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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended October 28, 2023

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER: **000-20969**

**HIBBETT, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**20-8159608**

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

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

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

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

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

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

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

Yes  No

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

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

Yes

No

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

As of November 30, 2023, 11,771,751 shares of common stock, par value \$0.01 per share, were outstanding.

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HIBBETT, INC.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements.

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

ASSETS	October 28, 2023	January 28, 2023	October 29, 2022
Current assets:			
Cash and cash equivalents	\$ 29,580	\$ 16,015	\$ 25,114
Receivables, net	12,136	12,850	15,170
Inventories, net	398,106	420,839	404,819
Other current assets	28,408	23,351	29,577
Total current assets	<u>468,230</u>	<u>473,055</u>	<u>474,680</u>
Property and equipment, net	172,701	169,476	165,196
Operating right-of-use assets	272,909	263,391	266,402
Finance right-of-use assets, net	2,095	2,279	2,027
Tradename intangible asset	23,500	23,500	23,500
Deferred income taxes, net	3,044	3,025	2,484
Other assets, net	8,414	4,434	3,081
Total assets	<u>\$ 950,893</u>	<u>\$ 939,160</u>	<u>\$ 937,370</u>
<b>LIABILITIES AND STOCKHOLDERS' INVESTMENT</b>			
Current liabilities:			
Accounts payable	\$ 118,127	\$ 190,648	\$ 209,194
Operating lease obligations	75,490	72,544	71,649
Credit facility	96,916	36,264	51,657
Finance lease obligations	663	1,132	1,057
Accrued payroll expenses	9,573	11,361	11,550
Other accrued expenses	16,003	15,803	16,820
Total current liabilities	<u>316,772</u>	<u>327,752</u>	<u>361,927</u>
Operating lease obligations	239,300	229,388	233,504
Finance lease obligations	1,557	1,305	1,143
Other liabilities	4,211	4,484	2,962
Total liabilities	<u>561,840</u>	<u>562,929</u>	<u>599,536</u>
Stockholders' investment:			
Common stock - 40,147,969; 39,916,593; and 39,847,656 shares issued, respectively	401	399	398
Paid-in capital	219,653	213,182	209,659
Retained earnings	1,200,320	1,137,481	1,102,243
Treasury stock, at cost - 28,376,218; 27,166,538; and 27,161,181 shares repurchased, respectively	(1,031,321)	(974,831)	(974,466)
Total stockholders' investment	<u>389,053</u>	<u>376,231</u>	<u>337,834</u>
Total liabilities and stockholders' investment	<u>\$ 950,893</u>	<u>\$ 939,160</u>	<u>\$ 937,370</u>

See notes to unaudited condensed consolidated financial statements.

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

	13-Weeks Ended				39-Weeks Ended			
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 2022	
		% to Sales		% to Sales		% to Sales		% to Sales
Net sales	\$ 431,923		\$ 433,164		\$ 1,262,297		\$ 1,250,021	
Cost of goods sold	285,579	66.1 %	284,434	65.7 %	839,411	66.5 %	809,306	64.7 %
Gross margin	146,344	33.9 %	148,730	34.3 %	422,886	33.5 %	440,715	35.3 %
Store operating, selling and administrative expenses	99,404	23.0 %	103,510	23.9 %	290,284	23.0 %	290,520	23.2 %
Depreciation and amortization	12,457	2.9 %	11,019	2.5 %	36,189	2.9 %	32,463	2.6 %
Operating income	34,483	8.0 %	34,201	7.9 %	96,413	7.6 %	117,732	9.4 %
Interest expense, net	1,106	0.3 %	467	0.1 %	4,323	0.3 %	900	0.1 %
Income before provision for income taxes	33,377	7.7 %	33,734	7.8 %	92,090	7.3 %	116,832	9.3 %
Provision for income taxes	7,880	1.8 %	8,161	1.9 %	19,816	1.6 %	27,199	2.2 %
Net income	<u>\$ 25,497</u>	5.9 %	<u>\$ 25,573</u>	5.9 %	<u>\$ 72,274</u>	5.7 %	<u>\$ 89,633</u>	7.2 %
Basic earnings per share	<u>\$ 2.09</u>		<u>\$ 1.99</u>		<u>\$ 5.76</u>		<u>\$ 6.89</u>	
Diluted earnings per share	<u>\$ 2.05</u>		<u>\$ 1.94</u>		<u>\$ 5.66</u>		<u>\$ 6.71</u>	
Weighted-average shares:								
Basic	<u>12,224</u>		<u>12,837</u>		<u>12,554</u>		<u>13,004</u>	
Diluted	<u>12,408</u>		<u>13,202</u>		<u>12,780</u>		<u>13,358</u>	

