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 31, 2020

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 SPORTS, 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 1, 2020, were 16,597,730 shares.

HIBBETT SPORTS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

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

ASSETS	**October 31, 2020**	**February 1, 2020**	**November 2, 2019**
Current assets:			
Cash and cash equivalents	$ 177,698	$ 66,078	$ 77,372
Receivables, net	12,762	8,477	6,732
Inventories, net	210,857	288,011	288,876
Other current assets	10,803	9,946	8,809
Total current assets	412,120	372,512	381,789
Property and equipment, net	99,094	100,956	101,598
Operating right-of-use assets	220,141	229,155	217,622
Finance right-of-use assets, net	2,887	2,250	1,467
Goodwill	—	19,661	19,661
Tradename intangible asset	23,500	32,400	32,400
Deferred income taxes, net	15,750	8,996	7,776
	3,910	3,829	3,568
Total assets	$ 777,402	$ 769,759	$ 765,881
LIABILITIES AND STOCKHOLDERS' INVESTMENT			
Current liabilities:			
Accounts payable	$ 102,414	$ 131,662	$ 132,386
Operating lease liabilities	60,533	60,649	57,564
Credit facility	—	—	8,000
Finance lease obligations	847	886	838
Accrued payroll expenses	20,474	20,530	15,876
Other accrued expenses	28,585	19,934	20,015
Total current liabilities	212,853	233,661	234,679
Operating lease liabilities	186,147	190,699	182,782
Finance lease obligations	2,315	1,704	967
Unrecognized tax benefits	639	955	895
Other liabilities	2,287	13,757	10,399
Total liabilities	404,241	440,776	429,722
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, 39,338,741, 39,140,575 and 39,131,083 shares issued at October 31, 2020, February 1, 2020 and November 2, 2019, respectively	393	391	391
Paid-in capital	193,208	188,879	187,940
Retained earnings	835,020	784,942	778,942
Treasury stock, at cost; 22,743,290, 22,280,316 and 21,747,614 shares repurchased at October 31, 2020, February 1, 2020 and November 2, 2019, respectively	(655,460)	(645,229)	(631,114)
Total stockholders' investment	373,161	328,983	336,159
Total liabilities and stockholders' investment	$ 777,402	$ 769,759	$ 765,881

See notes to unaudited condensed consolidated financial statements.

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

	13-Weeks Ended				39-Weeks Ended			
	October 31, 2020		November 2, 2019		October 31, 2020		November 2, 2019	
		% to Sales		% to Sales		% to Sales		% to Sales
Net sales	$ 331,383		$ 275,475		$ 1,042,827		$ 871,210	
Cost of goods sold	204,347	61.7 %	185,307	67.3 %	678,047	65.0 %	586,502	67.3 %
Gross margin	127,036	38.3 %	90,168	32.7 %	364,780	35.0 %	284,708	32.7 %
Store operating, selling and administrative expenses	86,330	26.1 %	80,147	29.1 %	255,838	24.5 %	234,085	26.9 %
Goodwill impairment	—	— %	—	— %	19,661	1.9 %	—	— %
Depreciation and amortization	7,541	2.3 %	7,397	2.7 %	21,895	2.1 %	22,299	2.6 %
Operating income	33,165	10.0 %	2,624	1.0 %	67,386	6.5 %	28,324	3.3 %
Interest expense (income), net	32	— %	(151)	(0.1)%	407	— %	(179)	— %
Income before provision for income taxes	33,133	10.0 %	2,775	1.0 %	66,979	6.4 %	28,503	3.3 %
Provision for income taxes	7,867	2.4 %	510	0.2 %	16,645	1.6 %	7,159	0.8 %
Net income	$ 25,266	7.6 %	$ 2,265	0.8 %	$ 50,334	4.8 %	$ 21,344	2.4 %
Basic earnings per share	$ 1.52		$ 0.13		$ 3.04		$ 1.19	
Diluted earnings per share	$ 1.47		$ 0.13		$ 2.98		$ 1.18	
Weighted-average shares outstanding:								
Basic	16,572		17,568		16,551		17,927	
Diluted	17,177		17,815		16,902		18,085	

See notes to unaudited condensed consolidated financial statements.

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

	39-Weeks Ended	
	October 31, 2020	**November 2, 2019**
Cash Flows From Operating Activities:		
Net income	$ 50,334	$ 21,344
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,895	22,299
Stock-based compensation	2,869	1,811
Impairment charges	34,541	779
Contingent earnout valuation	(1,586)	11,747
Other non-cash adjustments to net income	(9,095)	(4,314)
Changes in operating assets and liabilities:		
Inventories, net	77,155	(9,544)
Receivables, net	(4,541)	3,683
Accounts payable	(29,248)	25,065
Income tax payable, net	995	585
Other assets and liabilities	1,890	1,601
Net cash provided by operating activities	145,209	75,056
Cash Flows From Investing Activities:		
Capital expenditures	(20,791)	(11,036)
Other, net	1,497	283
Net cash used in investing activities	(19,294)	(10,753)
Cash Flows From Financing Activities:		
Proceeds under credit facilities	115,918	—
Repayments under credit facilities	(115,918)	(27,000)
Cash used for stock repurchases	(9,748)	(20,789)
Cash used for contingent earnout	(4,761)	—
Net payments on finance lease obligations	(766)	(722)
Proceeds from options exercised and purchase of shares under the employee stock purchase plan	1,463	379
Other, net	(483)	(555)
Net cash used in financing activities	(14,295)	(48,687)
Net increase in cash and cash equivalents	111,620	15,616
Cash and cash equivalents, beginning of period	66,078	61,756
Cash and cash equivalents, end of period	$ 177,698	$ 77,372

See notes to unaudited condensed consolidated financial statements.

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

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

13-Weeks Ended November 2, 2019

	Common Stock				Treasury Stock		
	Number of Shares	**Amount**	**Paid-In Capital**	**Retained Earnings**	**Number of Shares**	**Amount**	**Total Stockholders' Investment**
Balance - August 3, 2019	39,125	$ 391	$ 186,947	$ 776,677	21,376	$ (624,070)	$ 339,945
Net loss	—	—	—	2,265	—	—	2,265
Issuance of shares through the Company's equity plans	6	—	88	—	—	—	88
Purchase of shares under the stock repurchase program	—	—	—	—	372	(7,044)	(7,044)
Stock-based compensation	—	—	905	—	—	—	905
Balance - November 2, 2019	39,131	$ 391	$ 187,940	$ 778,942	21,748	$ (631,114)	$ 336,159

Note: Columns may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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

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

39-Weeks Ended November 2, 2019

	Common Stock				Treasury Stock		
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount	Total Stockholders' Investment
Balance - February 2, 2019	38,983	$ 390	$ 185,752	$ 759,677	20,686	$ (609,770)	$ 336,049
Net income	—	—	—	21,344	—	—	21,344
Issuance of shares through the Company's equity plans	148	1	377	—	—	—	378
Adjustment for adoption of accounting standard(2)	—	—	—	(2,080)	—	—	(2,080)
Purchase of shares under the stock repurchase program	—	—	—	—	1,032	(20,789)	(20,789)
Settlement of net share equity awards	—	—	—	—	29	(556)	(556)
Stock-based compensation	—	—	1,811	—	—	—	1,811
Balance - November 2, 2019	39,131	$ 391	$ 187,940	$ 778,942	21,748	$ (631,114)	$ 336,159

Note: 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 this Quarterly Report on Form 10-Q.
(2) Adoption of ASU 2016-02, Topic 842, *Leases*. See Note 2, *Recent Accounting Pronouncements*, in our Annual Report on Form 10-K filed on April 16, 2020.

See notes to unaudited condensed consolidated financial statements.

HIBBETT SPORTS, 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 Sports, Inc. and its wholly-owned subsidiaries (including the condensed consolidated balance sheet as of February 1, 2020, 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 Sports, 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 February 1, 2020 filed on April 16, 2020. The unaudited condensed consolidated financial statements have been prepared on a basis consistent in all material respects with the accounting policies described in our 2020 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.

Impact of the Novel Coronavirus (COVID-19)

COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020 and continues to evolve. The outbreak of COVID-19 and related measures to quell the outbreak have impacted our inventory supply chain, operations and customer demand. The COVID-19 pandemic could further affect the Company's operations and the operations of its suppliers and vendors as a result of continuing or recurring quarantine, shelter-in-place or social distancing measures, limitations on travel, limitations on store or facility operations up to and including closures, and other governmental, business or consumer actions. The extent to which the COVID-19 pandemic will impact the Company's operations, liquidity or financial results in subsequent periods is uncertain, but such impact could be material.

