

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 15, 2018**

Citi Trends, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

000-51315
(Commission File Number)

52-2150697
(IRS Employer Identification No.)

104 Coleman Boulevard, Savannah, Georgia
(Address of principal executive offices)

31408
(Zip Code)

Registrant's telephone number, including area code: **(912) 236-1561**

Former name or former address, if changed since last report: **Not applicable**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02. Results of Operations and Financial Condition.

On March 16, 2018, Citi Trends, Inc. (the "Company") issued a press release reporting its financial results for its fourth quarter and fiscal year ended February 3, 2018 (the "Earnings Release"). A copy of the Earnings Release is attached to this Current Report on Form 8-K ("Current Report") as Exhibit 99.1, the contents of which are incorporated herein solely for purposes of this Item 2.02 disclosure.

The information in this Item 2.02, including the Earnings Release attached to this Current Report, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Item 2.02, including the Earnings Release, shall not be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

President, Chief Executive Officer and Director

On March 15, 2018, the Board of Directors of the Company promoted Bruce D. Smith, the Company's current Acting Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Secretary, to the position of President, Chief Executive Officer and Secretary. Also on March 15, 2018, in accordance with the Company's bylaws, the Board of Directors approved an increase in the total number of directors to serve on the Board of Directors to eight, and appointed Mr. Smith to serve as a Class I director, both such actions effective March 15, 2018. Mr. Smith will not sit on any of the audit,

compensation or nominating and corporate governance committees of the Board and is not expected to sit on any other committee at this time. Mr. Smith will not receive additional compensation for his services as a director.

Mr. Smith, age 59, has served as the Acting Chief Executive Officer of the Company since March 23, 2017, and the Company's CFO, COO and Secretary since March 2015. Prior to that role, he served as the Company's Executive Vice President and CFO from March 2010 to March 2015, and Senior Vice President and CFO from April 2007 to March 2010. From 2005 to March 2007, Mr. Smith served as Executive Vice President, Chief Financial Officer and Treasurer of Hancock Fabrics, Inc. ("Hancock"), a specialty retailer of fabrics and related accessories, and served as the Senior Vice President, Chief Financial Officer and Treasurer of Hancock from 1996 until 2005. From 1991 to 1996, Mr. Smith served as Executive Vice President and Chief Financial Officer of Fred's, Inc. From 1980 to 1991, Mr. Smith was a Senior Manager with Price Waterhouse (now PricewaterhouseCoopers LLP). Mr. Smith is a certified public accountant.

In connection with his promotion to President and Chief Executive Officer, Mr. Smith will receive a salary of \$550,000 per year and will be eligible to receive an annual cash bonus equal to 100% of his base salary upon achievement of certain performance targets, which include the attainment of certain earnings targets for the Company, and with the potential to receive an annual cash bonus in excess of such amount to the extent performance targets are exceeded. Mr. Smith will also continue to be eligible to receive annual equity incentive awards and to receive the same employee benefits he received as Acting CEO, CFO, COO and Secretary of the Company.

In addition, Mr. Smith has entered into a new Employment, Non-Compete, Non-Solicit and Confidentiality Agreement (the "Smith Restrictive Covenant Agreement") and a new Severance Agreement (the "Smith Severance Agreement") with the Company, copies of which are attached hereto as Exhibits 10.1 and 10.2, respectively. Pursuant to the Smith Restrictive Covenant Agreement, Mr. Smith has agreed to (i) not work for a competitor during the term of his employment or for one year following termination of employment with the Company, (ii) not solicit any of the Company's merchandise vendors for a period of eighteen months following termination of employment with the Company, and (iii) not solicit any employee of the Company during the term of his employment or for a period of two years following termination of employment with the Company, in each case, regardless of the reason for termination. Pursuant to the Smith Severance Agreement, if the Company terminates the executive's employment without Cause (as defined in the severance agreement) or if the executive terminates his employment within twelve months of a Change in Control (as defined in the severance agreement), provided that within such period the executive's job duties have been materially diminished or compensation has been materially decreased, the Company will provide the executive with separation payments of twelve months base salary, and will pay the executive the full monthly cost, less applicable tax withholdings, to provide the same level of group health insurance maintained by the executive as of his separation from service for twelve months.

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Chief Financial Officer

On March 15, 2018, the Board of Directors of the Company promoted Stuart Clifford, the Company's current Vice President, Finance, to the position of Senior Vice President and Chief Financial Officer.

Mr. Clifford, age 64, has served as the Vice President, Finance of the Company since October 2014. Prior to that role, he served as the Company's Director of Accounting from July 2007 to September 2014. Prior to joining the Company, Mr. Clifford served in various financial and operational positions with Friedman's Jewelers from 1992 to 2004.

In connection with his promotion to Senior Vice President and Chief Financial Officer, Mr. Clifford will receive a salary of \$225,000 per year and will be eligible to receive an annual cash bonus equal to 50% of his base salary upon achievement of certain performance targets, which include the attainment of certain earnings targets for the Company, and with the potential to receive an annual cash bonus in excess of such amount to the extent performance targets are exceeded. Mr. Clifford will also continue to be eligible to receive annual equity incentive awards and to receive the same employee benefits he received as Vice President, Finance of the Company.

In addition, Mr. Clifford has entered into an Employment, Non-Compete, Non-Solicit and Confidentiality Agreement (the "Clifford Restrictive Covenant Agreement") and a Severance Agreement (the "Clifford Severance Agreement") with the Company, copies of which are attached hereto as Exhibits 10.3 and 10.4, respectively. Pursuant to the Clifford Restrictive Covenant Agreement, Mr. Clifford has agreed to (i) not work for a competitor during the term of his employment or for one year following termination of employment with the Company, (ii) not solicit any of the Company's merchandise vendors for a period of eighteen months following termination of employment with the Company, and (iii) not solicit any employee of the Company during the term of his employment or for a period of two years following termination of employment with the Company, in each case, regardless of the reason for termination. Pursuant to the Clifford Severance Agreement, if the Company terminates the executive's employment without Cause (as defined in the severance agreement) or if the executive terminates his employment within twelve months of a Change in Control (as defined in the severance agreement), provided that within such period the executive's job duties have been materially diminished or compensation has been materially decreased, the Company will provide the executive with separation payments of twelve months base salary, and will pay the executive the full monthly cost, less applicable tax withholdings, to provide the same level of group health insurance maintained by the executive as of his separation from service for twelve months.

The summary of the Smith Restrictive Covenant Agreement, the Smith Severance Agreement, the Clifford Restrictive Covenant Agreement and the Clifford Severance Agreement above does not purport to be complete and is qualified in its entirety by reference to such agreements, copies of which are attached as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively.