*Percentages may not foot due to rounding.*

**See notes to unaudited condensed consolidated financial statements.**

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

	<b>39-Weeks Ended</b>	
	<b>October 28, 2023</b>	<b>October 29, 2022</b>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 72,274	\$ 89,633
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,189	32,463
Stock-based compensation	4,612	5,407
Impairment charges	1,393	346
Other non-cash adjustments	(1,054)	4,682
Changes in operating assets and liabilities:		
Inventories, net	22,732	(183,600)
Receivables, net	(1,549)	(1,510)
Accounts payable	(76,088)	119,760
Income tax payable, net	—	2,697
Other assets and liabilities	(6,157)	(17,478)
Net cash provided by operating activities	<u>52,352</u>	<u>52,400</u>
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(37,163)	(47,463)
Other, net	2,604	938
Net cash used in investing activities	<u>(34,559)</u>	<u>(46,525)</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds under credit facilities	682,264	688,665
Repayments under credit facilities	(621,612)	(637,008)
Stock repurchases	(53,212)	(38,458)
Cash dividends paid to stockholders	(9,427)	(9,699)
Payments of finance lease obligations	(824)	(759)
Proceeds from options exercised and purchase of shares under the employee stock purchase plan	1,861	1,525
Other, net	(3,278)	(2,081)
Net cash (used in) provided by financing activities	<u>(4,228)</u>	<u>2,185</u>
Net increase in cash and cash equivalents	13,565	8,060
Cash and cash equivalents, beginning of period	16,015	17,054
Cash and cash equivalents, end of period	<u>\$ 29,580</u>	<u>\$ 25,114</u>

**See notes to unaudited condensed consolidated financial statements.**

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

**13-Weeks Ended October 28, 2023**

	<u>Common Stock</u>				<u>Treasury Stock</u>		<b>Total Stockholders' Investment</b>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Shares</u>	<u>Amount</u>	
<b>Balance - July 29, 2023</b>	40,132	\$ 401	\$ 217,986	\$ 1,177,914	27,668	\$ (998,991)	\$ 397,310
Net income	—	—	—	25,497	—	—	25,497
Issuance of shares through the Company's equity plans	16	—	437	—	—	—	437
Purchase of shares under the stock repurchase program	—	—	—	—	708	(31,999)	(31,999)
Settlement of net share equity awards	—	—	—	—	—	(17)	(17)
Excise tax on stock repurchases	—	—	—	—	—	(314)	(314)
Cash dividends declared, \$0.25 per common share	—	—	—	(3,091)	—	—	(3,091)
Stock-based compensation	—	—	1,230	—	—	—	1,230
<b>Balance - October 28, 2023</b>	<u>40,148</u>	<u>\$ 401</u>	<u>\$ 219,653</u>	<u>\$ 1,200,320</u>	<u>28,376</u>	<u>\$ (1,031,321)</u>	<u>\$ 389,053</u>

**13-Weeks Ended October 29, 2022**

	<u>Common Stock</u>				<u>Treasury Stock</u>		<b>Total Stockholders' Investment</b>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Shares</u>	<u>Amount</u>	
<b>Balance - July 30, 2022</b>	39,830	\$ 398	\$ 207,678	\$ 1,079,872	27,000	\$ (965,405)	\$ 322,543
Net income	—	—	—	25,573	—	—	25,573
Issuance of shares through the Company's equity plans	18	—	617	—	—	—	617
Purchase of shares under the stock repurchase program	—	—	—	—	161	(9,049)	(9,049)
Settlement of net share equity awards	—	—	—	—	—	(12)	(12)
Cash dividends declared, \$0.25 per common share	—	—	—	(3,202)	—	—	(3,202)
Stock-based compensation	—	—	1,364	—	—	—	1,364
<b>Balance - October 29, 2022</b>	<u>39,848</u>	<u>\$ 398</u>	<u>\$ 209,659</u>	<u>\$ 1,102,243</u>	<u>27,161</u>	<u>\$ (974,466)</u>	<u>\$ 337,834</u>

Columns may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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

**39-Weeks Ended October 28, 2023**

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

**39-Weeks Ended October 29, 2022**

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

Columns may not foot due to rounding.

