as "believe," "anticipate," "expect," "intend," "plan," "forecast," "guidance," "outlook," "estimate" "will," "may," "could," "possible," "potential," or other similar words, phrases or expressions. For example, our forward-looking statements include statements regarding:

- the impact of the duration and scope of the COVID-19 pandemic on our business, operations, and financial results, including the time it will take for vaccines to be broadly produced, distributed, and administered, and the effectiveness of such vaccines in slowing or stopping the spread of COVID-19, variant strains of the virus, additional waves of infections or periods of increases in the number of COVID-19 cases in areas in which we operate, and the measures that might be imposed by federal, state, or local governments in response to the pandemic, including vaccine mandates and restrictions impacting school closures and remote learning requirements, sporting events, and local sports leagues and programs;
- the impact that future stimulus payments and extended unemployment benefits, if any, will have on consumer demand for our products and our overall business operations;
- the potential impact of new trade, tariff, and tax regulations on our profitability;
- our ability to accurately forecast consumer demand for our products and manage our inventory in response to changing demands;
- our cash needs, including our ability to fund our future capital expenditures, working capital requirements, recurring quarterly dividends, and repurchases of Company common stock under our stock repurchase program ("Program");
- our relationships with vendors and the loss of key vendor support;
- the possible effects of inflation, market decline, and other economic changes on our costs and profitability;
- our ability to retain key personnel and other employees at Hibbett and City Gear due to current labor challenges or otherwise;
- our anticipated net sales, comparable store net sales changes, net sales growth, gross margins, expenses, and earnings;
- our business strategy, omni-channel platform, logistics structure, target market presence, and the expected impact of such factors on our net sales growth;
- our store growth, including our plans to add, expand, relocate or close stores, our markets' ability to support such growth, expected changes in total square footage, our ability to secure suitable locations for new stores and the suitability of our wholesale and logistics facility;
- our expectations regarding the growth of our online business and the role of technology in supporting such growth;
- our policy of leasing rather than owning stores and our ability to renew or replace store leases satisfactorily;
- the cost of regulatory compliance, including the costs and possible outcomes of pending legal actions and other contingencies, and new or additional legal, legislative, and regulatory requirements to reduce or mitigate the effects of climate change;
- our analysis of our risk factors and their possible effect on financial results;
- our expectations regarding our capital expenditures and dividend policy;
- our seasonal sales patterns and assumptions concerning customer buying behavior;
- our ability to retain new customers;

- our expectations regarding competition;
- our estimates and assumptions as they relate to preferable tax and financial accounting methods, accruals, inventory valuations, long-lived assets, carrying amount and liquidity of financial instruments, fair value of options and other stock-based compensation, economic and useful lives of depreciable assets and leases, income tax liabilities, deferred taxes, and uncertain tax positions;
- our expectations concerning future stock-based award types and the exercise of outstanding stock options;
- our assessment of the materiality and impact on our business of adopting recent accounting pronouncements issued by the Financial Accounting Standards Board;
- the possible effects of uncertainty within the capital markets, on the commercial credit environment, and on levels of consumer confidence;
- our analyses of trends as related to marketing, sales, and earnings performance;
- our ability to receive favorable brand name merchandise and pricing from key vendors;
- the future reliability of, and cost associated with, disruptions in the global supply chain and the potential impacts on our domestic and international sources of product, including the actual and potential effect of tariffs on Chinese goods imposed by the United States and other potential impediments to imports;
- the impact of technology on our operations and business, including cyberattacks, cyber liability, or potential liability for breaches of our privacy or information security systems; and
- our ability to mitigate the risk of possible business interruptions, including, without limitation, from political or social unrest (including vandalism and looting).

A forward-looking statement is neither a prediction nor a guarantee of future results, events or circumstances. You should not place undue reliance on forward-looking statements. Our forward-looking statements are based on currently available operational, financial, and business information and speak only as of the date of this report. Our business, financial condition, results of operations, and prospects may have changed since that date. For a discussion of the risks, uncertainties, and assumptions that could affect our future events, developments, or results, you should carefully consider the risk factors described from time to time in our other documents and reports, including the factors described under “Risk Factors” in our Form 10-K for the fiscal year ended January 30, 2021, filed with the Securities and Exchange Commission ("SEC") on April 7, 2021 ("2021 Annual Report"). You should also read such information in conjunction with our unaudited condensed consolidated financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report on Form 10-Q.

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

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

Investor Access to Company Filings

We make available free of charge on our website, www.hibbett.com under the heading “Investor Relations,” copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Securities Exchange Act") as well as all Forms 3, 4, and 5 filed by our executive officers and directors, as soon as the filings are made publicly available by the SEC on its EDGAR database at www.sec.gov. In addition to accessing copies of our reports online, you may request a copy of our 2021 Annual Report, at no charge, by writing to: Investor Relations, Hibbett, Inc., 2700 Milan Court, Birmingham, Alabama 35211.