On March 16, 2018, the Company issued a press release announcing Mr. Smith's promotion to President, Chief Executive Officer and Secretary and Mr. Clifford's promotion to Senior Vice President and Chief Financial Officer, which press release is attached to this report as Exhibit 99.2 and is incorporated herein by reference.

Item 8.01. Other Events.

On March 16, 2018, the Company also announced that its Board of Directors has approved a share repurchase program authorizing the Company to repurchase up to \$25 million of its common stock (the "Share Repurchase Program"). Repurchases under the Share Repurchase Program may be made at management's discretion from time to time, with no time limit, on the open market, in privately negotiated transactions or otherwise, in each case subject to compliance with all Securities and Exchange Commission rules and other legal requirements, and may be made in part under one or more Rule 10b5-1 plans, which permit stock repurchases at times when the Company might otherwise be precluded from doing so.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of March 15, 2018, between Citi Trends, Inc. and Bruce D. Smith
10.2	Severance Agreement, dated as of March 15, 2018, between Citi Trends, Inc. and Bruce D. Smith
10.3	Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of March 15, 2018, between Citi Trends, Inc. and Stuart Clifford
10.4	Severance Agreement, dated as of March 15, 2018, between Citi Trends, Inc. and Stuart Clifford
99.1	Earnings Release dated March 16, 2018
99.2	Press Release, dated March 16, 2018

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SIGNATURE

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

CITI TRENDS, INC.

Date: March 16, 2018

By: /s/ Bruce D. Smith
Name: Bruce D. Smith
Title: President and Chief Executive Officer

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EMPLOYMENT NON-COMPETE, NON-SOLICIT AND CONFIDENTIALITY AGREEMENT

This EMPLOYMENT NON-COMPETE, NON-SOLICIT AND CONFIDENTIALITY AGREEMENT (“Agreement”) is entered into between Citi Trends, Inc., including its subsidiaries, affiliates, divisions, successors, and related entities (“Company”), and Bruce D. Smith (“Employee”), effective as of the date signed by Employee below.

This Agreement is intended to and shall supersede and replace that certain Employment Non-Compete, Non-Solicit and Confidentiality Agreement between the Company and Employee dated as of May 1, 2013 (the “Prior Confidentiality Agreement”).

For and in consideration of the mutual covenants and agreements contained herein, including, but not limited to, Company agreeing to employ and/or continuing to employ Employee, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree:

1. Employment; Scope of Services. Company shall employ and/or continue to employ Employee, and Employee shall be employed and/or continue to be employed by Company, as Chief Executive Officer. Employee shall use his/her best efforts and shall devote his/her full time, attention, knowledge and skills to the faithful performance of his/her duties and responsibilities as a Company employee. Employee shall have such authority and such other duties and responsibilities as assigned by the Board of Directors. Employee shall comply with Company’s policies and procedures, shall conduct him/herself as an ethical business professional, and shall comply with federal, state and local laws.

2. At-Will Employment. Nothing in this Agreement alters the at-will employment relationship between Employee and Company or limits Company’s right to alter or modify Employee’s job title or job duties and responsibilities any time at Company’s discretion. Employment with Company is “at-will” which means that either Employee or Company may terminate the employment relationship at any time, with or without notice, with or without cause. The date of Employee’s cessation of employment for any reason is the “**Separation Date.**”

3. Confidentiality.

(a) Employee acknowledges and agrees that: (1) the retail sale of value-priced/off-price family apparel is an extremely competitive industry; (2) Company has an ongoing strategy for expansion of its business in the United States; (3) Company’s major competitors operate throughout the United States and some internationally; and (4) because of Employee’s position as Chief Executive Officer, he/she will have access to, knowledge of, and be entrusted with, highly sensitive and competitive Confidential Information and Trade Secrets (as defined in subsection (b) below) of Company, including without limitation information regarding sales margins, purchasing and pricing strategies, marketing strategies, vendors and suppliers, plans for expansion and placement of stores, and also specific information about Company’s districts and stores, such as staffing, budgets, profits and the financial success of individual districts and stores, which Company has developed and will continue to develop and the disclosure or use of which would cause Company great and irreparable harm.

(b) As used herein, “**Confidential Information**” means and includes any and all Company data and information in any form whatsoever (tangible or intangible) which: (1) relates to the business of Company, irrespective of whether the data or information constitutes a “trade secret” (as defined below); (2) is disclosed to Employee or which Employee obtains or becomes aware of as a consequence of Employee’s relationship with Company; (3) has value to Company; and (4) is not generally known to Company’s competitors. “Confidential Information” includes (but is not limited to) technical or sales data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data and statements, financial plans and strategies, product plans, sales or advertising information and plans, marketing information and plans, pricing information, the identity or lists of employees, vendors and suppliers of Company, and confidential or proprietary information of such employees, vendors and suppliers. “**Trade Secret**” means any and all information, knowledge or data in any form whatsoever, tangible or intangible, that is considered a trade secret under applicable law. Employee acknowledges and agrees that all Confidential Information and Trade Secrets are and remain the sole and exclusive property of Company.

(c) Employee agrees that he/she shall hold all Confidential Information and Trade Secrets in strictest confidence, and that he/she shall protect such Confidential Information and Trade Secrets from disclosure by or to others. Employee further agrees that he/she shall not at any time (except as authorized by Company in connection with Employee’s duties and responsibilities as an employee): (1) disclose, publish, transfer, or communicate Confidential Information or Trade Secrets to any person or entity, other than authorized Company personnel; (2) use or reproduce Confidential Information or Trade Secrets for personal benefit or for any purpose or reason other than furthering the legitimate business interest of Company within the scope of Employee’s duties with Company; or (3) remove or transfer any Confidential Information or Trade Secrets from Company’s premises or systems (by any method or means) except for use in Company’s business and consistent with Employee’s duties with the Company. The foregoing covenants and obligations are in addition to, and do not limit, any common law or statutory rights and/or protections afforded to Company.

(d) Employee acknowledges that Company has provided or will provide Employee with Company property, including without limitation, employee handbooks, policy manuals, price lists, financial reports, and vendor and supplier information, among other items. Upon the Separation Date, or upon the request of Company, Employee shall immediately deliver to Company all property belonging to Company, including without limitation, all Confidential Information, Trade Secrets, and any property related to Company, whether in electronic or other format, as well as any copies thereof, then in Employee’s custody, control, or possession. Upon the Separation Date, Employee shall provide Company with a declaration certifying that all Confidential Information and any other Company property have been returned to Company, that Employee has not kept any copies of such items or distributed such items to any third party, and that Employee has otherwise complied with the terms of Section 3 of this Agreement.