See notes to unaudited condensed consolidated financial statements.

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

**1. Basis of Presentation and Critical Accounting Policies**

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

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 28, 2023, filed on March 24, 2023 (the "2023 Annual Report"). The unaudited condensed consolidated financial statements have been prepared on a basis consistent in all material respects with the accounting policies described in the 2023 Annual Report and reflect all adjustments of a normal recurring nature that are, in management's opinion, necessary for the fair presentation of the results of operations, financial position and cash flows for the periods presented.

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

**Property and Equipment**

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

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

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

**Revenue Recognition**

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

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

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

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

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

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

### Indefinite-Lived Intangible Assets

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

## 2. Recent Accounting Pronouncements

### *Standards that were adopted*

None.

### *Standards that are not yet adopted*

In November 2023, the Financial Accounting Standards Board issued ASU 2023-07, *Segment Reporting (Topic 280)*. This update provides, among other things, enhanced segment disclosure requirements including disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. We will adopt ASU 2023-07 upon the effective date and do not expect its adoption to have a material impact on our financial position, results of operations or cash flows.

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

## 3. Leases

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

Lease costs are as follows (in thousands):

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

Finance ROU assets on the unaudited condensed consolidated balance sheets at October 28, 2023, January 28, 2023, and October 29, 2022 are shown net of accumulated amortization of \$4.1 million, \$3.3 million, and \$3.1 million, respectively.

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

	39-Weeks Ended	
	October 28, 2023	October 29, 2022
ROU assets obtained in exchange for lease obligations, net:		
Operating leases	\$ 69,507	\$ 73,797
Finance leases	\$ 718	\$ 571

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

#### 4. Debt

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

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

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

Except as described above, the 2023 Credit Facility did not make any material changes to the principal terms of the 2021 Credit Facility, including with respect to financial covenants. As a result, we are subject to certain financial covenants, which include:

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

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

As of October 28, 2023, we were in compliance with these covenants.

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

	October 28, 2023		January 28, 2023	October 29, 2022	
	13-Weeks Ended	39-Weeks Ended	52-Weeks Ended	13-Weeks Ended	39-Weeks Ended
Number of days borrowings incurred	91	273	307	91	236
Average borrowings	\$71.2	\$95.2	\$40.8	\$50.6	\$39.3
Maximum borrowings	\$110.2	\$134.1	\$110.5	\$94.8	\$110.0
Average interest rate	6.62%	6.26%	3.21%	3.57%	2.54%

At October 28, 2023, we had a balance of \$96.9 million and a total of \$63.1 million available to us under the 2023 Credit Facility.

## 5. Stock-Based Compensation

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

	13-Weeks Ended		39-Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Stock-based compensation expense by type:				
Stock options	\$ —	\$ —	\$ 220	\$ 155
Restricted stock units	1,112	1,269	4,033	4,881
Employee stock purchases	92	69	280	304
Director deferred compensation	26	26	79	67
Total stock-based compensation expense	1,230	1,364	4,612	5,407
Income tax benefit recognized	245	321	1,022	1,247
Stock-based compensation expense, net of income tax	\$ 985	\$ 1,043	\$ 3,590	\$ 4,160

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

We granted the following equity awards:

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

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

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

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

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

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

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

## 6. Earnings Per Share

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

	13-Weeks Ended		39-Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Weighted-average shares used in basic computations	12,224	12,837	12,554	13,004
Dilutive equity awards	184	365	226	354
Weighted-average shares used in diluted computations	12,408	13,202	12,780	13,358

For the 13-weeks ended October 28, 2023, we excluded 42,452 options from the computations of diluted weighted-average common shares or common stock equivalents outstanding because of their anti-dilutive effect. For the 13-weeks ended October 29, 2022, 21,819 options were excluded from the computation of diluted weighted-average common shares or common share equivalents outstanding because of their anti-dilutive effect.

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

## 7. Stock Repurchase Program

Our Board of Directors (the "Board") has authorized a stock repurchase program (the "Repurchase Program") since August 2004; replacing, amending, renewing and extending the Repurchase Program periodically. In the most recent amendment in May 2021, the Board authorized an expansion of the Repurchase Program by \$500.0 million to a total of \$800.0 million to

repurchase our common stock through February 1, 2025.