Property and Equipment

Property and equipment are recorded at cost. Finance lease assets are shown as right-of-use (ROU) assets and are excluded from property and equipment (*see Note 3, Leases*).

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

	October 31, 2020	February 1, 2020	November 2, 2019
Land	$ 7,277	$ 7,277	$ 7,277
Buildings	21,432	21,635	21,347
Equipment	100,785	95,100	95,426
Furniture and fixtures	39,144	37,048	36,805
Leasehold improvements	105,489	102,528	101,835
Construction in progress	1,675	1,660	1,244
Total property and equipment	275,802	265,248	263,934
Less: accumulated depreciation and amortization	176,708	164,292	162,336
Total property and equipment, net	$ 99,094	$ 100,956	$ 101,598

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. 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.

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.

Retail Store Orders: Retail store customers may order merchandise available in other retail store locations for pickup in the selling store at a later date. Customers make a deposit with the remaining balance due at pickup. These deposits are recorded as deferred revenue until the transaction is completed and the customer takes possession of the merchandise. Retail store customers may also order merchandise to be shipped to home. Payment is received in full at the time of order and recorded as deferred revenue until delivery.

Layaways: We offer a retail store program giving customers the option of paying a deposit and placing merchandise on layaway. The customer may make further payments in installments, but the full purchase price must be received by us within 30 days. The payments are recorded as deferred revenue until the transaction is completed and the customer takes possession of the merchandise.

Digital Channel Sales: For merchandise shipped to home, customer payment is received when the order ships. Revenue is deferred until control passes to the customer at delivery. Shipping and handling costs billed to customers are included in net sales. We offer an extended payment option through a third party who assumes all credit risk. On these orders, payment is received by us when the order ships and revenue is recorded when the product is delivered to the customer.

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 $3.2 million, $2.7 million and $2.5 million at October 31, 2020, February 1, 2020 and November 2, 2019, respectively.

Gift Cards: Proceeds received from the issuance of our non-expiring gift cards are initially recorded as deferred revenue. Revenue is subsequently recognized at the time the customer redeems the gift cards and takes possession of the merchandise. Unredeemed gift cards are recorded in accounts payable on our unaudited condensed consolidated balance sheets.

The net deferred revenue liability for gift cards, customer orders and layaways at October 31, 2020, February 1, 2020 and November 2, 2019 was $8.2 million, $7.7 million and $6.9 million, respectively, and is recognized in accounts payable on our unaudited condensed consolidated balance sheets. Gift card breakage income is recognized in net sales in proportion to the redemption pattern of rights exercised by the customer and was not material in any period presented.

During the 13-weeks ended October 31, 2020 and November 2, 2019, $0.5 million and $0.5 million of gift card deferred revenue from prior periods was realized, respectively. During the 39-weeks ended October 31, 2020 and November 2, 2019, $1.0 million and $1.4 million of gift card deferred revenue from prior periods was realized, 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 accounts payable 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.

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

	13-Weeks Ended		**39-Weeks Ended**	
	October 31, 2020	**November 2, 2019**	**October 31, 2020**	**November 2, 2019**
Footwear	$ 201,047	$ 168,265	$ 675,270	$ 535,809
Apparel	90,380	69,943	268,564	216,097
Equipment	39,956	37,267	98,993	119,304
Total	$ 331,383	$ 275,475	$ 1,042,827	$ 871,210

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 it is more likely than not that 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, 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 ended October 31, 2020, the year ended February 1, 2020 or the 13 and 39-weeks ended November 2, 2019.

A reconciliation of goodwill from February 1, 2020 to October 31, 2020 consists of the following:

		(in thousands)
Goodwill balance at February 1, 2020	$	19,661
Impairment losses		(19,661)
Goodwill balance at October 31, 2020	$	—

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, 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 statement of operations. No impairment related to the tradename was recognized during the 13-weeks ended October 31, 2020, the year ended February 1, 2020 or the 13 and 39-weeks ended November 2, 2019.

A reconciliation of the tradename intangible asset from February 1, 2020 to October 31, 2020 consists of the following:

		(in thousands)
Tradename intangible asset balance at February 1, 2020	$	32,400
Impairment losses		(8,900)
Tradename intangible asset balance at October 31, 2020	$	23,500

2. Recent Accounting Pronouncements

Standards that were adopted

We adopted Financial Accounting Standard Board (FASB) ASU 2016-13, Topic 326, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which revised the measurement of credit losses for financial assets measured at amortized cost from an incurred loss methodology to an expected loss methodology. Historical experience, current economic conditions and reasonable supportable forecasts are considered in establishing an allowance for credit losses which is shown on the unaudited condensed consolidated balance sheet in receivables, net. The adoption of ASU-2016-03 did not have a material impact on our unaudited condensed 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 31, 2020, there were no other new pronouncements or interpretations that had or were expected to have a significant impact on our financial reporting.

3. Leases

In April 2020, the Financial Accounting Standards Board (FASB) issued interpretive guidance to respond to some frequently asked questions about accounting for lease concessions related to the effects of the COVID-19 pandemic. Under current U.S. GAAP, subsequent changes to lease payments that are not stipulated in the original lease are generally accounted for as lease modifications under ASC Topic 842, *Leases*. The interpretive guidance grants relief by allowing companies to make an accounting policy election to not evaluate lease concessions related to the effects of the COVID-19 pandemic as lease modifications.

We elected not to utilize this exception and accounted for COVID-19 related lease concessions as modifications triggering lease remeasurement. The majority of the lease modifications during the 13-weeks ended October 31, 2020, were in the form of deferred rent payments totaling $0.5 million, which will generally be repaid by us over the next six to eighteen months and rent abatements with lease term extensions which resulted in $1.9 million of additional rent considered in our remeasurement. For the 39-weeks ended October 31, 2020, there were $1.9 million in deferred rent lease modifications and $7.7 million in rent abatements with lease term extensions.

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. Asset group impairment charges of approximately $1.4 million and $0.3 million were recognized in the 13-weeks ended October 31, 2020 and November 2, 2019, respectively. Asset group impairment charges of approximately $6.0 million and $1.2 million were recognized in the 39-weeks ended October 31, 2020 and November 2, 2019, respectively.

Lease costs are as follows (in thousands):

	13-Weeks Ended		39-Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Operating lease cost	$ 16,467	$ 17,051	$ 50,236	$ 52,593
Finance lease cost:				
Amortization of assets	234	224	712	684
Interest on lease liabilities	43	53	137	176
Variable lease cost	388	(49)	734	55
	$ 17,132	$ 17,279	$ 51,819	$ 53,508

Finance ROU assets on the unaudited condensed consolidated balance sheet at October 31, 2020, February 1, 2020 and November 2, 2019 are shown net of accumulated amortization of $1.4 million, $0.8 million and $0.7 million, respectively.

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

	October 31, 2020	February 1, 2020	November 2, 2019
Weighted-average remaining lease term (in years):			
Operating leases	5	5	5
Finance leases	4	4	3
Weighted-average discount rate:			
Operating leases	3.7 %	4.1 %	4.2 %
Finance leases	6.4 %	8.8 %	13.5 %

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

	39-Weeks Ended	
	October 31, 2020	November 2, 2019
Operating cash flows from operating leases	$ 57,461	$ 53,020
Operating cash flows from finance leases	$ 137	$ 176
Financing cash flows from finance leases	$ 766	$ 722
ROU assets obtained in exchange for lease liabilities, net:		
Operating leases	$ 42,895	$ 32,699
Finance leases	$ 1,351	$ —

Maturities of lease liabilities as of October 31, 2020 (in thousands):

	Operating	Finance	Total
Remainder of Fiscal 2021	$ 13,048	$ 280	$ 13,328
Fiscal 2022	72,752	955	73,707
Fiscal 2023	57,797	923	58,720
Fiscal 2024	42,967	810	43,777
Fiscal 2025	31,744	276	32,020
Thereafter	51,865	253	52,118
Total minimum lease payments	270,173	3,497	273,670
Less amount representing interest	23,493	335	23,828
	$ 246,680	$ 3,162	$ 249,842

As of October 31, 2020, we have entered into approximately $2.1 million of operating lease liabilities related to future store locations that have not yet commenced.