(e) Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret (as defined in section 1839 of title 18, United States Code) that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed

in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to the attorney of Employee and use the trade secret information in the court proceeding if Employee (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except as permitted by court order.

4. **Covenant Not to Compete.** Employee acknowledges and agrees that Company has invested a great deal of time and money in developing relationships with its employees, customers, and “Merchandise Vendors” (as defined below). Employee further acknowledges and agrees that in rendering services to Company, Employee has been, will be and will continue to be exposed to and learn much information about Company’s business, including valuable Confidential Information and Trade Secrets, the Company’s employees, and the Company’s “Merchandise Vendors,” to which Employee would not have access if not for Employee’s employment with Company and which it would be unfair to disclose to others, or to use to Company’s disadvantage.

Employee acknowledges and agrees that the restrictions contained in this Agreement are necessary and reasonable to protect Company’s legitimate business interests in its Trade Secrets, valuable Confidential Information and relationships and goodwill with its employees, customers, and “Merchandising Vendors.” Employee further acknowledges that Employee’s skills, education and training qualify Employee to work and obtain employment which does not violate this Agreement and that the restrictions in this Agreement have been crafted as narrowly as reasonably possible to protect Company’s legitimate business interests in its Trade Secrets, valuable Confidential Information and relationships and goodwill with its employees, customers, and “Merchandising Vendors.”

In light of the foregoing, Employee agrees that he/she will not, at any point during his/her employment with Company, work for or engage or participate in any business, enterprise, or endeavor that in any way competes with any aspect of Company’s business or that otherwise conflicts with Company’s interests. In addition, for a period of one (1) year following the Separation Date, and regardless of the reason for separation, Employee shall not, within any geographic area in which Company does business at any time during Employee’s employment with Company: (a) become employed by or work for a “Competitor” (as defined below) in any position or capacity involving duties and/or responsibilities which are the same as or substantially similar to any of the duties and/or responsibilities Employee had with and/or performed for Company; or (b) perform or provide any services which are the same as or substantially similar to any of the services which Employee performed or provided for the Company, for or on behalf of any Competitor. For purposes of this Section 4, the term “**Competitor**” shall mean only the following businesses, commonly known as: Cato, TJX (including without limitation TJMAXX and Marshalls), Burlington Stores, Gabe’s/Rugged Wearhouse, and Ross Stores.

5. **Covenant Not to Solicit.** During Employee’s employment with Company, and for a period of eighteen (18) months following the Separation Date, and regardless of the reason for separation, Employee agrees not to solicit any “Merchandise Vendors” (as defined below) for the purpose of obtaining merchandise and/or inventory for or on behalf of any “Competitor” (as defined in Section 4 of this Agreement). As used herein, “**Merchandise Vendors**” means and

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includes any person or entity who/that has been a vendor or supplier of merchandise and/or inventory to Company during the eighteen (18) months immediately preceding the Separation Date or to whom/which Company is actively soliciting for the provision of merchandise and/or inventory, and with whom/which Employee had “material contact.” For purposes of this agreement, “**material contact**” means contact between Employee and an existing or prospective Merchandise Vendor: (a) with whom Employee dealt on behalf of Company within two years prior to the date of Employee’s termination; (b) whose dealings with Company were coordinated or supervised by Employee within two years prior to the date of Employee’s termination; (c) about whom Employee obtained Confidential Information in the ordinary course of business as a result of Employee’s association with Company within two years prior to the date of Employee’s termination; or, (d) who provides merchandise and/or inventory to Company, the provision of which results or resulted in compensation, commissions, or earnings for Employee within two years prior to the date of Employee’s termination.

Employee specifically acknowledges and agrees that, as Chief Executive Officer, his/her duties include, without limitation, establishing purchasing and pricing strategies and policies, managing sales margins, involvement in establishing and maintaining vendor relationships, and having contact with and confidential and/or proprietary information regarding Merchandise Vendors.

6. **Covenant Not to Recruit Personnel.** During Employee’s employment with Company, and for a period of two (2) years following the Separation Date, and regardless of the reason for separation, Employee will not: (a) recruit or solicit to hire or assist others in recruiting or soliciting to hire, any employee or independent contractor of Company; or (b) cause or assist others in causing any employee or independent contractor of Company to terminate his/her relationship with Company.

7. **Severability.** If any provision of this Agreement is held invalid, illegal, or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially enforceable provisions to the extent enforceable, shall be binding and remain in full force and effect. Further, each particular prohibition or restriction set forth in any Section of this Agreement shall be deemed a severable unit, and if any court of competent jurisdiction determines that any portion of such prohibition or restriction is against the policy of the law in any respect, but such restraint, considered as a whole, is not so clearly unreasonable and overreaching in its terms as to be unconscionable, the court shall enforce so much of such restraint as is determined to be reasonably necessary to protect the legitimate interests of Company. Employee and Company expressly agree that, should any court of competent jurisdiction find or determine that any of the covenants contained herein are overly-broad or otherwise unenforceable, the court may “blue-pencil,” modify, and/or reform any such covenant (in whole or in part) so as to cure the over-breadth or to otherwise render the covenant enforceable.

8. **Survival of Covenants.** All rights and covenants contained in Sections 3, 4, 5, and 6 of this Agreement, and all remedies relating thereto, shall survive the termination of this Agreement for any reason.

9. **Binding Effect.** The covenants, terms, and provisions set forth in this Agreement shall inure to the benefit of and be enforceable by Company and its successors, assigns, and successors-in-interest, including, without limitation, any corporation, partnership, or other entity

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with which Company may be merged or by which it may be acquired. Employee may not assign Employee’s rights or obligations under this Agreement to any other party.

10. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be subject to, and interpreted and construed in accordance with, the laws of the State of Georgia applicable to contracts executed in and to be performed in that State.

11. No Interference with Rights. Employee understands, agrees and acknowledges that nothing contained in this Agreement will prevent Employee from filing a charge or complaint with, reporting possible violations of any law or regulation, making disclosures to, and/or participating in any investigation or proceeding conducted by, the National Labor Relations Board, Equal Employment Opportunity Commission, the Securities and Exchange Commission, and/or any governmental authority charged with the enforcement of any laws.

12. Acknowledgment of Reasonableness/Remedies/Enforcement.

(a) Employee acknowledges that: (1) Company has valid interests to protect pursuant to Sections 3, 4, 5, and 6 of this Agreement; (2) the breach of the provisions of Sections 3, 4, 5, or 6 of this Agreement would result in irreparable injury and permanent damage to Company; and (3) such restrictions are reasonable and necessary to protect the interests of Company, are critical to the success of Company's business, and do not cause undue hardship on Employee.