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

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

	13-Weeks Ended		39-Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Common stock repurchased under the Repurchase Program	707,621	160,637	1,162,130	797,033
Aggregate cost of repurchases under the Repurchase Program	\$ 31,999	\$ 9,049	\$ 53,211	\$ 38,458
Shares acquired from holders of restricted stock unit awards to satisfy tax withholding requirements	373	208	47,550	46,201
Tax withholding requirement from holders of restricted stock unit awards	\$ 17	\$ 12	\$ 2,849	\$ 2,081
Excise tax on stock repurchases	\$ 314	\$ —	\$ 429	\$ —

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

## 8. Dividends

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

Cash dividends paid were as follows:

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

Subsequently, on November 20, 2023, the Board declared a cash dividend of \$0.25 per common share, payable on December 19, 2023, to stockholders of record at the close of business on December 7, 2023. The estimated aggregate payment is expected to be approximately \$2.9 million.

## 9. Commitments and Contingencies

### *Legal Proceedings and Contingencies.*

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

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

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

## 10. Income Taxes

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

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

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

## 11. Related-Party Transactions

### *Preferred Growth Properties, LLC ("PGP")*

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

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

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

### *Retail Security Gates, LLC ("RSG")*

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

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

### *Cautionary Statement Regarding Forward-Looking Statements*

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

- our ability to accurately forecast consumer demand for our products and manage our inventory in response to changing

demands;

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

A forward-looking statement is neither a prediction nor a guarantee of future results, events or circumstances. You should not place undue reliance on forward-looking statements. Our forward-looking statements are based on currently available operational, financial and business information and speak only as of the date of this report. Our business, financial condition, results of operations and prospects may have changed since that date. For a discussion of the risks, uncertainties and assumptions that could affect our future events, developments or results, you should carefully consider the risk factors described from time to time in our other documents and reports, including the factors described under "Risk Factors" in our Form 10-K for the fiscal year ended January 28, 2023, filed with the SEC on March 24, 2023 (the "2023 Annual Report"). You should also read such information in conjunction with our unaudited condensed consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q.

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

We do not undertake to publicly update or revise any forward-looking statements after the date of this Quarterly Report on Form 10-Q, whether as a result of new information, future events or otherwise, and you should not expect us to do so.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, we do not, by policy, selectively disclose to them any material non-public information with any statement or report issued by any analyst regardless of the content of the statement or report. We do not, by policy, confirm forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

### ***Investor Access to Company Filings***

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

### **General Overview**

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

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

<b>Brand</b>	<b>Average Square Footage</b>	<b>Location</b>		
		<b>Strip Center<sup>(1)</sup></b>	<b>Mall</b>	<b>Total</b>
Hibbett	5,800	776	175	951
City Gear	5,200	154	37	191
Sports Additions <sup>(2)</sup>	2,900	3	13	16

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

<sup>(2)</sup> *Approximately 90% of the merchandise carried in our Sports Additions stores is athletic footwear.*

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

**Comparable Store Sales** - Stores deemed as comparable stores include our Hibbett, City Gear and Sports Additions stores open throughout the reporting period and the corresponding prior fiscal period referenced, and e-commerce sales. We consider comparable store sales to be a key indicator of our current performance; measuring the growth in sales and sales productivity of established stores. Management believes that positive comparable store sales contribute to greater leveraging of operating costs, particularly payroll and occupancy costs, while negative comparable store sales contribute to deleveraging of costs. Comparable store sales also have a direct impact on our total net sales and the level of cash flow.