4. Fair Value of Financial Instruments

We utilize 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 31, 2020			February 1, 2020			November 2, 2019		
	Level I	Level II	Level III	Level I	Level II	Level III	Level I	Level II	Level III
Short-term investments	$ 541	$ —	$ —	$ 554	$ —	$ —	$ 613	$ —	$ —
Long-term investments	2,005	—	—	2,208	—	—	2,086	—	—
Short-term contingent earnout	—	—	14,710	—	—	9,958	—	—	9,866
Long-term contingent earnout	—	—	—	—	—	11,099	—	—	7,881
Total investments	$ 2,546	$ —	$ 14,710	$ 2,762	$ —	$ 21,057	$ 2,699	$ —	$ 17,747

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 are 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 is re-valued each quarter and any change in valuation is recognized in our statements of operations. As a result of the revaluation for the 13 and 39-weeks ended October 31, 2020, an increase of $0.2 million and $3.7 million, respectively, was recognized in store operating, selling and administrative expenses, respectively. As a result of the revaluation for the 13 and 39-weeks ended November 2, 2019, increases of $4.1 million and $11.7 million, respectively, were recognized in store operating, selling and administrative expenses.

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

	39-Weeks Ended October 31, 2020		52-Weeks Ended February 1, 2020		39-Weeks Ended November 2, 2019	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Beginning balance	$ 9,958	$ 11,099	$ —	$ 9,200	$ —	$ 9,200
Change in valuation, net	3,653	—	9,958	1,899	9,866	(1,319)
Payment of year one earnout	(10,000)	—	—	—	—	—
Reclassification from long-term, net	11,099	(11,099)	—	—	—	—
Ending balance	$ 14,710	$ —	$ 9,958	$ 11,099	$ 9,866	$ 7,881

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 for the purpose of financing a portion of the cash purchase price payable in the acquisition of City Gear.

The terms of the Bank of America facility allowed for borrowings up to $50.0 million with an interest rate agreed upon between the lender and us at the time the loan was made. The terms of the Regions Bank facility allowed for borrowings up to $50.0 million with an interest rate at one-month LIBOR plus 1.5%. Both facilities were unsecured, due on demand and set to expire in October 2021. Under the provisions of both facilities, we did not pay commitment fees. However, both were subject to negative pledge agreements that, among other things, restricted liens or transfers of assets including inventory, tangible or intangible personal property and land and land improvements.

In March 2020, we borrowed $50.0 million under these credit agreements as a precautionary measure in order to increase our cash position and preserve financial flexibility in light of then current uncertainty in the global markets resulting from the COVID-19 pandemic. The proceeds from such borrowings were preserved for working capital, capital expenditures and general corporate purposes.

On April 16, 2020, we entered into the Second Amended and Restated Note with Regions Bank (Amended Credit Facility) that provides 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, matures April 19, 2021, and is secured by all assets of the Company with the exception of real property. Simultaneous to 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 extends 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.

Borrowings under the Amended Credit Facility bear interest at the one-month LIBOR rate plus 2.5% from April 16, 2020 through October 16, 2020 and the one-month LIBOR rate plus 3.0% from October 17, 2020 through the maturity date. There were no origination fees and we do not pay any commitment fees. The Amended Credit Facility includes a loan fee of $50,000 payable to Regions Bank at the maturity date or if the agreement is terminated prior to the maturity date for any reason including due to an event of default. The loan fee will be waived if the Amended Credit Facility is terminated due to refinancing of the loan with an asset-based loan facility provided by Regions Bank.

The Amended Credit Facility has one financial covenant which requires us to maintain inventory with a minimum value of $150.0 million at all times (measured at the lower of cost or net realizable value consistent with U.S. GAAP). As of October 31, 2020, we were in compliance with this covenant. The Amended Credit Facility also restricts us from engaging in certain acquisitions and from incurring indebtedness, other than certain customary permitted indebtedness related to business operations.

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 all 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%. At October 31, 2020, a total of $75.0 million was available to us from the Amended Credit Facility.

There were 331 days during the 52-weeks ended February 1, 2020, where we incurred borrowings against the credit facilities for an average and maximum borrowing of $21.5 million and $38.0 million, respectively, and an average interest rate of 3.73%.

There were 91 days during the 13-weeks ended November 2, 2019, where we incurred borrowings against the credit facilities for an average and maximum borrowing of $13.8 million and $17.0 million, respectively. The average interest rate during the 13-weeks ended November 2, 2019 was 3.58%. There were 273 days during the 39-weeks ended November 2, 2019, where we incurred borrowings against all credit facilities for an average and maximum borrowing of $22.1 million and $35.0 million, respectively. The average interest rate during the 39-weeks ended November 2, 2019, was 3.83%.

6. Stock-Based Compensation

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

	13-Weeks Ended		39-Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Stock-based compensation expense by type:				
Stock options	$ —	$ —	$ 90	$ 92
Restricted stock units	968	859	2,615	1,576
Employee stock purchases	23	22	93	73
Director deferred compensation	23	24	71	70
Total stock-based compensation expense	1,014	905	2,869	1,811
Income tax benefit recognized	244	295	672	428
Stock-based compensation expense, net of income tax	$ 770	$ 610	$ 2,197	$ 1,383

Expense for restricted stock units is shown net of forfeitures of approximately $2,300 and $36,000 for the 13-weeks ended October 31, 2020 and November 2, 2019, respectively. Expense for restricted stock units is shown net of forfeitures of $0.9 million and $1.8 million for the 39-weeks ended October 31, 2020 and November 2, 2019, respectively.

We have granted the following equity awards:

	13-Weeks Ended		39-Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Stock options	—	—	27,000	16,798
Restricted stock unit awards	—	6,934	337,749	229,528
Performance-based restricted stock unit awards	—	—	—	34,300
Deferred stock units	597	1,023	3,860	3,338

At October 31, 2020, the total compensation costs not yet recognized related to unvested restricted stock unit awards was $5.3 million and the weighted-average period over which such awards are expected to be recognized is 2.5 years. There were no unrecognized compensation costs related to unvested stock options at October 31, 2020.

During the 13-weeks ended October 31, 2020 and November 2, 2019, no stock options were granted. The weighted-average grant date fair value of stock options granted during the 39-weeks ended October 31, 2020 and November 2, 2019 was $3.33 and $5.46 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 ended October 31, 2020 or November 2, 2019. No shares of our common stock were awarded during the 39-weeks ended October 31, 2020 as part of the annual equity award to directors. A total of 13,858 shares of our common stock were awarded during the 39-weeks ended November 2, 2019, as part of the annual equity award to directors.

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 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Shares purchased	4,605	5,652	33,506	21,205
Average price per share	$ 17.66	$ 15.73	$ 10.21	$ 13.99
Weighted-average fair value at grant date	$ 4.99	$ 4.16	$ 3.71	$ 3.96

7. Earnings Per Share

The computation of basic earnings per share (EPS) is based on the number of weighted-average 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 common shares outstanding (in thousands):

	13-Weeks Ended		39-Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Weighted-average shares used in basic computations	16,572	17,568	16,551	17,927
Dilutive equity awards	605	247	351	158
Weighted-average shares used in diluted computations	17,177	17,815	16,902	18,085

For the 13-weeks ended October 31, 2020, we excluded 104,091 options from the computation of diluted weighted-average common shares and common stock equivalents outstanding because of their anti-dilutive effect. For the 13-weeks ended November 2, 2019, we excluded 251,847 options from the computation of diluted weighted-average common shares and common stock equivalents outstanding because of their anti-dilutive effect.

We also excluded 17,900 unvested stock awards granted to certain employees from the computation 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 31, 2020. Assuming the performance-criteria had been achieved as of October 31, 2020, the incremental dilutive impact would have been 15,266 shares.

8. Stock Repurchase Activity

In November 2018, the Board of Directors (Board) authorized the extension of our Stock Repurchase Program (Program) in the amount of $300.0 million to repurchase our common stock through 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.

During the 13-weeks ended October 31, 2020, we did not repurchase any shares of our common stock under the Program and did not acquire any shares from holders of restricted stock unit awards to satisfy tax withholding requirements. During the 39-weeks ended October 31, 2020, we repurchased 428,018 shares of our common stock at a cost of $9.7 million under the Program and acquired 34,956 shares from holders of restricted stock unit awards to satisfy tax withholding requirements of $0.5 million.