(b) Employee agrees that determining damages in the event of a breach of Sections 3, 4, 5, or 6 by Employee would be difficult and that money damages alone would be an inadequate remedy for the injuries and damages which would be suffered by Company from such breach. Therefore, Employee agrees that Company shall be entitled (in addition to any other remedies it may have under this Agreement, at law, or otherwise) to immediate injunctive and other equitable relief to prevent or curtail any such breach or threatened breach by Employee. Employee and Company waive any requirement that a bond or any other security be posted. Nothing in this Agreement shall prohibit Company from seeking or recovering any legal or monetary damages to which it may be entitled if Employee breaches any provision in this Agreement.

(c) In the event Employee breaches this Agreement, Employee shall be liable to Company for all costs of enforcement, including attorneys' fees and court costs, in addition to all other damages and redress available to Company in equity or in law.

13. Miscellaneous. This Agreement constitutes the entire agreement between the parties and supersedes any and all prior contracts, agreements, or understandings between the parties which may have been entered into by Company and Employee relating to the subject matter hereof (including, without limitation, the Prior Confidentiality Agreement), except for any severance agreements or certain restricted stock award and stock option agreements, which are to remain in full force and effect. This Agreement may not be amended or modified in any manner except by an instrument in writing signed by both Company and Employee. The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other

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or subsequent breach. All remedies are cumulative, including the right of either party to seek equitable relief in addition to money damages.

EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE/SHE HAS CAREFULLY READ THIS AGREEMENT AND KNOWS AND UNDERSTANDS ITS CONTENTS, THAT HE/SHE ENTERS INTO THIS AGREEMENT KNOWINGLY AND VOLUNTARILY, AND THAT HE/SHE INDICATES HIS/HER CONSENT BY SIGNING THIS FINAL PAGE.

(SIGNATURES TO FOLLOW ON NEXT PAGE)

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year set forth below.

Citi Trends, Inc.

/s/ Bruce D. Smith

Employee Signature

By: /s/ R. Edward Anderson

R. Edward Anderson
Executive Chairman

Date: 3/15/2018

Employee Residence Address:

Date: 3/15/2018

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SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT ("Agreement") is entered into between Citi Trends, Inc., a Delaware corporation, including its subsidiaries, affiliates, divisions, successors, and related entities (the "Company"), and Bruce D. Smith, an individual (the "Executive"), effective as of the date signed by Executive below.

WHEREAS, this Agreement is intended to and shall supersede and replace that certain Severance Agreement between the Company and Employee dated as of May 1, 2013 (the "Prior Severance Agreement").

WHEREAS, the Company and the Executive are also parties to an Employment Non-Compete, Non-Solicit and Confidentiality Agreement (the "Confidentiality Agreement") and certain restricted stock award and stock option agreements (collectively, the "Equity Agreements"), which are to remain in full force and effect;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, the parties agree as follows:

1. **Termination Payments and Benefits.** Regardless of the circumstances of the Executive's termination, Executive shall be entitled to payment when due of any earned and unpaid base salary, expense reimbursements and vacation days accrued prior to the termination of Executive's employment, and other unpaid vested amounts or benefits under Company retirement and health benefit plans, and, as applicable, under Equity Agreements in accordance with their terms, and to no other compensation or benefits.

(a) If (i) the Company terminates the Executive's employment without Cause, or (ii) the Executive terminates employment with the Company within twelve (12) months following the occurrence of a Change in Control, provided that within such period, (a) either Executive's job duties have been materially and permanently diminished or the Executive's compensation has been materially decreased and (b) Executive provides written notice to the Company within ninety (90) days of the occurrence of an aforementioned event and the Company fails to cure the event within thirty (30) days following the Company's receipt of the Executive's written notice, then, in the case of either (i) or (ii) above, the Company will provide the Executive with separation payments of twelve (12) months base salary at Executive's base salary rate at the time of Executive's termination or if greater, the Executive's base rate in effect on the Change of Control Date; to be paid in twenty-six (26) regular bi-weekly pay periods beginning on the first pay period occurring after the sixtieth (60th) day following the Executive's termination, provided the Executive executes and does not subsequently revoke the Separation and General Release Agreement referenced below within such sixty (60) day period.

(b) For a period of twelve (12) months from the Executive's separation from service, the Company will pay to the Executive an amount, minus all applicable taxes and withholdings, equal to the full monthly cost (including any portion of the cost previously paid by the employee) to provide the same level of group health benefits maintained by Executive as of Executive's separation from service, provided the Executive executes and does not subsequently revoke the Separation and General Release Agreement referenced below within such sixty (60) day period.

(c) For purposes of this Agreement, "Change in Control" shall mean the occurrence of any one of the following events:

(1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (1), the following acquisitions shall not constitute a Change of Control: (i) any acquisition by a Person who is on the date of this Agreement the beneficial owner of 50% or more of the Outstanding Company Voting Securities, (ii) any acquisition directly from the Company, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (v) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (3) of this definition; or

(2) individuals who, as of the date of this Agreement, constitute the Board of Directors of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors of the Company; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors of the Company; or

(3) consummation of a reorganization, merger, consolidation or share exchange or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, and (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at

(4) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(d) The separation payments and benefits described in Sections 1(a) and 1(b), above, are conditioned upon Executive executing a Separation and General Release Agreement at the time of termination, which releases and waives any and all claims against the Company and its affiliated persons and companies, and is acceptable to the Company.

(e) In all other circumstances of separation, including if the Executive resigns, retires or is terminated for Cause, the Executive shall not be entitled to receive any separation payments or benefits. For purposes of this Agreement, "Cause" shall mean the Executive's:

(1) commission of an act of fraud or dishonesty, the purpose or effect of which, in the CEO and/or Board's sole determination, adversely affects the Company;

(2) conviction of a felony or a crime involving embezzlement, conversion of property or moral turpitude (whether by plea of nolo contendere or otherwise);

(3) engaging in willful or reckless misconduct or gross negligence in connection with any property or activity of the Company, the purpose or effect of which, in the CEO and/or Board's sole determination, adversely affects the Company;

(4) material breach of any of the Executive's obligations as an employee or stockholder as set forth in the Company's Information Security Policies and Code of Business Conduct, the Confidentiality Agreement or any other agreement in effect between the Company and the Executive; provided that, in the event such breach is susceptible to cure, the Executive has been given written notice by the CEO and/or Board of such breach and 30 days from such notice fails to cure the breach; or

(5) failure or refusal to perform any material duty or responsibility under this Agreement or a determination that the Executive has breached his fiduciary obligations to the Company; provided that, in the event such failure, refusal or breach is susceptible to cure, the Executive has been given written notice by the CEO and/or Board of such failure, refusal or breach and 30 days from such notice fails to cure such failure, refusal or breach.