General Overview

Hibbett, Inc., headquartered in Birmingham, Alabama, is a leading athletic-inspired fashion retailer primarily located in underserved communities across the country. Founded in 1945, Hibbett stores have a rich history of convenient locations, personalized customer service, and access to coveted footwear and apparel from top brands like Nike, Jordan, and adidas. Consumers can browse styles, find new releases, and make purchases by visiting www.hibbett.com. Purchases can be made online or by visiting their nearest store. Follow us @hibbettsports and @citygear on Facebook, Instagram, and Twitter. As of October 30, 2021, we operated a total of 1,086 retail stores in 35 states composed of 893 Hibbett stores, 175 City Gear stores, and 18 Sports Additions athletic shoe stores.

Our Hibbett stores average 5,800 square feet and are located primarily in strip centers, which are usually near a major chain retailer. Our City Gear stores average 5,100 square feet and are located primarily in strip centers. As of October 30, 2021, our store base consisted of 822 stores located in strip centers, 32 free-standing stores, and 232 enclosed mall locations.

Our primary merchandising strategy is to provide a broad assortment of quality brand name footwear, apparel, and accessories at competitive prices in a conveniently located full-service environment. We continue to grow our online business aggressively, while enhancing our stores to improve the overall customer experience. We believe that the breadth and depth of our brand name merchandise consistently exceeds the product selection carried by most of our competitors, particularly in our smaller markets. Many of these brand name products are highly technical and require expert sales assistance. We continuously educate our sales staff on new products and trends through coordinated efforts with our vendors.

Comparable store sales - Comparable store sales for a particular period include our Hibbett, City Gear, and Sports Additions stores open throughout that period and the corresponding period of the prior fiscal year, and e-commerce sales. We consider comparable store sales to be a key indicator of our current performance; measuring the growth in sales and sales productivity of existing stores. Management believes that positive comparable store sales contribute to greater leveraging of operating costs, particularly payroll and occupancy costs, while negative comparable store sales contribute to deleveraging of costs. Comparable store sales also have a direct impact on our total net sales and the level of cash flow.
If a store remodel, relocation, or expansion results in the store being closed for a significant period, its sales are removed from the comparable store sales base until it has been open a full 12 months. In addition, rebranded stores are treated as new stores and are not presented in comparable store sales until they have been open a full 12 months under the new brand.

During the 13-weeks ended October 30, 2021, we included 1,047 stores in comparable store sales. During the 39-weeks ended October 30, 2021, we included 1,035 stores in comparable store sales.

Executive Summary

Net sales for the 13-weeks ended October 30, 2021, increased 15.2% to $381.7 million, compared with $331.4 million for the 13-weeks ended October 31, 2020. Comparable store sales increased 13.0%, as brick and mortar comparable store sales increased 11.6%. E-commerce sales increased by 22.3% and represented 14.0% of total net sales for the third quarter compared to 13.2% in the prior year third quarter. On a two-year basis, net sales increased 38.6% and comparable sales increased 37.4%. This year, we believe increased market share, improved customer engagement, and availability of in-demand product were the primary drivers of our sales growth. In the prior year third quarter, we believe that sales were primarily driven by market disruption, improved new customer retention, continued strength in omni-channel adoption, the availability of in-demand product, as well as stimulus payments. We expect additional increased market share as the result of competitive closures.

Net sales for the 39-weeks ended October 30, 2021, increased 25.4% to $1.31 billion, compared with $1.04 billion for the 39-weeks ended October 31, 2020. Comparable store sales increased 24.1%. Brick and mortar comparable store sales increased 29.6%. E-commerce sales decreased 2.9% and represented 12.8% of total net sales in the current year compared to 16.6% of total sales in the comparable period last year. On a two-year basis, net sales have increased by 50.1% and comparable sales increased 51.9%.

Store operating, selling, and administrative ("SG&A") expenses were 25.2% of net sales for the 13-weeks ended October 30, 2021, compared with 26.1% of net sales for the 13-weeks ended October 31, 2020. This decrease was primarily the result of leverage gained from the strong sales increase and improved labor management. Third quarter SG&A expenses of 25.2% of net sales compares to prior year third quarter adjusted SG&A expenses of 26.0% of net sales, which excludes certain City Gear acquisition and integration activities. This decrease of approximately 80 basis points was also the result of leverage gained from the strong sales increase and improved labor management.