During the 13-weeks ended November 2, 2019, we repurchased 371,976 shares of our common stock at a cost of $7.0 million and did not acquire any shares from holders of restricted stock unit awards to satisfy tax withholding requirements. During the 39-weeks ended November 2, 2019, we repurchased 1,031,940 shares of our common stock at a cost of $20.8 million under the Program and acquired 29,432 shares from holders of restricted stock unit awards to satisfy tax withholding requirements of $0.6 million.

As of October 31, 2020, we had approximately $143.3 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 31, 2020, February 1, 2020 or November 2, 2019 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. In accordance with ASC Subtopic 740-10, 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 31, 2020, 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 2018 or by most state taxing jurisdictions for years prior to Fiscal 2017.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted on March 27, 2020. The CARES Act includes, among other things, refundable payroll tax credits, deferral of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, and technical amendments regarding the income tax depreciation of qualified improvement property placed in service after December 31, 2017. We have taken advantage of several of these relief provisions.

11. Related-Party Transactions

The Company leases one store under a lease arrangement with 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 2022. Minimum lease payments remaining under this lease at October 31, 2020 and November 2, 2019 were $0.1 million and $0.2 million, respectively.

The Company honored certain contracts in place for its wholly owned subsidiary, City Gear, LLC, upon acquisition. The following listing represents those contracts of which Michael E. Longo, the Company's President and CEO, has an interest in, either directly or indirectly:

Memphis Logistics Group (MLG)

MLG provides logistics and warehousing services to City Gear. Mr. Longo owns a majority interest in MLG and the initial contract term was effective through June 2020 but has been extended to June 2021. In the 13-weeks ended October 31, 2020 and November 2, 2019, payments to MLG under the contract were $2.2 million and $1.7 million, respectively. In the 39-weeks ended October 31, 2020 and November 2, 2019, payments to MLG under the contract were $5.6 million and $5.7 million, respectively. The amount outstanding to MLG at October 31, 2020, February 1, 2020 and November 2, 2019 was $0.2 million, $0.5 million and $0.4 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 31, 2020 and November 2, 2019, payments to TIG for its services were $1.4 million and $1.0 million, respectively. In the 39-weeks ended October 31, 2020 and November 2, 2019, payments to TIG for its services were $3.7 million and $2.5 million, respectively. The amount outstanding to TIG at October 31, 2020, February 1, 2020 and November 2, 2019 was approximately $0.1 million in each period, 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 31, 2020, there were no minimum lease payments to MC. In the 13-weeks ended November 2, 2019, minimum lease payments to MC were $0.1 million. In the 39-weeks ended October 31, 2020 and November 2, 2019, minimum lease payments to MC were $0.1 million and $0.2 million, respectively. There were no minimum lease payments remaining under this lease at October 31, 2020. There were no amounts outstanding to MC at October 31, 2020, February 1, 2020 or November 2, 2019.

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 on June 1, 2020. Mr. Longo's share was approximately 22.8% of any earnout payment or approximately $2.3 million of the initial earnout payment. If the maximum remaining earnout payment of $15.0 million is achieved based on Fiscal 2021 financial results, Mr. Longo will be entitled to an additional $4.4 million to be paid in Fiscal 2022.

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 anticipated impact to our business operations, consumer demand or discretionary spending, and supply chain due to the ongoing global pandemic of a novel strain of the coronavirus (COVID-19) and the restrictions that might be imposed by federal, state, or local governments in response to the COVID-19 pandemic;
- 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 and repurchases of Company common stock under our repurchase program;
- our relationships with vendors and the loss of key vendor support;
- our plans, expectations and estimates concerning the integration of City Gear and related costs;
- our ability to retain key personnel at Hibbett and City Gear;
- 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;
- our analysis of our risk factors and their possible effect on financial results;
- our ability and plans to renew our credit facility;
- 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 the fair value of assets acquired and liabilities assumed in the purchase of City Gear, preferable tax and financial accounting methods, accruals, inventory valuations, long-lived assets, store closure charges, 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;
- the possible effect of inflation, market decline and other economic changes on our costs and profitability;
- 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, our sources of supply, particularly imported goods, 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 February 1, 2020, filed with the Securities and Exchange Commission (SEC) on April 16, 2020, Part II, Item 1A of the Quarterly Reports on Form 10-Q for the quarters ended May 2, 2020 and August 1, 2020, filed with the SEC on June 8, 2020 and September 4, 2020, respectively, and in Part II, Item 1A of this Quarterly Report on Form 10-Q. 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 report.

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 Annual Report on Form 10-K for the fiscal year ended February 1, 2020, at no charge, by writing to: Investor Relations, Hibbett Sports, Inc., 2700 Milan Court, Birmingham, Alabama 35211.

The Challenging Business Environment and Our Commitment

The business environment has been and continues to be challenging, on both a personal and professional level. Many have been affected by both the COVID-19 pandemic and the renewed focus on important social issues. We are taking action to be part of the solution in our neighborhoods. Our commitment includes:

- *Continuing to be proactive in protecting the health and safety of our team members and customers and requiring all store locations, our store support center and logistics facility to follow prescribed safety guidelines.* For more information, please visit www.hibbett.com/shop-safely-in-stores.html.
- *Recognizing the challenges facing our society related to important social issues.* The Sole School initiative has been launched and over 80 high schools will be involved. The program includes product and monetary donations and is closely linked to high school athletics. Given the current COVID-19 environment, we have partnered with the selected schools to develop a virtual engagement plan that protects the safety of the communities which began in November 2020. A full rollout of the program is expected in Fiscal 2022 to align with the spring sports season.

The COVID-19 pandemic remains a rapidly evolving situation. We continue to actively monitor developments that may cause us to take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our team members, customers, suppliers and stockholders.

Despite the challenging business environment, our business generated significant momentum in the second quarter which has continued into the third quarter as evidenced by our results of operations described below. Our business model and dedicated team members delivered on our commitment of superior customer service with a compelling merchandise assortment. The impact of the COVID-19 pandemic is fluid and continues to evolve, and therefore, we cannot currently predict with certainty the extent to which our business, results of operations, financial condition or liquidity will ultimately be impacted.

General Overview

Hibbett Sports, Inc., headquartered in Birmingham, Alabama, is a leading athletic-inspired fashion retailer with nearly 1,100 Hibbett Sports, City Gear and Sports Addition specialty stores located in 35 states. Celebrating its 75th year, Hibbett has a rich history of convenient locations, personalized customer service and access to coveted footwear, apparel and equipment from top brands like Nike, Jordan and adidas. Consumers can browse styles, find new releases, shop looks 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 31, 2020, we operated a total of 1,074 retail stores in 35 states composed of 896 Hibbett Sports stores, 160 City Gear stores and 18 Sports Additions athletic shoe stores.

Our Hibbett Sports stores average 5,800 square feet and are located primarily in strip centers, which are usually near a major chain retailer such as Wal-Mart. Our City Gear stores average 5,000 square feet and are located primarily in strip centers. As of October 31, 2020, our store base consisted of 796 stores located in strip centers, 31 free-standing stores and 247 enclosed mall locations.

Our primary merchandising strategy is to provide a broad assortment of quality brand name footwear, apparel, accessories and team sports equipment at competitive prices in a conveniently located full-service environment. In July 2017, we successfully launched our e-commerce website. 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 sales data for the periods presented reflects sales for our retail stores open throughout the entire 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 de-leveraging of costs. Comparable store sales also have a direct impact on our total net sales and the level of cash flow.
Inclusion of our City Gear stores in our comparable sales data began in the fourth quarter of Fiscal 2020. If a store remodel, relocation or expansion results in the store being closed for a significant period of time, its sales are removed from the comparable sales base until it has been open a full 12 months. During the 13-weeks ended October 31, 2020, we included 1,044 stores in comparable sales. During the 39-weeks ended October 31, 2020, we included 1,034 stores in comparable sales. We did not exclude any stores from the comparable sales base that were temporarily closed due to the COVID-19 pandemic.

Executive Summary

Net sales for the 13-weeks ended October 31, 2020, increased 20.3% to $331.4 million, compared with $275.5 million for the 13-weeks ended November 2, 2019. Comparable sales increased 21.2%. Brick and mortar comparable sales increased 17.5%. E-commerce sales grew by 50.7% and represented 13.2% of total net sales for the third quarter compared to 10.5% in the prior year third quarter. We believe the increase in overall sales was positively impacted by continued strength in omni-channel adoption, improved customer retention and demand shifts, market channel disruption, and availability of in-demand product, which collectively helped increase the revenue per transaction in the quarter.