2. **Notice.** The Executive will send all communications to the Company in writing, to: Executive Vice President of Human Resources, Citi Trends, Inc., 104 Coleman Blvd., Savannah, Georgia 31408, Fax: (912) 443-3663. All communications from the Company to the Executive relating to this Agreement shall be sent to the Executive in writing at his office and home address as reflected in the Company's records.

3. **Amendment.** No provisions of this Agreement may be modified, waived, or discharged except by a written document signed by a duly authorized Company officer and the Executive. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time in the future.

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4. **Choice of Law and Venue.** The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of Georgia (excluding any that mandate the use of another jurisdiction's laws). Any action to enforce or for breach of this Agreement shall be brought exclusively in the state or federal courts of the County of Chatham, City of Savannah.

5. **Successors.** This Agreement shall be binding upon, and shall inure to the benefit of, the Executive and Executive's estate, but the Executive may not assign or pledge this Agreement or any rights arising under it, except to the extent permitted under the terms of the benefit plans in which Executive participates. Without the Executive's consent, the Company may assign this Agreement to any affiliate or to a successor to substantially all the business and assets of the Company.

6. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute the same instrument.

7. **Entire Agreement.** This Agreement and the Confidentiality Agreement between the parties constitute the entire agreement between the parties and supersede any and all prior contracts, agreements, or understandings between the parties which may have been entered into by Company and the Executive relating to the subject matter hereof (including, without limitation, the Prior Severance Agreement), except for the Equity Agreements, which are to remain in full force and effect. This Agreement may not be amended or modified in any manner except by an instrument in writing signed by both the Company and the Executive. The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies are cumulative, including the right of either party to seek equitable relief in addition to money damages.

8. **Employment At-Will Relationship.** Executive and the Company agree that nothing in this Agreement alters the at-will nature of Executive's employment relationship with the Company.

9. **Internal Revenue Code Section 409A.** Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Internal Revenue Code ("Section 409A") would otherwise be payable or distributable hereunder by reason of a Participant's termination of employment, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). For purposes of Section 409A, each installment payable under Section 1(a) and 1(b) of this Agreement shall be deemed to be a separate payment.

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IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year set forth below.

CITI TRENDS, INC.

By: /s/ R. Edward Anderson

Name: R. Edward Anderson

Title: Executive Chairman

Dated: 3/15/2018

/s/ Bruce D. Smith

Bruce D. Smith

Dated: 3/15/2018

EMPLOYMENT NON-COMPETE, NON-SOLICIT AND CONFIDENTIALITY AGREEMENT

This EMPLOYMENT NON-COMPETE, NON-SOLICIT AND CONFIDENTIALITY AGREEMENT (“Agreement”) is entered into between Citi Trends, Inc., including its subsidiaries, affiliates, divisions, successors, and related entities (“Company”), and Stuart Clifford (“Employee”), effective as of the date signed by Employee below.

For and in consideration of the mutual covenants and agreements contained herein, including, but not limited to, Company agreeing to employ and/or continuing to employ Employee, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree:

1. Employment; Scope of Services. Company shall employ and/or continue to employ Employee, and Employee shall be employed and/or continue to be employed by Company, as Senior Vice President & Chief Financial Officer. Employee shall use his/her best efforts and shall devote his/her full time, attention, knowledge and skills to the faithful performance of his/her duties and responsibilities as a Company employee. Employee shall have such authority and such other duties and responsibilities as assigned by the Board of Directors. Employee shall comply with Company’s policies and procedures, shall conduct him/herself as an ethical business professional, and shall comply with federal, state and local laws.

2. At-Will Employment. Nothing in this Agreement alters the at-will employment relationship between Employee and Company or limits Company’s right to alter or modify Employee’s job title or job duties and responsibilities any time at Company’s discretion. Employment with Company is “at-will” which means that either Employee or Company may terminate the employment relationship at any time, with or without notice, with or without cause. The date of Employee’s cessation of employment for any reason is the “**Separation Date.**”

3. Confidentiality.

(a) Employee acknowledges and agrees that: (1) the retail sale of value-priced/off-price family apparel is an extremely competitive industry; (2) Company has an ongoing strategy for expansion of its business in the United States; (3) Company’s major competitors operate throughout the United States and some internationally; and (4) because of Employee’s position as Senior Vice President & Chief Financial Officer, he/she will have access to, knowledge of, and be entrusted with, highly sensitive and competitive Confidential Information and Trade Secrets (as defined in subsection (b) below) of Company, including without limitation information regarding sales margins, purchasing and pricing strategies, marketing strategies, vendors and suppliers, plans for expansion and placement of stores, and also specific information about Company’s districts and stores, such as staffing, budgets, profits and the financial success of individual districts and stores, which Company has developed and will continue to develop and the disclosure or use of which would cause Company great and irreparable harm.

(b) As used herein, “**Confidential Information**” means and includes any and all Company data and information in any form whatsoever (tangible or intangible) which: (1) relates to the business of Company, irrespective of whether the data or information constitutes a “trade

secret” (as defined below); (2) is disclosed to Employee or which Employee obtains or becomes aware of as a consequence of Employee’s relationship with Company; (3) has value to Company; and (4) is not generally known to Company’s competitors. “Confidential Information” includes (but is not limited to) technical or sales data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data and statements, financial plans and strategies, product plans, sales or advertising information and plans, marketing information and plans, pricing information, the identity or lists of employees, vendors and suppliers of Company, and confidential or proprietary information of such employees, vendors and suppliers. “**Trade Secret**” means any and all information, knowledge or data in any form whatsoever, tangible or intangible, that is considered a trade secret under applicable law. Employee acknowledges and agrees that all Confidential Information and Trade Secrets are and remain the sole and exclusive property of Company.

(c) Employee agrees that he/she shall hold all Confidential Information and Trade Secrets in strictest confidence, and that he/she shall protect such Confidential Information and Trade Secrets from disclosure by or to others. Employee further agrees that he/she shall not at any time (except as authorized by Company in connection with Employee’s duties and responsibilities as an employee): (1) disclose, publish, transfer, or communicate Confidential Information or Trade Secrets to any person or entity, other than authorized Company personnel; (2) use or reproduce Confidential Information or Trade Secrets for personal benefit or for any purpose or reason other than furthering the legitimate business interest of Company within the scope of Employee’s duties with Company; or (3) remove or transfer any Confidential Information or Trade Secrets from Company’s premises or systems (by any method or means) except for use in Company’s business and consistent with Employee’s duties with the Company. The foregoing covenants and obligations are in addition to, and do not limit, any common law or statutory rights and/or protections afforded to Company.