SG&A expenses were 21.5% of net sales for the 39-weeks ended October 30, 2021, compared with 26.4% of net sales for the 39-weeks ended October 31, 2020. A large portion of this decrease resulted from the reduced impact of City Gear acquisition and integration costs and COVID-19 pandemic adjustments on the current year results. SG&A expenses of 21.5% of net sales for the 39-weeks ended October 30, 2021, compared favorably with adjusted SG&A expenses of 22.6% of net sales for the 39-

weeks ended October 31, 2020. Strong sales performance over the first nine months of the current year drove this SG&A improvement.

During the third quarter of Fiscal 2022, we opened seven new stores and closed one underperforming store bringing the store base to 1,086 in 35 states as of October 30, 2021. We ended the third quarter of Fiscal 2022 with $29.7 million of available cash and cash equivalents with no outstanding debt. Net inventory was $258.8 million at October 30, 2021, a 22.8% increase compared to the prior year third quarter. Our inventory position improved during the quarter despite ongoing disruptions in the supply chain due to COVID-19 impacts on manufacturing capacity, port backlogs, and transportation equipment availability. Foundational improvements to the customer experience and our ability to attract and stay connected to underserved customers continues to strengthen our relationships with our vendor partners.

About Non-GAAP Measures

This Management Discussion and Analysis includes certain non-GAAP financial measures for the 13-weeks and 39-weeks ended October 31, 2020, including adjusted net income, diluted earnings per share, cost of goods sold, gross margin, SG&A expenses (including goodwill impairment), operating income, and provision for income taxes as a percentage of net sales. Management believes these non-GAAP financial measures are useful to investors to facilitate comparisons of our current financial results to historical operations and the financial results of peer companies, as they exclude the effects of items that may not be indicative of, or are unrelated to, our underlying operating results, such as expenses related to the COVID-19 pandemic and the acquisition of City Gear. Costs related to the COVID-19 pandemic include impairment charges of goodwill, tradename, and other assets and lower of cost or net realizable value inventory reserve charges. The costs related to the acquisition of City Gear include change in valuation of the contingent earnout and professional fees. There were no non-GAAP financial measures for the 13-weeks or 39-weeks ended October 30, 2021.

While our management uses these non-GAAP financial measures as a tool to enhance their ability to assess certain aspects of our financial performance, our management does not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial statements. Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial statements, allows for greater transparency in the review of our financial and operational performance. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

Reconciliations of our unaudited condensed consolidated statements of operations for the 13-weeks and 39-weeks ended October 31, 2020, as reported on a GAAP basis, to statements of operations for the same period prepared on a non-GAAP basis, are provided below under the heading "GAAP to Non-GAAP Reconciliations."

References to "adjusted" results indicates that the impact of non-GAAP financial measures have been excluded.

Critical Accounting Policies and Estimates

The unaudited condensed consolidated financial statements are prepared in conformity with U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. Our critical and significant accounting policies and estimates are described more fully in our 2021 Annual Report. There have been no changes in our accounting policies in the current period ended October 30, 2021, that had a material impact on our unaudited condensed consolidated financial statements.

Recent Accounting Pronouncements

See Note 2, *Recent Accounting Pronouncements*, to the unaudited condensed consolidated financial statements included in this Form 10-Q for the period ended October 30, 2021, for information regarding recent accounting pronouncements.

Results of Operations

Summarized Unaudited Information

	13-Weeks Ended		39-Weeks Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Statements of Operations				
Net sales increase	15.2 %	20.3 %	25.4 %	19.7 %
Comparable store sales increase	13.0 %	21.2 %	24.1 %	22.0 %
Gross margin (as a % to net sales)	36.3 %	38.3 %	39.1 %	35.0 %
SG&A expenses (as a % to net sales)	25.2 %	26.1 %	21.5 %	24.5 %
Goodwill impairment (as a % of net sales)	— %	— %	— %	1.9 %
Depreciation and amortization (as a % to net sales)	2.3 %	2.3 %	1.9 %	2.1 %
Provision for income taxes (as a % to net sales)	2.1 %	2.4 %	3.7 %	1.6 %
Net income (as a % to net sales)	6.6 %	7.6 %	12.0 %	4.8 %
Diluted earnings per share	$ 1.68	$ 1.47	$ 9.74	$ 2.98
Weighted-average dilutive shares (in thousands)	14,975	17,177	16,082	16,902
Balance Sheets				
Ending cash and cash equivalents (in thousands)	$ 29,749	$ 177,698		
Average inventory per store	$ 238,342	$ 196,329		
Store Information				
Beginning of period	1,080	1,077	1,067	1,081
New stores opened	7	—	24	6
Rebranded stores	—	2	—	8
Stores closed	(1)	(5)	(5)	(21)
End of period	1,086	1,074	1,086	1,074
Estimated square footage at end of period (in thousands)	6,131	6,053		
Share Repurchase Information				
Shares purchased under our Program	1,427,314	—	2,953,860	428,018
Cost (in thousands)	$ 117,850	$ —	$ 238,327	$ 9,748
Settlement of net share equity awards	—	—	45,245	34,956
Cost (in thousands)	$ —	$ —	$ 3,177	$ 483

13-Weeks Ended October 30, 2021 Compared to 13-Weeks Ended October 31, 2020

Net sales

Net sales for the 13-weeks ended October 30, 2021, increased 15.2% to $381.7 million compared with $331.4 million for the 13-weeks ended October 31, 2020. Comparable store sales increased 13.0%. Brick and mortar comparable sales increased 11.6%. E-commerce sales increased by 22.3% and represented 14.0% of total net sales for the third quarter compared to 13.2% in the prior year third quarter.