Net sales for the 39-weeks ended October 31, 2020, increased 19.7% to $1.0 billion, compared with $0.9 billion for the 39-weeks ended November 2, 2019. Comparable sales increased 22.0%. Brick and mortar comparable sales were up 11.6% and e-commerce sales increased 118.2%, representing 16.6% of total sales in the current year compared to 9.1% of total sales in the comparable period last year.
Store operating, selling and administrative (SG&A) expenses were 26.1% of net sales for the 13-weeks ended October 31, 2020, compared with 29.1% of net sales for the 13-weeks ended November 2, 2019. This decrease was the result of leverage gained from the strong sales performance as well as lower costs of acquisition and integration activities associated with City Gear. Excluding certain City Gear acquisition and integration expenses, comparable SG&A expenses on a non-GAAP basis decreased approximately 120 basis points to 26.0% of net sales for the 13-weeks ended October 31, 2020, from 27.2% of net sales for the 13-weeks ended November 2, 2019. This decrease was also primarily due to leverage from the significant sales increase.

SG&A expenses were 26.4% of net sales for the 39-weeks ended October 31, 2020, compared with 26.9% of net sales for the 39-weeks ended November 2, 2019. Increased sales revenue was the primary driver of the modest decline. On a non-GAAP basis, comparable SG&A expenses were 22.6% of net sales for the 39-weeks ended October 31, 2020, compared with 25.2% of net sales for the 39-weeks ended November 2, 2019.

During the third quarter of Fiscal 2021, we did not open any new stores, rebranded two Hibbett stores to City Gear stores, and closed five stores, bringing the store base to 1,074 in 35 states as of October 31, 2020. Store closures were composed of underperforming stores and rebrands. We ended the third quarter of Fiscal 2021 with $177.7 million of available cash and cash equivalents with no outstanding debt. Net inventory was $210.9 million at October 31, 2020, 27.0% below the balance at the end of the third quarter of Fiscal 2020.

About Non-GAAP Measures

This MD&A includes certain non-GAAP financial measures, including adjusted net income, earnings per share, gross margin, SG&A expenses as a percentage of net sales and operating income 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, the acquisition and integration of City Gear and our accelerated store closure plan in Fiscal 2020. The costs related to the COVID-19 pandemic include impairment charges of goodwill, tradename and other assets, paid-not-worked labor costs net of related tax credits and net lower of cost or net realizable value (LCM) inventory reserve charges. The costs related to the acquisition of City Gear include amortization of inventory step-up value, professional service fees, change in the contingent earnout valuation, and legal and accounting fees. These costs were reflected in acquisition of City Gear costs for the 13 and 39 weeks ended October 31, 2020 and November 2, 2019. The change in valuation of the contingent earnout of $11.0 million that was included in COVID-19 costs for the 13 weeks ended May 2, 2020 was reversed in the 13 and 26 weeks ended August 1, 2020. Costs related to the strategic realignment plan included lease and equipment impairment costs, third party liquidation fees, store exit costs, and residual net lease costs and were specific to Fiscal 2020.

While our management uses these non-GAAP financial measures as a tool to enhance their ability to assess certain aspects of our financial performance, they do 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 and 39 weeks ended October 31, 2020 and November 2, 2019, respectively, 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.”

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 Annual Report on Form 10-K for the fiscal year ended February 1, 2020, as filed on April 16, 2020. There have been no changes in our accounting policies in the current period ended October 31, 2020, 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 31, 2020, for information regarding recent accounting pronouncements.

Results of Operations

Summarized Unaudited Information

	13-Weeks Ended		39-Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Statements of Operations				
Net sales increase	20.3 %	27.0 %	19.7 %	24.0 %
Comparable sales increase	21.2 %	10.7 %	22.0 %	5.4 %
Gross margin (as a % to net sales)	38.3 %	32.7 %	35.0 %	32.7 %
Store operating, selling and administrative expenses (as a % to net sales)	26.1 %	29.1 %	24.5 %	26.9 %
Goodwill impairment (as a % of net sales)	— %	— %	1.9 %	— %
Depreciation and amortization (as a % to net sales)	2.3 %	2.7 %	2.1 %	2.6 %
Provision for income taxes (as a % to net sales)	2.4 %	0.2 %	1.6 %	0.8 %
Net income (as a % to net sales)	7.6 %	0.8 %	4.8 %	2.4 %
Diluted earnings per share	$ 1.47	$ 0.13	$ 2.98	$ 1.18
Weighted-average dilutive shares (in thousands)	17,177	17,815	16,902	18,085
Balance Sheets				
Ending cash and cash equivalents (in thousands)	$ 177,698	$ 77,372		
Average inventory per store	$ 196,329	$ 263,333		
Store Information				
Beginning of period	1,077	1,108	1,081	1,163
New stores opened	—	4	6	9
Rebranded stores	2	4	8	8
Stores closed	(5)	(19)	(21)	(83)
End of period	1,074	1,097	1,074	1,097
Estimated square footage at end of period (in thousands)	6,053	6,181		
Share Repurchase Information				
Shares purchased under our Program	—	371,976	428,018	1,031,940
Cost (in thousands)	$ —	$ 7,045	$ 9,748	$ 20,789
Settlement of net share equity awards	—	—	34,956	29,432
Cost (in thousands)	$ —	$ —	$ 483	$ 555

13-Weeks Ended October 31, 2020 Compared to 13-Weeks Ended November 2, 2019

Net sales. Net sales increased $55.9 million, or 20.3%, to $331.4 million for the 13-weeks ended October 31, 2020 from $275.5 million for the comparable period in the prior year. Furthermore:

- Comparable store sales increased 21.2% as brick and mortar comparable sales increased by 17.5% and e-commerce sales increased by 50.7%.
- E-commerce sales represented 13.2% of total net sales compared to 10.5% for the comparable period in the prior year.
- Footwear sales increased by over 20% while apparel experienced growth over 30%.
- Women's footwear and apparel sales grew by over 50% while men's and kid's had sales increases above 20% and 15%, respectively.
- Team sports remained challenged due to the COVID-19 pandemic and decreased participation and was down by low double digits.
- We did not open any new stores, rebranded two Hibbett Sports stores to City Gear stores and closed five stores.

Gross margin. Cost of goods sold includes the cost of merchandise, occupancy costs for stores, occupancy and operating costs for our wholesale and logistics facility and ship-to-home freight. Gross margin was $127.0 million, or 38.3% of net sales in the 13-weeks ended October 31, 2020, compared with $90.2 million, or 32.7% of net sales in the same period of the prior fiscal year. Excluding certain expenses related to the COVID-19 pandemic, non-GAAP gross margin was $126.3 million, or 38.1% of net sales in the 13-weeks ended October 31, 2020, compared to $89.3 million or 32.4% of net sales in the same period of the prior fiscal year.

GAAP gross margin for the current quarter improved by approximately 560 basis points driven by higher sell through, a low promotional environment, a reduction in inventory valuation reserves and leverage of store occupancy expenses. These impacts were slightly offset by a higher mix of e-commerce sales, which carry a lower margin due to incremental shipping costs. Logistics expenses were higher during the quarter in dollars, but flat as a percentage of net sales. Store occupancy costs, which are more fixed in nature, benefited from the higher sales volume and accounted for approximately 140 basis points of margin improvement as a percentage of net sales. A decrease in aged inventory during the quarter resulted in a $0.7 million decrease in the LCM inventory reserve for the quarter. This amount was excluded from the non-GAAP gross margin figure.

SG&A expenses. SG&A expenses were $86.3 million, or 26.1% of net sales for the 13-weeks ended October 31, 2020, compared to $80.1 million, or 29.1% of net sales, for the comparable period a year ago. This percentage decrease was the result of leverage gained from the strong sales performance.

Excluding non-GAAP adjustments, SG&A was $86.1 million, or 26.0% net sales, for the 13-weeks ended October 31, 2020, compared to $75.0 million, or 27.2% of net sales for the same period in the prior year. This percentage decrease was also due to leverage from the significant sales increase.

Depreciation and amortization. Depreciation and amortization of $7.5 million decreased approximately 40 basis points as a percentage of net sales for the 13-weeks ended October 31, 2020 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 23.7% for the 13-weeks ended October 31, 2020 and was 18.4% for the 13-weeks ended November 2, 2019. The quarterly effective tax rate fluctuates based on full-year taxable income projections and is also influenced by the relative level of pretax income or loss in each quarter.