(d) Employee acknowledges that Company has provided or will provide Employee with Company property, including without limitation, employee handbooks, policy manuals, price lists, financial reports, and vendor and supplier information, among other items. Upon the Separation Date, or upon the request of Company, Employee shall immediately deliver to Company all property belonging to Company, including without limitation, all Confidential Information, Trade Secrets, and any property related to Company, whether in electronic or other format, as well as any copies thereof, then in Employee’s custody, control, or possession. Upon the Separation Date, Employee shall provide Company with a declaration certifying that all Confidential Information and any other Company property have been returned to Company, that Employee has not kept any copies of such items or distributed such items to any third party, and that Employee has otherwise complied with the terms of Section 3 of this Agreement.

(e) Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret (as defined in section 1839 of title 18, United States Code) that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to the attorney of Employee and use the trade secret information in the court

proceeding if Employee (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except as permitted by court order.

4. Covenant Not to Compete. Employee acknowledges and agrees that Company has invested a great deal of time and money in developing relationships with its employees, customers, and “Merchandise Vendors” (as defined below). Employee further acknowledges and agrees that in rendering services to Company, Employee has been, will be and will continue to be exposed to and learn much information about Company’s business, including valuable Confidential Information and Trade Secrets, the Company’s employees, and the Company’s “Merchandise Vendors,” to which Employee would not have access if not for Employee’s employment with Company and which it would be unfair to disclose to others, or to use to Company’s disadvantage.

Employee acknowledges and agrees that the restrictions contained in this Agreement are necessary and reasonable to protect Company’s legitimate business interests in its Trade Secrets, valuable Confidential Information and relationships and goodwill with its employees, customers, and “Merchandising Vendors.” Employee further acknowledges that Employee’s skills, education and training qualify Employee to work and obtain employment which does not violate this Agreement and that the restrictions in this Agreement have been crafted as narrowly as reasonably possible to protect Company’s legitimate business interests in its Trade Secrets, valuable Confidential Information and relationships and goodwill with its employees, customers, and “Merchandising Vendors.”

In light of the foregoing, Employee agrees that he/she will not, at any point during his/her employment with Company, work for or engage or participate in any business, enterprise, or endeavor that in any way competes with any aspect of Company’s business or that otherwise conflicts with Company’s interests. In addition, for a period of one (1) year following the Separation Date, and regardless of the reason for separation, Employee shall not, within any geographic area in which Company does business at any time during Employee’s employment with Company: (a) become employed by or work for a “Competitor” (as defined below) in any position or capacity involving duties and/or responsibilities which are the same as or substantially similar to any of the duties and/or responsibilities Employee had with and/or performed for Company; or (b) perform or provide any services which are the same as or substantially similar to any of the services which Employee performed or provided for the Company, for or on behalf of any Competitor. For purposes of this Section 4, the term “**Competitor**” shall mean only the following businesses, commonly known as: Cato, TJX (including without limitation TJMAXX and Marshalls), Burlington Stores, Gabe’s/Rugged Wearhouse, and Ross Stores.

5. Covenant Not to Solicit. During Employee’s employment with Company, and for a period of eighteen (18) months following the Separation Date, and regardless of the reason for separation, Employee agrees not to solicit any “Merchandise Vendors” (as defined below) for the purpose of obtaining merchandise and/or inventory for or on behalf of any “Competitor” (as defined in Section 4 of this Agreement). As used herein, “**Merchandise Vendors**” means and includes any person or entity who/that has been a vendor or supplier of merchandise and/or inventory to Company during the eighteen (18) months immediately preceding the Separation Date or to whom/which Company is actively soliciting for the provision of merchandise and/or

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inventory, and with whom/which Employee had “material contact.” For purposes of this agreement, “**material contact**” means contact between Employee and an existing or prospective Merchandise Vendor: (a) with whom Employee dealt on behalf of Company within two years prior to the date of Employee’s termination; (b) whose dealings with Company were coordinated or supervised by Employee within two years prior to the date of Employee’s termination; (c) about whom Employee obtained Confidential Information in the ordinary course of business as a result of Employee’s association with Company within two years prior to the date of Employee’s termination; or, (d) who provides merchandise and/or inventory to Company, the provision of which results or resulted in compensation, commissions, or earnings for Employee within two years prior to the date of Employee’s termination.

Employee specifically acknowledges and agrees that, as Senior Vice President & Chief Financial Officer, his/her duties include, without limitation, establishing purchasing and pricing strategies and policies, managing sales margins, involvement in establishing and maintaining vendor relationships, and having contact with and confidential and/or proprietary information regarding Merchandise Vendors.

6. Covenant Not to Recruit Personnel. During Employee’s employment with Company, and for a period of two (2) years following the Separation Date, and regardless of the reason for separation, Employee will not: (a) recruit or solicit to hire or assist others in recruiting or soliciting to hire, any employee or independent contractor of Company; or (b) cause or assist others in causing any employee or independent contractor of Company to terminate his/her relationship with Company.

7. Severability. If any provision of this Agreement is held invalid, illegal, or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially enforceable provisions to the extent enforceable, shall be binding and remain in full force and effect. Further, each particular prohibition or restriction set forth in any Section of this Agreement shall be deemed a severable unit, and if any court of competent jurisdiction determines that any portion of such prohibition or restriction is against the policy of the law in any respect, but such restraint, considered as a whole, is not so clearly unreasonable and overreaching in its terms as to be unconscionable, the court shall enforce so much of such restraint as is determined to be reasonably necessary to protect the legitimate interests of Company. Employee and Company expressly agree that, should any court of competent jurisdiction find or determine that any of the covenants contained herein are overly-broad or otherwise unenforceable, the court may “blue-pencil,” modify, and/or reform any such covenant (in whole or in part) so as to cure the over-breadth or to otherwise render the covenant enforceable.

8. Survival of Covenants. All rights and covenants contained in Sections 3, 4, 5, and 6 of this Agreement, and all remedies relating thereto, shall survive the termination of this Agreement for any reason.

9. Binding Effect. The covenants, terms, and provisions set forth in this Agreement shall inure to the benefit of and be enforceable by Company and its successors, assigns, and successors-in-interest, including, without limitation, any corporation, partnership, or other entity with which Company may be merged or by which it may be acquired. Employee may not assign Employee’s rights or obligations under this Agreement to any other party.

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10. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be subject to, and interpreted and construed in accordance with, the laws of the State of Georgia applicable to contracts executed in and to be performed in that State.

11. No Interference with Rights. Employee understands, agrees and acknowledges that nothing contained in this Agreement will prevent Employee from filing a charge or complaint with, reporting possible violations of any law or regulation, making disclosures to, and/or participating in any investigation or

proceeding conducted by, the National Labor Relations Board, Equal Employment Opportunity Commission, the Securities and Exchange Commission, and/or any governmental authority charged with the enforcement of any laws.