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

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

	<u>October 28, 2023</u>	<u>October 29, 2022</u>
13-weeks ended	1,108	1,074
39-weeks ended	1,085	1,057

### Executive Summary

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

	<u>13-Weeks Ended</u>		<u>39-Weeks Ended</u>	
	<u>October 28, 2023</u>	<u>October 29, 2022</u>	<u>October 28, 2023</u>	<u>October 29, 2022</u>
Net sales (in millions)	\$ 431.9	\$ 433.2	\$ 1,262.3	\$ 1,250.0
E-commerce, percentage to net sales	17.0 %	15.0 %	15.2 %	14.9 %
Operating income, percentage to sales	8.0 %	7.9 %	7.6 %	9.4 %
Comparable store sales	(2.7)%	9.9 %	(1.9)%	(7.4)%
Brick and mortar comparable store sales	(5.4)%	7.9 %	(2.7)%	(10.2)%
E-commerce comparable sales	12.6 %	22.0 %	2.9 %	11.2 %
Net income (in millions)	\$ 25.5	\$ 25.6	\$ 72.3	\$ 89.6
Net income, percentage to net sales	5.9 %	5.9 %	5.7 %	7.2 %
Diluted earnings per share	\$ 2.05	\$ 1.94	\$ 5.66	\$ 6.71

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

### Critical Accounting Policies and Estimates

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

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

### Recent Accounting Pronouncements

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

## Results of Operations

### Summarized Unaudited Information

	13-Weeks Ended		39-Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
<b>Statements of Operations</b>				
Net sales (decrease) increase	(0.3)%	13.5 %	1.0 %	(4.4)%
Comparable store sales decrease	(2.7)%	9.9 %	(1.9)%	(7.4)%
<b>Balance Sheets</b>				
Ending cash and cash equivalents (in thousands)	\$ 29,580	\$ 25,114		
Average inventory per store	\$ 343,788	\$ 359,520		
<b>Store Information</b>				
Beginning of period	1,148	1,117	1,133	1,096
New stores opened	12	11	30	33
Rebranded stores	—	—	—	1
Stores closed	(2)	(2)	(5)	(4)
End of period	1,158	1,126	1,158	1,126
Estimated square footage at end of period (in thousands)	6,569	6,376		
<b>Share Repurchase Information<sup>(1)</sup></b>				
Shares purchased under our Repurchase Program	707,621	160,637	1,162,130	797,033
Cost (in thousands)	\$ 31,999	\$ 9,049	\$ 53,211	\$ 38,458
Settlement of net share equity awards	373	208	47,550	46,201
Cost (in thousands)	\$ 17	\$ 12	\$ 2,849	\$ 2,081
<b>Dividend Information</b>				
Number of declarations	1	1	3	3
Cash paid (in thousands)	\$ 3,088	\$ 3,199	\$ 9,427	\$ 9,699
Total paid per share	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75

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

### 13-Weeks Ended October 28, 2023 Compared to 13-Weeks Ended October 29, 2022

#### Net Sales

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

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

### **Gross Margin**

Gross margin was 33.9% of net sales for the 13-weeks ended October 28, 2023, compared with 34.3% of net sales for the 13-weeks ended October 29, 2022. The approximate 40 basis point decline was driven primarily by lower average product margin which was approximately 130 basis points below the prior-year period. The unfavorable product margin was driven mainly by higher promotional activity across both footwear and apparel. In addition, the slight year-over-year sales decline resulted in deleverage of store occupancy costs of approximately 40 basis points. These unfavorable gross margin impacts were partially offset by lower freight, shipping, shrink and logistics expenses as a percent of sales in comparison to the 13-weeks ended October 29, 2022.

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

SG&A expenses were 23.0% of net sales for the 13-weeks ended October 28, 2023, compared with 23.9% of net sales for the 13-weeks ended October 29, 2022. The decrease of approximately 90 basis points is primarily the result of continued focus on expense management, including improved efficiency of store labor and strategic reductions in discretionary expense categories such as professional fees and advertising. These initiatives have more than offset the impacts of inflation on wages, goods and services, and deleverage from slightly lower sales volume.

### **Depreciation and Amortization**

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

### **Provision for Income Taxes**

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

### **Net Income**

Net income for the 13-weeks ended October 28, 2023, was \$25.5 million, or \$2.05 per diluted share compared with net income of \$25.6 million, or \$1.94 per diluted share for the 13-weeks ended October 29, 2022.

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

### **Net Sales**

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

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

### **Gross Margin**

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

### ***SG&A Expenses***

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

### ***Depreciation and Amortization***

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

### ***Provision for Income Taxes***

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

### ***Liquidity and Capital Resources***

#### ***Macroeconomic Factors***

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

We ended the third quarter of Fiscal 2024 with \$29.6 million of available cash and cash equivalents on the unaudited condensed consolidated balance sheet. As of October 28, 2023, we had \$96.9 million of debt outstanding and \$63.1 million available to us under the 2023 Credit Facility, discussed in Note 4, *Debt*, to the unaudited condensed consolidated financial statements.