39-Weeks Ended October 31, 2020 Compared to 39-Weeks Ended November 2, 2019

Net sales. Net sales increased $171.6 million, or 19.7%, to $1.0 billion for the 39-weeks ended October 31, 2020 from $0.9 billion for the comparable period in the prior year. Furthermore:

- Comparable store sales increased 22.0%. Brick and mortar comparable sales increased by 11.6% and e-commerce sales rose by 118.2%. The strength of the second and third quarters have more than offset the negative performance from the first quarter when a large number of stores were closed entirely or were limited to fulfill e-commerce orders and curbside pick-up in March and April.
- E-commerce sales represented 16.6% of total sales compared to 9.1% for the comparable period in the prior year.
- Footwear was positive across all genders with key investments in women's footwear showing strong results.
- Apparel was positive as we believe our renewed selling focus on connecting our apparel assortment to sneakers resonated with customers.
- Accessories performed well and was supported by our initiative to connect accessories to sneakers.
- We opened six stores, rebranded eight Hibbett Sports stores to City Gear stores and closed 21 stores.

Gross margin. Cost of goods sold includes the cost of merchandise, occupancy costs for stores, occupancy and operating costs for our wholesale and logistics facility and ship-to-home freight. Gross margin was $364.8 million, or 35.0% of net sales in the 39-weeks ended October 31, 2020, compared with $284.7 million, or 32.7% of net sales in the same period of the prior fiscal year. Excluding year-to-date inventory reserve adjustments in the current year and City Gear acquisition and strategic alignment costs incurred in the prior year, non-GAAP gross margin was $367.8 million, or 35.3% of net sales in the 39-weeks ended October 31, 2020, compared to $285.3 million or 32.7% of net sales in the same period of the prior fiscal year.

Overall GAAP gross margin improved by approximately 230 basis points in comparison to the prior year driven by higher sell through and leverage of store occupancy expenses. These impacts were slightly offset by a higher mix of e-commerce sales, which carries a lower margin due to incremental shipping costs, and a year-to-date increase in the LCM inventory reserve. Logistics expenses were higher year over year in dollars, but decreased slightly as a percentage of net sales. Store occupancy costs decreased approximately 160 basis points as a percentage of net sales year over year. The uncertainty of COVID-19 and its impact on inventory valuations contributed to a large increase in the LCM inventory reserve in the first quarter. Although aged inventory and the related reserve has continued to decline over the last two quarters, there is still a net $3.0 million LCM expense impact on a year-to-date basis. This amount was excluded from the non-GAAP gross margin figure.

SG&A expenses. SG&A expenses, including goodwill impairment, were $275.5 million, or 26.4% of net sales, for the 39-weeks ended October 31, 2020, compared to $234.1 million, or 26.9% of net sales for the comparable period a year ago.

Excluding non-GAAP adjustments, SG&A was $235.7 million, or 22.6% net sales for the 39-weeks ended October 31, 2020, from $219.3 million, or 25.2% of net sales for the same period in the prior year.

A large portion of the SG&A increase resulted from impacts related to the COVID-19 pandemic. This included non-cash intangible asset impairments to goodwill in the amount of $19.7 million and the City Gear tradename of $8.9 million. These adjustments resulted from a significant decrease in the market valuation of the Company in the first quarter. Other impacts related to the COVID-19 pandemic included net payroll costs to support team members at closed stores of approximately $2.8 million and asset group impairments of approximately $4.1 million.

On a non-GAAP basis, the approximately 260 basis point decrease in SG&A compared to the prior year resulted mainly from the leverage gained from higher net sales.

Depreciation and amortization. Depreciation and amortization of $21.9 million decreased approximately 50 basis points as a percentage of net sales for the 39-weeks ended October 31, 2020 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 24.9% for the 39-weeks ended October 31, 2020 and was 25.1% of the pre-tax income for the 39-weeks ended November 2, 2019.

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

The following tables provide reconciliations of our unaudited condensed consolidated statement of operations for the 13-weeks ended October 31, 2020 and November 2, 2019, 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)	% 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 amounts 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 amounts 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).

13-Weeks Ended November 2, 2019

	GAAP Basis (As Reported)	Excluded Amounts: Acquisition Costs[1]	Excluded Amounts: Strategic Realignment[2]	Non-GAAP Basis (As Adjusted)	% of Sales
Cost of goods sold	$ 185,307	$ —	$ (828)	$ 186,135	67.6 %
Gross margin	$ 90,168	$ —	$ (828)	$ 89,340	32.4 %
SG&A expenses	$ 80,147	$ 4,965	$ 155	$ 75,027	27.2 %
Operating income	$ 2,624	$ 4,965	$ (673)	$ 6,916	2.5 %
Provision for income taxes	$ 510	$ 912	$ (124)	$ 1,298	0.5 %
Net income	$ 2,265	$ 4,053	$ (549)	$ 5,769	2.1 %
Diluted earnings per share	$ 0.13	$ 0.23	$ (0.03)	$ 0.32	

1) Excluded acquisition and transition costs represent costs incurred during the 13-weeks ended November 2, 2019, related to the acquisition of City Gear, LLC, consist primarily of change in valuation of contingent earnout and legal, accounting and professional fees.

2) Excluded strategic realignment amounts during the 13-weeks ended November 2, 2019, related to our accelerated store closure plan, consist of gain on operating leases net of accelerated amortization on ROU assets in COGS and professional fees, impairment costs and loss on fixed assets in SG&A.

The following tables provide reconciliations of our unaudited condensed consolidated statement of operations for the 39-weeks ended October 31, 2020 and November 2, 2019, 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

	GAAP Basis (As Reported)	Excluded Amounts: Acquisition Costs[1]	Excluded Amounts: 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 amounts 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 amounts 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, impairment costs (goodwill, tradename and other assets) and paid-not-worked salaries net of related tax credits in SG&A.

39-Weeks Ended November 2, 2019

	GAAP Basis (As Reported)	Excluded Amounts: Acquisition Costs[1]	Excluded Amounts: Strategic Realignment[2]	Non-GAAP Basis (As Adjusted)	% of Sales
Cost of goods sold	$ 586,502	$ 956	$ (356)	$ 585,902	67.3 %
Gross margin	$ 284,708	$ 956	$ (356)	$ 285,308	32.7 %
SG&A expenses	$ 234,085	$ 13,252	$ 1,529	$ 219,304	25.2 %
Operating income	$ 28,324	$ 14,208	$ 1,173	$ 43,705	5.0 %
Provision for income taxes	$ 7,159	$ 3,569	$ 295	$ 11,023	1.3 %
Net income	$ 21,344	$ 10,639	$ 878	$ 32,861	3.8 %
Diluted earnings per share	$ 1.18	$ 0.59	$ 0.05	$ 1.82	

1) Excluded acquisition costs represent costs incurred during the 39-weeks ended November 2, 2019, related to the acquisition of City Gear, LLC, consist primarily of the amortization of inventory step-up in COGS and the change in valuation of contingent earnout, legal, accounting and professional fees in SG&A.

2) Excluded strategic realignment amounts during the 39-weeks ended November 2, 2019, related to our accelerated store closure plan, consist primarily of gain on operating leases net of accelerated amortization on ROU assets in COGS and professional fees, impairment costs and loss on fixed 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 earlier in the fiscal year, 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.
- We worked with merchandise and non-merchandise vendors to extend payment terms temporarily through the end of May.
- We negotiated rent deferrals with landlords at select locations.

As the result of strong second and third quarter sales, our liquidity position has improved significantly. We ended the third quarter of Fiscal 2021 with $177.7 million of available cash and cash equivalents on the unaudited condensed consolidated balance sheet. As of October 31, 2020, we had no debt outstanding and full availability under our $75.0 million secured credit facility.

Inventory at the end of the third quarter of Fiscal 2021 was $210.9 million, a 27.0% decrease compared to the prior year third quarter. The continuing strength of sales in both brick and mortar and e-commerce channels was the main driver of the lower inventory levels.

Analysis of Cash Flows

Our capital requirements relate primarily to new store openings, relocations and remodels, stock repurchases, facilities 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 invest in interest-bearing securities and money market accounts, as well as to offset bank fees.