Relative to two years ago in the third quarter of Fiscal 2020, comparable sales increased 37.4%. Brick and mortar comparable sales increased 31.6% and e-commerce sales grew 84.2% over the 2-year period.

Although current year sales results were quite strong, the prior year sales performance was also very good. As a reminder, sales in the third quarter of Fiscal 2021 were positively impacted by market disruption, improved new customer retention, continued strength in omni-channel adoption, the availability of in-demand product, as well as stimulus payments. This year, we believe our increased market share, improved customer engagement, and availability of in-demand product were the primary drivers of our sales growth.

Gross margin

Gross margin was 36.3% of net sales for the 13-weeks ended October 30, 2021, compared with 38.3% of net sales for the 13-weeks ended October 31, 2020. The approximate 200 basis point decline was primarily driven by increased freight and transportation costs, which more than offset leverage from store occupancy expenses. Excluding adjustments to our non-cash inventory valuation reserves in the prior year quarter, the gross margin of 36.3% of net sales for the 13-weeks ended October 30, 2021 is comparable to the adjusted gross margin of 38.1% for the 13-weeks ended October 31, 2020.

SG&A expenses

Store operating, selling, and administrative ("SG&A") expenses were 25.2% of net sales for the 13-weeks ended October 30, 2021, compared with 26.1% of net sales for the 13-weeks ended October 31, 2020. This decrease was primarily the result of leverage gained from the strong sales increase and improved labor management. Excluding certain City Gear acquisition and integration expenses that occurred last year, SG&A expenses of 25.2% of net sales for the 13-weeks ended October 30, 2021, decreased by approximately 80 basis points from adjusted SG&A expenses of 26.0% of net sales for the 13-weeks ended October 31, 2020.

Depreciation and amortization

Depreciation and amortization of $9.0 million was relatively flat as a percentage of net sales for the 13-weeks ended October 30, 2021, compared to the same period of the prior fiscal year. The increase in dollar spend was mainly due to investments in new stores, existing store remodels and refreshes, and other merchandising, digital, and corporate IT initiatives.

Provision for income taxes

The combined federal, state, and local effective income tax rate as a percentage of pre-tax income was 24.5% for the 13-weeks ended October 30, 2021 and was 23.7% for the 13-weeks ended October 31, 2020. The quarterly effective tax rate fluctuates based on full-year taxable income projections, the impact of discrete items, and the relative level of pre-tax income or loss in each quarter.

Net income

Net income for the 13-weeks ended October 30, 2021, was $25.2 million, or $1.68 per diluted share, compared with a net income of $25.3 million, or $1.47 per share, for the 13-weeks ended October 31, 2020. As there were no adjustments in the third quarter of the current year, net income for the 13-weeks ended October 30, 2021, was $25.2 million, or $1.68 per diluted share, compared to adjusted net income for the 13-weeks ended October 31, 2020, of $24.9 million, or $1.45 per diluted share.

39-Weeks Ended October 30, 2021 Compared to 39-Weeks Ended October 31, 2020

Net sales

Net sales increased 25.4%, to $1.31 billion for the 39-weeks ended October 30, 2021, from $1.04 billion for the comparable period in the prior year. Comparable store sales increased 24.1%. Brick and mortar comparable sales increased by 29.6% and were nominally offset by an e-commerce sales decrease of 2.9%. E-commerce sales represented 12.8% of total sales compared to 16.6% for the comparable period in the prior year.

Compared to the same period two years ago in Fiscal 2020, comparable sales increased 51.9%. Brick and mortar comparable sales increased 45.4% and e-commerce sales grew 111.8% over the two-year period.

Gross margin

Gross margin was $511.8 million, or 39.1% of net sales for the 39-weeks ended October 30, 2021, compared with $364.8 million, or 35.0% of net sales in the same period of the prior fiscal year. Excluding adjustments to our non-cash inventory valuation reserves in the 39-weeks ended October 31, 2020, the current gross margin of 39.1% of net sales is comparable to the adjusted gross margin of 35.3% of net sales in the prior year.