Inventory at October 28, 2023 was \$398.1 million, a 1.7% decrease compared to October 29, 2022, and a 5.4% decrease from the beginning of the fiscal year. Inventory units on hand have declined due to strong footwear sales and the ongoing liquidation of apparel items in a highly promotional environment.

#### ***Analysis of Cash Flows***

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

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

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

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

### ***Operating Activities***

Cash flow from operations is seasonal in our business. Typically, we use cash flow from operations to build inventory in advance of peak selling periods including the spring sales season driven by tax refunds and spring sports, the late summer back-to-school and fall sports shopping season and the traditional winter holidays. Inventory levels are reduced in connection with higher sales during the peak selling seasons and this inventory reduction, combined with proportionately higher net income, typically produces a positive cash flow.

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

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

### ***Investing Activities***

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

We opened 30 new stores during the 39-weeks ended October 28, 2023, as compared to opening 33 new stores during the 39-weeks ended October 29, 2022. In addition, one existing store was rebranded during the 39-weeks ended October 29, 2022.

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

### ***Financing Activities***

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

During the 39-weeks ended October 28, 2023, we had net borrowings of \$60.7 million against our credit facilities and have additional capacity of \$63.1 million available under the 2023 Credit Facility at October 28, 2023. During the 39-weeks ended October 29, 2022, we had net borrowings of \$51.7 million against our credit facilities. See Note 4, *Debt*, to the unaudited condensed consolidated financial statements for additional information.

In the current year, we have repurchased \$53.2 million of our common stock under our Repurchase Program. This compares to \$38.5 million used to repurchase our common stock under our Repurchase Program in the same period of the prior year. See Note 7, *Stock Repurchase Program*, to the unaudited condensed consolidated financial statements for additional information.

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

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

### **Quarterly and Seasonal Fluctuations**

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

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

### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no material changes in our quantitative and qualitative market risks since January 28, 2023. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of the Company's 2023 Annual Report.

### **ITEM 4. Controls and Procedures.**

#### ***Evaluation of Disclosure Controls and Procedures***

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

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

**Changes in Internal Control Over Financial Reporting**

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

**PART II. OTHER INFORMATION****ITEM 1. Legal Proceedings.**

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

**ITEM 1A. Risk Factors.**

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

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

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

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

(1) Excludes excise taxes.

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

**ITEM 5. Other Information.****Securities Trading Plans of Directors and Section 16 Officers**

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

**ITEM 6. Exhibits.**

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

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
<b><u>Certificate of Incorporation and By-Laws</u></b>	
<a href="#">3.1</a>	Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 31, 2012.
<a href="#">3.2</a>	Certificate of Amendment to the Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant's Form Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2021.
<a href="#">3.3</a>	Certificate of Amendment to the Certificate of Incorporation of the Registrant; incorporated herein by reference to Exhibit 3.1 of the Registrant's Form Current Report on Form 8-K with the Securities and Exchange Commission on May 27, 2022.
<a href="#">3.4</a>	Bylaws of the Registrant, as amended; incorporated herein by reference to Exhibit 3.2 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on June 24, 2021.
<b><u>Certifications</u></b>	
<a href="#">31.1</a>	* Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
<a href="#">31.2</a>	* Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
<a href="#">32.1</a>	* Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<b><u>Interactive Data Files</u></b>	
101.INS	* Inline XBRL Instance Document
101.SCH	* Inline XBRL Taxonomy Extension Schema Document
101.CAL	* Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	* Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	* Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	* Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	* The cover page for the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 28, 2023, 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, INC.**

Date: December 5, 2023

By: /s/ Robert J. Volke

Robert J. Volke  
Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

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

I, Michael E. Longo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hibbett, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023

/s/ Michael E. Longo

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

**End of Exhibit 31.1**

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

I, Robert J. Volke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hibbett, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2023

/s/ Robert J. Volke

Robert J. Volke  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

**End of Exhibit 31.2**

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

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

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

Date: December 5, 2023

/s/ Michael E. Longo

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

Date: December 5, 2023

/s/ Robert J. Volke

Robert J. Volke  
Senior Vice President and Chief Financial Officer  
*(Principal Financial and Accounting Officer)*

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

**End of Exhibit 32.1**