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

	39-Weeks Ended	
	October 31, 2020	November 2, 2019
Net cash provided by operating activities	$ 145,209	$ 75,056
Net cash used in investing activities	(19,294)	(10,753)
Net cash used in financing activities	(14,295)	(48,687)
Net increase in cash and cash equivalents	$ 111,620	$ 15,616

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 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 $145.2 million for the 39-weeks ended October 31, 2020, compared with net cash provided by operating activities of $75.1 million for the 39-weeks ended November 2, 2019. Operating activities consist primarily of net income, adjusted for certain non-cash items and changes in operating assets and liabilities. Adjustments to net income for non-cash items include depreciation and amortization, valuation of the contingent City Gear earnout liability, impairments, deferred income taxes, amortization of inventory step-up valuation from the City Gear opening balance sheet, and stock-based compensation. Net cash provided by operating activities for October 31, 2020 and November 2, 2019 was impacted by the following:

- Net income provided cash of $50.3 million and $21.3 million during the 39-weeks ended October 31, 2020 and November 2, 2019, respectively.
- Non-cash charges included depreciation and amortization expense of $21.9 million and $22.3 million and stock-based compensation expense of $2.9 million and $1.8 million during the 39-weeks ended October 31, 2020 and November 2, 2019, respectively. Depreciation expense decreased due to a lower store base. Fluctuations in stock-based compensation generally result from the variability associated with performance-based equity awards, fluctuations in the price of our common stock and levels and effects of forfeitures in any given period.
- Other non-cash adjustments to net income for the 39-weeks ended October 31, 2020 included $34.5 million of asset impairment charges with the largest impact resulting from a significant temporary decrease in the market valuation of the Company at the onset of the COVID-19 pandemic, partially offset by a $1.6 million change in the valuation of the contingent earnout related to City Gear.
- Net inventories decreased $77.2 million and increased $9.5 million during the 39-weeks ended October 31, 2020 and November 2, 2019, respectively. Inventory levels typically decline during the first half of the year, but the decrease was more pronounced this year due to a significant increase in sales volume and proactive inventory management.
- The change in receivables of $4.5 million resulted primarily from employee retention credits under the CARES Act and an increase in receivables related to strong e-commerce sales.
- The change in accounts payable used cash of $29.2 million and provided cash of $25.1 million during the 39-weeks ended October 31, 2020 and November 2, 2019, respectively. This change 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 31, 2020 totaled $19.3 million compared with net cash used in investing activities of $10.8 million in the 39-weeks ended November 2, 2019. Capital expenditures used $20.8 million of cash in the 39-weeks ended October 31, 2020 versus $11.0 million of cash in the 39-weeks ended November 2, 2019. Capital expenditures are primarily related to opening new stores, remodeling, expanding or relocating existing stores and continued investment in digital initiatives.

We opened six new stores and rebranded eight Hibbett Sports stores to City Gear stores during the 39-weeks ended October 31, 2020, as compared to opening nine new stores and rebranding eight existing stores during the 39-weeks ended November 2, 2019.

We anticipate that our capital expenditures for the fiscal year ending January 30, 2021 will primarily relate to expenditures for:

- the opening of new stores;
- the remodeling, relocation or expansion of selected existing stores;
- information system infrastructure, projects, upgrades and security; and
- other departmental needs.

Financing Activities.

Net cash used in financing activities was $14.3 million in the 39-weeks ended October 31, 2020, compared to net cash used in financing activities of $48.7 million in the prior year period. During the 39-weeks ended October 31, 2020, net borrowings on our credit facilities were zero compared to net repayments on our credit facilities of $27.0 million in the same period of the prior year. In the current year, we have repurchased $9.7 million of our common stock under our Program via a 10b5-1 plan that was enacted prior to the COVID-19 pandemic. This compares to $20.8 million used to repurchase our common stock in the same period of the prior year. See Note 8, *Stock Repurchase Activity,* to the unaudited condensed consolidated financial statements for additional information.

Additionally, we paid $10.0 million to the former members and warrant holders of City Gear for achievement of financial goals in the first-year post acquisition. Of this amount, $4.8 million was reflected as financing activities and represents the fair value of the short-term portion of the contingent earnout booked through the purchase price allocation.
At October 31, 2020, we had one secured credit facility with Regions Bank that allows for borrowings up to $75.0 million and has an expiration date of July 18, 2021. Under the provisions of the facility, we do not pay commitment fees; however, it is secured by all assets of the Company with the exception of real property. As of October 31, 2020, a total of $75.0 million was

available to us under the facility. See Note 5, *Debt*, to the unaudited condensed consolidated financial statements for additional information.

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 our credit facility.

Off-Balance Sheet Arrangements.

We have not provided any financial guarantees as of October 31, 2020. All merchandise purchase obligations are cancelable. We have not created, and are not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating our business. We do not have any arrangements or relationships with entities that are not included in the unaudited condensed consolidated financial statements.

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, although the COVID-19 pandemic has resulted in some shifts of normal seasonal patterns during the current fiscal year. In addition, our quarterly results of operations may fluctuate significantly as a result of a variety of factors, including weather fluctuations, 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.

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.

We also utilize a financial institution that is committed to provide loans under our credit facility. There is a risk that this institution cannot deliver against these obligations. For a further discussion of this risk and risks related to our deposits, see “Risk Factors” in our Form 10-K for the fiscal year ended February 1, 2020 filed with the SEC on April 16, 2020, Part II, Item 1A of the Quarterly Reports on Form 10-Q for the quarters ended May 2, 2020 and August 1, 2020, filed with the SEC on June 8, 2020 and September 4, 2020, respectively, and in Part II, Item 1A of this Quarterly Report on Form 10-Q.

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 Annual Report on Form 10-K for the fiscal year ended February 1, 2020 filed with the SEC on April 16, 2020.

Borrowing under the Amended Credit Facility uses the London Interbank Offering Rate (LIBOR) as a benchmark for establishing the interest rate. LIBOR has been the subject of recent national, international and other regulatory guidance and proposals for reform, and the financial industry is currently transitioning away from LIBOR as a benchmark for the interbank lending market. Due to the short-term nature of our current secured credit facility, the potential transition away from LIBOR does not impact us.

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 31, 2020. 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 31, 2020, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

We are a party to various legal proceedings incidental to our business. Where we are able to reasonably estimate an amount of probable loss in these matters based on known facts, we have accrued that amount as a liability on our balance sheet. We are not able to reasonably estimate the possible loss or range of loss in excess of the amount accrued for these proceedings based on the information currently available to us, including, among others, (i) uncertainties as to the outcome of pending proceedings (including motions and appeals) and (ii) uncertainties as to the likelihood of settlement and the outcome of any negotiations with respect thereto. We do not believe that any of these matters will, individually or in the aggregate, have a material effect on our business or financial condition. We cannot give assurance, however, that one or more of these proceedings will not have a material effect on our results of operations for the period in which they are resolved. No material amounts were accrued at October 31, 2020, February 1, 2020 or November 2, 2019.

ITEM 1A. Risk Factors.

We operate in an environment that involves a number of risks and uncertainties which are described in our Form 10-K for the year ended February 1, 2020. If any of the risks described in our Fiscal 2020 Form 10-K 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 Form 10-K for the fiscal year ended February 1, 2020 filed with the SEC on April 16, 2020 and Part II, Item 1A of the Quarterly Reports on Form 10-Q for the quarters ended May 2, 2020 and August 1, 2020, filed with the SEC on June 8, 2020 and September 4, 2020, respectively, except as the supplemental information set forth below.

The continuing impacts of the COVID-19 pandemic are highly unpredictable, volatile, and uncertain, and could adversely affect our business operations, demand for our products and services, our costs of doing business, availability of labor, access to inventory, supply chain operations, our ability to predict future performance, our exposure to litigation, and our financial performance, among other things.

The COVID-19 pandemic has created significant public health concerns as well as economic disruption, uncertainty, and volatility, all of which have impacted and may continue to impact our business, results of operations, liquidity, cash flow and financial condition. While we have taken numerous steps to mitigate the impact of the pandemic on our results of operations, there can be no assurance that these efforts will be successful.