SG&A expenses

SG&A expenses, including goodwill impairment in the prior year, were 21.5% of net sales for the 39-weeks ended October 30, 2021, compared with 26.4% of net sales for the 39-weeks ended October 31, 2020. Excluding certain City Gear acquisition and integration expenses and pandemic related impairment and valuation costs that occurred in the 39-weeks ended October 31, 2020, current year SG&A expenses of 21.5% of net sales reflected an improvement of approximately 110 basis points from adjusted SG&A expenses of 22.6% of net sales for the 39-weeks ended October 31, 2020 due to leverage from the significant year over year revenue growth.

Depreciation and amortization.

Depreciation and amortization of $25.4 million decreased approximately 20 basis points as a percentage of net sales for the 39-weeks ended October 30, 2021, compared to the same period of the prior fiscal year. This decrease was mainly due to the leverage from higher net sales.

Provision for income taxes.

The combined federal, state, and local effective income tax rate as a percentage of pre-tax income was 23.5% for the 39-weeks ended October 30, 2021 and was 24.9% of the pre-tax income for the 39-weeks ended October 31, 2020. The lower rate in the current year was primarily the result of additional equity compensation deductions in the 39-weeks ended October 30, 2021, resulting from the Company's increased common stock price.

GAAP to Non-GAAP Reconciliations
(Dollars in thousands, except per share amounts)
(Unaudited)

The following table provides a reconciliation of our unaudited condensed consolidated statement of operations for the 13-weeks ended October 31, 2020, as reported on a GAAP basis, to a statement of operations for the same period prepared on a non-GAAP basis.

13-Weeks Ended October 31, 2020

	GAAP Basis (As Reported)	Excluded Amounts: Acquisition Costs(1)	Excluded Amounts: COVID-19 (2)	Non-GAAP Basis (As Adjusted)	Non-GAAP Basis (As Adjusted): % of Sales
Cost of goods sold	$ 204,347	$ —	$ (693)	$ 205,040	61.9 %
Gross margin	$ 127,036	$ —	$ (693)	$ 126,343	38.1 %
SG&A expenses	$ 86,330	$ 232	$ —	$ 86,098	26.0 %
Operating income	$ 33,165	$ 232	$ (693)	$ 32,704	9.9 %
Provision for income taxes	$ 7,867	$ 55	$ (164)	$ 7,758	2.3 %
Net income	$ 25,266	$ 177	$ (529)	$ 24,914	7.5 %
Diluted earnings per share	$ 1.47	$ 0.01	$ (0.03)	$ 1.45	

1) Excluded acquisition and transition costs during the 13-weeks ended October 31, 2020, related to the acquisition of City Gear, LLC consist primarily of change in valuation of contingent earnout and accounting and professional fees.

2) Excluded costs during the 13-weeks ended October 31, 2020, related to the COVID-19 pandemic, consist of non-cash LCM reserve adjustments in cost of goods sold (COGS).

The following table provides a reconciliation of our unaudited condensed consolidated statement of operations for the 39-weeks ended October 31, 2020, as reported on a GAAP basis, to a statement of operations for the same period prepared on a non-GAAP basis.

39-Weeks Ended October 31, 2020					
		Excluded Amounts			
	GAAP Basis (As Reported)	Acquisition Costs(1)	COVID-19 (2)	Non-GAAP Basis (As Adjusted)	
					% of Sales
Cost of goods sold	$ 678,047	$ —	$ 3,043	$ 675,004	64.7 %
Gross margin	$ 364,780	$ —	$ 3,043	$ 367,823	35.3 %
SG&A expenses	$ 255,838	$ 4,379	$ 15,743	$ 235,716	22.6 %
Goodwill impairment	$ 19,661	$ —	$ 19,661	$ —	— %
Operating income	$ 67,386	$ 4,379	$ 38,447	$ 110,212	10.6 %
Provision for income taxes	$ 16,645	$ 1,238	$ 11,738	$ 29,621	2.8 %
Net income	$ 50,334	$ 3,141	$ 26,709	$ 80,184	7.7 %
Diluted earnings per share	$ 2.98	$ 0.19	$ 1.58	$ 4.74	

1) Excluded acquisition and transition costs during the 39-weeks ended October 31, 2020, related to the acquisition of City Gear, LLC consist primarily of change in valuation of contingent earnout and accounting and professional fees.

2) Excluded costs during the 39-weeks ended October 31, 2020, related to the COVID-19 pandemic, consist primarily of net non-cash LCM reserve charges in COGS and impairment costs (goodwill, tradename, and other assets) in SG&A.