12. Acknowledgment of Reasonableness/Remedies/Enforcement.

(a) Employee acknowledges that: (1) Company has valid interests to protect pursuant to Sections 3, 4, 5, and 6 of this Agreement; (2) the breach of the provisions of Sections 3, 4, 5, or 6 of this Agreement would result in irreparable injury and permanent damage to Company; and (3) such restrictions are reasonable and necessary to protect the interests of Company, are critical to the success of Company's business, and do not cause undue hardship on Employee.

(b) Employee agrees that determining damages in the event of a breach of Sections 3, 4, 5, or 6 by Employee would be difficult and that money damages alone would be an inadequate remedy for the injuries and damages which would be suffered by Company from such breach. Therefore, Employee agrees that Company shall be entitled (in addition to any other remedies it may have under this Agreement, at law, or otherwise) to immediate injunctive and other equitable relief to prevent or curtail any such breach or threatened breach by Employee. Employee and Company waive any requirement that a bond or any other security be posted. Nothing in this Agreement shall prohibit Company from seeking or recovering any legal or monetary damages to which it may be entitled if Employee breaches any provision in this Agreement.

(c) In the event Employee breaches this Agreement, Employee shall be liable to Company for all costs of enforcement, including attorneys' fees and court costs, in addition to all other damages and redress available to Company in equity or in law.

13. Miscellaneous. This Agreement constitutes the entire agreement between the parties and supersedes any and all prior contracts, agreements, or understandings between the parties which may have been entered into by Company and Employee relating to the subject matter hereof (including, without limitation, the Prior Confidentiality Agreement), except for any severance agreements or certain restricted stock award and stock option agreements, which are to remain in full force and effect. This Agreement may not be amended or modified in any manner except by an instrument in writing signed by both Company and Employee. The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies are cumulative, including the right of either party to seek equitable relief in addition to money damages.

EMPLOYEE ACKNOWLEDGES AND AGREES THAT HE/SHE HAS CAREFULLY READ THIS AGREEMENT AND KNOWS AND UNDERSTANDS ITS CONTENTS, THAT HE/SHE ENTERS INTO THIS AGREEMENT KNOWINGLY AND VOLUNTARILY, AND THAT HE/SHE INDICATES HIS/HER CONSENT BY SIGNING THIS FINAL PAGE.

(SIGNATURES TO FOLLOW ON NEXT PAGE)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year set forth below.

Citi Trends, Inc.

/s/ Stuart Clifford

Employee Signature

By: /s/ Bruce D. Smith

Date: 3/15/2018

Bruce D. Smith

Chief Executive Officer

Employee Residence Address:

Date: 3/15/2018

SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT (“Agreement”) is entered into between Citi Trends, Inc., a Delaware corporation, including its subsidiaries, affiliates, divisions, successors, and related entities (the “Company”), and Stuart Clifford, an individual (the “Executive”), effective as of the date signed by Executive below.

WHEREAS, the Company and the Executive are also parties to an Employment Non-Compete, Non-Solicit and Confidentiality Agreement (the “Confidentiality Agreement”) and certain restricted stock award and stock option agreements (collectively, the “Equity Agreements”), which are to remain in full force and effect;

NOW, THEREFORE, in consideration of the mutual agreements set forth herein, the parties agree as follows:

1. **Termination Payments and Benefits.** Regardless of the circumstances of the Executive’s termination, Executive shall be entitled to payment when due of any earned and unpaid base salary, expense reimbursements and vacation days accrued prior to the termination of Executive’s employment, and other unpaid vested amounts or benefits under Company retirement and health benefit plans, and, as applicable, under Equity Agreements in accordance with their terms, and to no other compensation or benefits.

(a) If (i) the Company terminates the Executive’s employment without Cause, or (ii) the Executive terminates employment with the Company within twelve (12) months following the occurrence of a Change in Control, provided that within such period, (a) either Executive’s job duties have been materially and permanently diminished or the Executive’s compensation has been materially decreased and (b) Executive provides written notice to the Company within ninety (90) days of the occurrence of an aforementioned event and the Company fails to cure the event within thirty (30) days following the Company’s receipt of the Executive’s written notice, then, in the case of either (i) or (ii) above, the Company will provide the Executive with separation payments of twelve (12) months base salary at Executive’s base salary rate at the time of Executive’s termination or if greater, the Executive’s base rate in effect on the Change of Control Date; to be paid in twenty-six (26) regular bi-weekly pay periods beginning on the first pay period occurring after the sixtieth (60th) day following the Executive’s termination, provided the Executive executes and does not subsequently revoke the Separation and General Release Agreement referenced below within such sixty (60) day period.

(b) For a period of twelve (12) months from the Executive’s separation from service, the Company will pay to the Executive an amount, minus all applicable taxes and withholdings, equal to the full monthly cost (including any portion of the cost previously paid by the employee) to provide the same level of group health benefits maintained by Executive as of Executive’s separation from service, provided the Executive executes and does not subsequently revoke the Separation and General Release Agreement referenced below within such sixty (60) day period.

(c) For purposes of this Agreement, “Change in Control” shall mean the occurrence of any one of the following events:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “1934 Act”) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (1), the following acquisitions shall not constitute a Change of Control: (i) any acquisition by a Person who is on the date of this Agreement the beneficial owner of 50% or more of the Outstanding Company Voting Securities, (ii) any acquisition directly from the Company, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (v) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (3) of this definition; or

(ii) individuals who, as of the date of this Agreement, constitute the Board of Directors of the Company (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors of the Company; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors of the Company; or

(iii) consummation of a reorganization, merger, consolidation or share exchange or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Voting Securities, and (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(d) The separation payments and benefits described in Sections 1(a) and 1(b), above, are conditioned upon Executive executing a Separation and General Release Agreement at the time of termination, which releases and waives any and all claims against the Company and its affiliated persons and companies, and is acceptable to the Company.