Due to numerous uncertainties and factors beyond our control, we are unable to predict the impact that the COVID-19 pandemic will have going forward on our business, results of operations, liquidity, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the pandemic, including whether there are additional periods of increases or spikes in the number of COVID-19 cases in future periods in the communities or states we operate;
- the rapidly changing and fluid circumstances caused by the pandemic and our ability to respond quickly enough or appropriately to those circumstances;
- the duration and degree of governmental, business or other actions in response to the pandemic, including but not limited to quarantine, shelter-in-place, or social distancing measures; restrictions on our operations up to and including complete or partial closure of our stores and distribution centers; economic measures; access to unemployment compensation; fiscal policy changes; or additional measures that may yet be effected;

- the health of, and effect of the pandemic on our team members and our ability to maintain staffing needs to effectively operate our business;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- our ability to enter into rent deferral or abatement arrangements or other lease modifications, including lease term extensions, with our landlords;
- our ability to move existing inventory, including potentially having to sell existing inventory at a discount or write-down of value of inventory, and the costs and expenses of updating and replacing inventory;
- our ability to attract customers to our stores, given the risks, or perceived risks, of gathering in public places;
- the impact of the pandemic and related economic uncertainty on consumer confidence, economic well-being, spending, and shopping behaviors, both during and after the crisis;
- the impact on demand for school-related products or athletic gear caused by the cancellation or delay of in-person school instruction and activities;
- any disproportionate impact experienced by our target customer demographic;
- impacts – financial, operational or otherwise – on our supply chain, including manufacturers or suppliers of our products and logistics or transportation providers;
- unknown consequences on our business performance and strategic initiatives stemming from the substantial investment of time and other resources to the pandemic response, including potential delays in or adjustments to our strategic investments;
- the incremental costs of doing business during and/or after the crisis;
- volatility in the credit and financial markets during and after the pandemic;
- the potential effects on our internal control environment and data security as a result of changes to various remote work environments;
- the impact of regulatory and judicial changes in liability for workers compensation;
- potential increases in insurance premiums, medical claims costs, and workers' compensation claim costs;
- the availability of, and prevalence of access to, effective medical treatments and vaccines for COVID-19;
- the impact of litigation or claims from customers, team members, suppliers, regulators or other third parties relating to COVID-19 or our actions in response thereto;
- the pace of recovery when the pandemic subsides; and
- the long-term impact of the pandemic on our business.

The above factors and uncertainties, or others of which we are not currently aware, may result in additional adverse impacts to our business, results of operations, cash flows, and financial condition.

In addition to the factors above, the COVID-19 pandemic has subjected our business to a number of risks, including, but not limited to those discussed below:

Team Member and Customer Safety-Related Risks. In response to the COVID-19 pandemic, we have taken a number of actions across our business to help protect our team members, customers, and others in the communities we serve. These measures include, among other things, adjusted store hours; remote working opportunities for our store support center; increased cleaning and sanitizing measures; limits on customer traffic in stores to maintain physical and social distancing protocols; other physical and social distancing efforts such as markings on floors, signage, plexiglass shields and providing masks to team members in stores, store support center and distribution centers; offering curbside pick-up from stores; and instituting contactless payment in all stores.

We have also taken other steps to support our team members, including expanding our paid time off policy to help alleviate some of the challenges our team members are facing as a result of COVID-19 and expanding health care benefits. The actions that we have taken in response to the pandemic have resulted in incremental costs, and we expect that we will continue to incur additional costs due to the pandemic going forward.

The health and safety of our team members and customers are of primary concern to our management team. However, due to the unpredictable nature of the COVID-19 pandemic and the consequences of our actions, we may see unexpected outcomes from our added safety measures. For example, if we do not respond appropriately to the pandemic, or if our customers do not participate in social distancing and other safety measures, the well-being of our team members and customers could be at risk. Furthermore, any failure to appropriately respond, or the perception of an inadequate response, could cause reputational harm to our brand and/or subject us to claims and litigation from team members, customers, suppliers, regulators or other third parties. Additionally, any outbreak of confirmed cases of COVID-19 in our stores, store support center or distribution centers could result in temporary or sustained workforce shortages or facility closures, which would negatively impact our business and results of operations.

Additionally, some jurisdictions have taken measures intended to expand the availability of workers compensation or to change the presumptions applicable to workers compensation measures. These actions may increase our exposure to workers compensation claims and increase our cost of insurance.

Information Technology-Related Risks. As a result of the pandemic and related quarantines, shelter-in-place orders, and similar restrictions, we have experienced increased demand for online purchases of products. While we have managed this increased volume to date without interruption, there are no assurances that we will continue to be able to do so. We have also had to rapidly modify certain technology to support our interconnected offerings in connection with the pandemic, such as the addition of curbside pick-up. Disruptions, failures or other performance issues with our customer-facing technology systems, either due to the increased volume or other factors, could impair the benefits they provide, adversely impact our sales, and negatively affect our relationship with our customers. In addition, as more business activities have shifted online due to COVID-19 restrictions, and as many of our store support team members are working remotely, we face an increased risk from potential failure of internal or external information technology infrastructure as well as increased cybersecurity threats and attempts to breach our security networks.

Supply Chain-Related Risks. Circumstances related to the COVID-19 pandemic have significantly impacted the global supply chain, particularly those products that are sourced from China, with restrictions and limitations on business activities causing disruption and delay. These disruptions and delays, which may expand depending on the progression of the pandemic, are placing strain on the domestic and international supply chain, which has affected and could continue to negatively affect the flow or availability of certain products. Customer demand for certain products has also fluctuated as the pandemic has progressed and customer behaviors have changed, which has challenged our ability to anticipate and/or adjust inventory levels to meet that demand. These factors have challenged our management of inventory positions as well as some delays in delivering products to our distribution centers, stores or customers. Increased demand for online purchases of products has impacted our fulfillment operations and, if it continues, could result in delays in delivering products to customers. The operation of our distribution centers and stores as fulfillment centers is crucial to our business operations.

If our distribution centers or significant number of stores experience closures or labor shortages, whether temporary or sustained, we could face adverse impacts related to the flow or availability of products to our stores and customers. Any of these circumstances could impair our ability to meet customer demand for products and result in lost sales, increased supply chain costs, or damage to our reputation.

Financial and Liquidity Risks. In an effort to strengthen our liquidity position while navigating the COVID-19 pandemic, we took proactive steps during the first quarter of Fiscal 2021, including temporary suspension of our share repurchase program, converting two unsecured, demand lines of credit into a single secured line of credit with a one-year term, working with merchandise and non-merchandise vendors to extend terms for a limited period of time, ramping up inventory allocation systems and distribution infrastructure to support increased online demand and managing the flow of goods in collaboration with our vendor partners, resulting in a decrease in year-over-year inventory and an inventory balance that remained in line with demand.

Additionally, changes in our capital allocation strategy could have adverse impacts, both short- and long-term, on our results of operations and financial position. If we choose not to acquire shares under our share repurchase program, our earnings per share and return on invested capital may be impacted, which in turn could adversely impact our stock price.

To the extent the COVID-19 pandemic continues to adversely affect the U.S. and global economy and/or adversely affect our business, results of operations, cash flows, or financial condition, it may also have the effect of heightening other risks described in the “Risk Factors” section in our Fiscal 2020 Form 10-K, including but not limited to those related to consumer behavior and expectations, competition, brand reputation, implementation of strategic initiatives, cybersecurity threats, technology systems disruption, supply chain disruptions, labor availability and cost, litigation, and regulatory requirements.

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 Form 8-K filed with the Securities and Exchange Commission on May 31, 2012.
3.2		Bylaws of the Registrant, as amended; incorporated herein by reference to Exhibit 3.1 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on June 1, 2020.
		Form of Stock Certificate
4.1		Form of Stock Certificate; incorporated herein by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 26, 2007.
		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
		The following financial information from the Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language) and submitted electronically herewith: (i) the Unaudited Condensed Consolidated Balance Sheets at October 31, 2020, February 1, 2020 and November 2, 2019; (ii) the Unaudited Condensed Consolidated Statements of Operations for the 13 and 39-weeks ended October 31, 2020 and November 2, 2019; (iii) the Unaudited Condensed Consolidated Statements of Cash Flows for the 39-weeks ended October 31, 2020 and November 2, 2019; (iv) the Unaudited Condensed Consolidated Statements of Stockholders Investment for the 13 and 39-weeks ended October 31, 2020 and November 2, 2019; and (v) the Notes to Unaudited Condensed Consolidated Financial Statements.
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 31, 2020, has been formatted in Inline XBRL.
	*	Filed Within

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 SPORTS, INC.	
Date:	December 7, 2020	By:	______________________
			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 7, 2020	/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 7, 2020	/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 31, 2020, 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 7, 2020	/s/ Michael E. Longo
	Michael E. Longo Chief Executive Officer and President *(Principal Executive Officer)*
Date: December 7, 2020	/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