Liquidity and Capital Resources

Impact of the COVID-19 Pandemic on Liquidity

In response to the uncertain market conditions resulting from the COVID-19 pandemic early in the first quarter of Fiscal 2021, we enhanced our liquidity position through the following actions:

- In March 2020, we borrowed $50.0 million, $25.0 million from each of our two separate $50.0 million unsecured, demand lines of credit. This was done as a precautionary measure in order to increase our cash position and preserve financial flexibility.
- In April 2020, we replaced these two lines of credit with a single $75.0 million secured line of credit with a one-year term and continued to have $50.0 million in outstanding borrowings. In June 2020, the term of the secured line of credit was extended to July 2021. The outstanding $50.0 million balance was subsequently paid off during the second quarter of Fiscal 2021.
- We worked with merchandise and non-merchandise vendors to extend payment terms temporarily through the middle of the second quarter of Fiscal 2021.
- We negotiated rent deferrals with landlords at select locations.

As the result of strong sales beginning in the second quarter of Fiscal 2021, our liquidity position improved significantly. We ended the third quarter of Fiscal 2022 with $29.7 million of available cash and cash equivalents on the unaudited condensed consolidated balance sheet. As of October 30, 2021, we had no debt outstanding and full availability under our 2021 Credit Facility discussed in Note 5, *Debt*, to the unaudited condensed consolidated financial statements.

Inventory at the end of the third quarter of Fiscal 2022 was $258.8 million, a 22.8% increase compared to the prior year third quarter. The inventory balance at the end of the prior year third quarter was well below historical levels. Higher order quantities resulting from our increased sales volume and strong relationships with our vendor partners have allowed us to slowly build inventory back toward preferred levels.

Analysis of Cash Flows

Our capital requirements relate primarily to new store openings, relocations, and remodels, stock repurchases, investments in facilities, dividends, and systems to support company growth and working capital requirements. Our working capital requirements are somewhat seasonal in nature and typically reach their peak near the end of the third and the beginning of the fourth quarters of our fiscal year. Historically, we have funded our cash requirements primarily through our cash flow from operations and occasionally from borrowings under our credit facilities. We use excess cash to offset bank fees and may invest in interest-bearing securities and money market accounts at management's discretion.

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

	39-Weeks Ended	
	October 30, 2021	**October 31, 2020**
Net cash provided by operating activities	$ 111,988	$ 145,209
Net cash used in investing activities	(42,981)	(19,294)
Net cash used in financing activities	(248,548)	(14,295)
Net (decrease) increase in cash and cash equivalents	$ (179,541)	$ 111,620

Operating Activities.

Cash flow from operations is seasonal in our business. Typically, we use cash flow from operations to increase inventory in advance of peak selling seasons, such as winter holidays, the spring sales period, and the late summer back-to-school shopping season. Inventory levels are reduced in connection with higher sales during the peak selling seasons and this inventory reduction, combined with proportionately higher net income, typically produces a positive cash flow.

Net cash provided by operating activities was $112.0 million for the 39-weeks ended October 30, 2021, compared with net cash provided by operating activities of $145.2 million for the 39-weeks ended October 31, 2020. Operating activities consist primarily of net income adjusted for certain non-cash items and changes in operating assets and liabilities as noted in the table below.

	39-Weeks Ended	
	October 30, 2021	**October 31, 2020**
Net income	$ 156,654	$ 50,334
Depreciation and amortization	25,418	21,895
Impairment charges	2,508	34,541
Contingent earnout	(13,761)	(1,586)
Change in inventories, net	(56,801)	77,155
Change in accounts payable, net	6,270	(29,248)
All other	(8,300)	(7,882)
Net cash provided by operating activities	$ 111,988	$ 145,209

- Non-cash depreciation and amortization expense increased due to capital expenditure investments in new stores, existing store remodels and refreshes, and supporting corporate infrastructure.
- Non-cash asset impairment charges for the 39-weeks ended October 31, 2020 resulted from a significant temporary decrease in the market valuation of the Company at the onset of the COVID-19 pandemic.
- The contingent earnout represents $15.0 million paid during the 39-weeks ended October 30, 2021, to the former members and warrant holders of City Gear for achievement of previously defined financial goals in the second-year post acquisition. Of this amount, $13.8 million was reflected as operating activities and $1.2 million was reflected as financing activities, which represents the fair value of the long-term portion of the contingent earnout booked through the purchase price allocation.
- Inventory balances in the current year have been slowly building from historically low levels. Inventory levels in the prior year were reduced significantly due to a surge in demand combined with a disruption in the supply chain that made it difficult to replenish balances.
- The change in accounts payable is due mainly to the timing of payments in relation to inventory receipts.

Investing Activities.

Net cash used in investing activities in the 39-weeks ended October 30, 2021, totaled $43.0 million compared with net cash used in investing activities of $19.3 million in the 39-weeks ended October 31, 2020. Capital expenditures used $43.9 million of cash in the 39-weeks ended October 30, 2021, versus $20.8 million of cash in the 39-weeks ended October 31, 2020. Capital expenditures are primarily related to opening new stores, remodeling, expanding or relocating existing stores, and continued investment in digital initiatives and corporate infrastructure.

We opened 24 new stores during the 39-weeks ended October 30, 2021, as compared to opening six new stores and rebranding eight existing stores during the 39-weeks ended October 31, 2020.

We anticipate that our capital expenditures for the fiscal year ending January 29, 2022 will be approximately $70.0 million and primarily related to:

- the opening of new stores;
- the remodeling, expansion, or relocation of selected existing stores;
- digital initiatives;
- corporate, distribution, and information system infrastructure and enhancements; and
- other departmental needs.

Financing Activities.

Net cash used in financing activities was $248.5 million in the 39-weeks ended October 30, 2021, compared to net cash used in financing activities of $14.3 million in the prior year period. During the 39-weeks ended October 30, 2021 and October 31, 2020, we had no borrowings against our credit facilities. In the current year, we have repurchased $238.3 million of our common stock under our Program. This compares to $9.7 million used to repurchase our common stock under our Program in the same period of the prior year. See Note 8, *Stock Repurchase Activity,* to the unaudited condensed consolidated financial statements for additional information.

On July 9, 2021, we executed a new unsecured Credit Agreement ("2021 Credit Facility") between the Company and its subsidiaries and Regions Bank. The 2021 Credit Facility supersedes the Amended Credit Facility. The 2021 Credit Facility provides an unsecured line of credit of up to $100.0 million. The 2021 Credit Facility is effective through July 9, 2026, with an interest rate of one-month LIBOR plus 1.0% to 1.8% depending on specified leverage levels.

There were no origination fees paid by the Company. However, the 2021 Credit Facility includes an annual commitment fee, payable quarterly in arrears, in an amount between 15 and 20 basis points of the unused portion of the line of credit as determined on a daily basis, dependent on the amount of debt outstanding. In addition, the Company is subject to certain financial covenants which include:

- Advance limitation of 55% of the net book value of the Company's inventory;
- A Consolidated Lease-Adjusted Leverage Ratio comparing lease-adjusted funded debt (funded debt plus all lease liabilities) to EBITDAR (as defined in the 2021 Credit Facility) with a maximum of 3.5x; and
- A Consolidated Fixed Coverage Charge Ratio comparing EBITDAR to fixed charges and certain current liabilities (as defined in the 2021 Credit Facility) with a minimum of 1.2x.

As of October 30, 2021, we were in compliance with these covenants. See Note 5, *Debt*, to the unaudited condensed consolidated financial statements for additional information.

During the 39-weeks ended October 30, 2021, we paid $7.5 million of dividends to our stockholders. On November 23, 2021, our Board declared a dividend of $0.25 per share of common stock payable on December 21, 2021, to stockholders of record as of the close of business on December 9, 2021. No dividends were paid during the 39-weeks ended October 31, 2020.

The declaration of future dividends and the establishment of the per share amount, record dates and payment dates for any such future dividends are subject to authorization by our Board of Directors and are dependent upon multiple factors, including future earnings, cash flows, financial requirements, and other considerations.

Based on our current operating plans, store forecasts, plans for the repurchase of our common stock, and expected capital expenditures, we believe that we can fund our cash needs for the foreseeable future through cash generated from operations and, if necessary, through periodic future borrowings against the 2021 Credit Facility.

Quarterly and Seasonal Fluctuations

We experience seasonal fluctuations in our net sales and results of operations. We typically experience higher net sales in early spring due to spring sports and annual tax refunds, late summer due to back-to-school shopping and winter due to holiday shopping. In addition, our quarterly results of operations may fluctuate significantly as a result of a variety of factors, including unseasonal weather patterns, the timing of high demand footwear launches, demand for merchandise driven by local interest in sporting events, back-to-school sales, and the timing of sales tax holidays and annual income tax refunds. The COVID-19 pandemic has impacted youth and high school team sports and has resulted in some shifts of normal seasonal patterns during the periods presented.

Although our operations are influenced by general economic conditions, we do not believe that, historically, inflation has had a material impact on our results of operations as we are generally able to pass along inflationary increases in costs to our customers.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.

Investment and Credit Availability Risk

We manage cash and cash equivalents in various institutions at levels beyond federally insured limits per institution, and we purchase investments not guaranteed by the FDIC. Accordingly, there is a risk that we will not recover the full principal of our investments or that their liquidity may be diminished. In an attempt to mitigate this risk, our investment policy emphasizes preservation of principal and liquidity.

Additionally, Regions Bank is committed to provide loans under our 2021 Amended Credit Facility. There is a risk that Regions Bank cannot deliver against these obligations. For a further discussion of this risk and risks related to our deposits, see “Risk Factors” in our 2021 Annual Report.

Interest Rate Risk

Our exposure to market risks results primarily from fluctuations in interest rates. There have been no material changes to our exposure to market risks from those disclosed in our 2021 Annual Report.

Borrowing under the 2021 Credit Facility uses the London Interbank Offering Rate (LIBOR) as a benchmark for establishing the interest rate. Given the International Exchange Benchmark Administration’s announced phase-out of LIBOR, the 2021 Credit Facility includes a LIBOR phase-out provision. If, during the term of the 2021 Credit Facility, the lender determines that LIBOR is unavailable, impracticable or unreliable for use, the variable interest rate will be determined based on a substitute index which may be Term Secured Overnight Financing Rate ("SOFR"), Daily Simple SOFR, or an alternate rate index that has been selected by the Lender as the replacement for LIBOR. The replacement index will then become the operative interest rate index for borrowings under the 2021 Credit Facility, subject to provisions set forth in the 2021 Credit Facility.

Based on historical levels of borrowing under our credit facilities and the short-term nature of such, we do not expect a transition away from LIBOR to impact us in any material way.

ITEM 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of October 30, 2021. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were designed and functioning effectively to provide reasonable assurance that the information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

We have not identified any changes in our internal control over financial reporting that occurred during the period ended October 30, 2021, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

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

ITEM 1A. Risk Factors.

We operate in an environment that involves a number of risks and uncertainties which are described in our 2021 Annual Report. If any of the risks described in our 2021 Annual Report were to actually occur, our business, results of operations, and financial results could be adversely affected. There were no material changes to the risk factors disclosed in our 2021 Annual Report.

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

The following table presents our stock repurchase activity for the 13-weeks ended October 30, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs(1)	Approximate Dollar Value of Shares That May Yet be Purchased Under the Programs (in thousands)
August 1, 2021 to August 28, 2021	51,423	$ 87.86	51,423	$ 511,352
August 29, 2021 to October 2, 2021	1,295,318	$ 82.86	1,295,318	$ 404,020
October 3, 2021 to October 30, 2021	80,573	$ 74.46	80,573	$ 398,020
Total	1,427,314	$ 82.57	1,427,314	$ 398,020

(1) In May 2021, our Board of Directors authorized an expansion of the Program by $500.0 million to $800.0 million and extended the date through February 1, 2025. The Company may repurchase shares on the open market, including through Rule 10b5-1 plans, in privately negotiated transactions, through block purchases, or otherwise in compliance with applicable laws, including Rule 10b-18 of the Securities Exchange Act. The timing and amount of stock repurchases will depend on a variety of factors, including business and market conditions as well as corporate and regulatory considerations. The Program may be suspended, modified or discontinued at any time and the Company has no obligation to repurchase any amount of its common stock under the Program. See Note 8, *Stock Repurchase Activity,* to the unaudited condensed consolidated financial statements for additional information.

ITEM 6. Exhibits.

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

Exhibit No.		Description
		Certificate of Incorporation and By-Laws
3.1		Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 31, 2012.
3.2		Certificate of Amendment to the Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant’s Form Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2021.
3.3		Amended and Restated Bylaws of the Registrant; incorporated herein by reference to Exhibit 3.2 of the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2021.
		Form of Stock Certificate
4.1		Form of Common Stock Certificate; incorporated herein by reference to Exhibit 4.1 of the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2021
		Material Agreements
		None.
		Certifications
31.1	*	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	*	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1	**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
		Interactive Data Files
101.INS	*	Inline XBRL Instance Document
101.SCH	*	Inline XBRL Taxonomy Extension Schema Document
101.CAL	*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	*	The cover page for the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 30, 2021, has been formatted in Inline XBRL.
	*	Filed Within
	**	Furnished Herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HIBBETT, INC.

Date:	December 6, 2021	By:	/s/ Robert Volke
			Robert Volke
			Senior Vice President and Chief Financial Officer
			(Principal Financial and Accounting Officer)

Exhibit 31.1

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

I, Michael E. Longo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hibbett Sports, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 6, 2021

/s/ Michael E. Longo

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

End of Exhibit 31.1

Exhibit 31.2

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

I, Robert Volke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hibbett Sports, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 6, 2021

/s/ Robert Volke
Robert Volke
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

End of Exhibit 31.2

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Hibbett Sports, Inc. and Subsidiaries (the "Company") for the period ended October 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Michael E. Longo, Chief Executive Officer of the Company, and Robert Volke, Chief Financial Officer of the Company, certify, to the best of each of our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2021	/s/ Michael E. Longo
	Michael E. Longo Chief Executive Officer and President *(Principal Executive Officer)*
Date: December 6, 2021	/s/ Robert Volke
	Robert Volke Senior Vice President and Chief Financial Officer *(Principal Financial and Accounting Officer)*

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

End of Exhibit 32.1