(e) In all other circumstances of separation, including if the Executive resigns, retires or is terminated for Cause, the Executive shall not be entitled to receive any separation payments or benefits. For purposes of this Agreement, "Cause" shall mean the Executive's:

(i) commission of an act of fraud or dishonesty, the purpose or effect of which, in the CEO and/or Board's sole determination, adversely affects the Company;

(ii) conviction of a felony or a crime involving embezzlement, conversion of property or moral turpitude (whether by plea of nolo contendere or otherwise);

(iii) engaging in willful or reckless misconduct or gross negligence in connection with any property or activity of the Company, the purpose or effect of which, in the CEO and/or Board's sole determination, adversely affects the Company;

(iv) material breach of any of the Executive's obligations as an employee or stockholder as set forth in the Company's Information Security Policies and Code of Business Conduct, the Confidentiality Agreement or any other agreement in effect between the Company and the Executive; provided that, in the event such breach is susceptible to cure, the Executive has been given written notice by the CEO and/or Board of such breach and 30 days from such notice fails to cure the breach; or

(v) failure or refusal to perform any material duty or responsibility under this Agreement or a determination that the Executive has breached his fiduciary obligations to the Company; provided that, in the event such failure, refusal or breach is susceptible to cure, the Executive has been given written notice by the CEO and/or Board of such failure, refusal or breach and 30 days from such notice fails to cure such failure, refusal or breach.

2. **Notice.** The Executive will send all communications to the Company in writing, to: Executive Vice President of Human Resources, Citi Trends, Inc., 104 Coleman Blvd., Savannah, Georgia 31408, Fax: (912) 443-3663. All communications from the Company to the Executive relating to this Agreement shall be sent to the Executive in writing at his office and home address as reflected in the Company's records.

3. **Amendment.** No provisions of this Agreement may be modified, waived, or discharged except by a written document signed by a duly authorized Company officer and the Executive. A waiver of any conditions or provisions of this Agreement in a given instance shall not be deemed a waiver of such conditions or provisions at any other time in the future.

4. **Choice of Law and Venue.** The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of Georgia (excluding any that

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mandate the use of another jurisdiction's laws). Any action to enforce or for breach of this Agreement shall be brought exclusively in the state or federal courts of the County of Chatham, City of Savannah.

5. **Successors.** This Agreement shall be binding upon, and shall inure to the benefit of, the Executive and Executive's estate, but the Executive may not assign or pledge this Agreement or any rights arising under it, except to the extent permitted under the terms of the benefit plans in which Executive participates. Without the Executive's consent, the Company may assign this Agreement to any affiliate or to a successor to substantially all the business and assets of the Company.

6. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute the same instrument.

7. **Entire Agreement.** This Agreement and the Confidentiality Agreement between the parties constitute the entire agreement between the parties and supersede any and all prior contracts, agreements, or understandings between the parties which may have been entered into by Company and the Executive relating to the subject matter hereof (including, without limitation, the Prior Severance Agreement), except for the Equity Agreements, which are to remain in full force and effect. This Agreement may not be amended or modified in any manner except by an instrument in writing signed by both the Company and the Executive. The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies are cumulative, including the right of either party to seek equitable relief in addition to money damages.

8. **Employment At-Will Relationship.** Executive and the Company agree that nothing in this Agreement alters the at-will nature of Executive's employment relationship with the Company.

9. **Internal Revenue Code Section 409A.** Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Internal Revenue Code ("Section 409A") would otherwise be payable or distributable hereunder by reason of a Participant's termination of employment, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description or definition of "separation from service" in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). For purposes of Section 409A, each installment payable under Section 1(a) and 1(b) of this Agreement shall be deemed to be a separate payment.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year set forth below.

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By: /s/ Bruce D. Smith
Name: Bruce D. Smith
Title: Chief Executive Officer

Dated: 3/15/2018

/s/ Stuart Clifford
Employee Name

Dated: 3/15/2018

CITI TRENDS ANNOUNCES FOURTH QUARTER & FULL YEAR 2017 RESULTS AND NEXT STEPS UNDER ITS CAPITAL RETURN PROGRAM

Fourth quarter 2017 pretax income increased 23% to \$9.9 million

Fourth quarter comparable store sales up 5.6%

Authorizes \$25 million share repurchase program

SAVANNAH, GA (March 16, 2018) — Citi Trends, Inc. (NASDAQ: CTRN) today reported results for the fourth quarter and fiscal year ended February 3, 2018.

The Company's 2017 fiscal year included 53 weeks compared with 52 weeks in fiscal 2016. Accordingly, year-over-year comparisons of total sales for the fourth quarter and full year are affected by an extra week of sales in 2017. However, for comparable store sales, the Company is reporting on a comparable weeks basis (e.g. the 14 and 53 weeks ended February 3, 2018 compared with the 14 and 53 weeks ended February 4, 2017, respectively).

Financial Highlights — 14-week fourth quarter ended February 3, 2018

Total sales in the 14-week quarter ended February 3, 2018 increased 14.4% to \$212.1 million compared with \$185.5 million in the 13-week quarter ended January 28, 2017. The extra week contributed \$11.8 million to total sales in the fourth quarter of fiscal 2017. Fourth quarter comparable store sales increased 5.6%, comparing the 14 weeks ended February 3, 2018 with the 14 weeks ended February 4, 2017.

Pretax income increased 23.3% to \$9.9 million in the fourth quarter of 2017 compared with \$8.1 million in last year's fourth quarter. Income tax expense increased to \$4.7 million in this year's fourth quarter compared with \$2.5 million in the fourth quarter of 2016, including \$1.6 million of expense, or \$0.12 per diluted share, resulting from the enactment of the Tax Cuts and Jobs Act (the "TCJA") in December 2017. Most of the impact of the TCJA on income tax expense related to a one-time, non-cash write-down to remeasure the net deferred tax assets on the Company's balance sheet based on the lower enacted federal corporate income tax rate.

This year's fourth quarter net income was \$5.2 million, or \$6.9 million* when adjusted for the effect of the enactment of the TCJA, compared with \$5.6 million in the fourth quarter of fiscal 2016. Earnings per diluted share in the fourth quarter of fiscal 2017 were \$0.38, or \$0.50* when adjusted for the effect of the TCJA, compared with \$0.38 in the fourth quarter of fiscal 2016, representing adjusted year-over-year growth of 31.6%.

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Financial Highlights — 53-week fiscal year ended February 3, 2018

Total sales in the 53-week fiscal year ended February 3, 2018 increased 8.6% to \$755.2 million compared with \$695.2 million in the 52-week fiscal year ended January 28, 2017. Comparable store sales increased 4.5%, comparing the 53 weeks ended February 3, 2018 with the 53 weeks ended February 4, 2017.

Pretax income was \$23.5 million in fiscal 2017, or \$26.0 million* when adjusted for proxy contest-related expenses, compared with \$19.4 million in 2016. Income tax expense increased to \$8.9 million this year compared with \$6.0 million last year, with the increase including the aforementioned \$1.6 million of expense resulting from the TCJA enactment.

The Company had net income of \$14.6 million, or \$17.7 million* when adjusted for proxy contest-related expenses and the effect of the TCJA, in fiscal 2017 compared with \$13.3 million in fiscal 2016. Earnings per diluted share in 2017 were \$1.03, or \$1.26* when adjusted for proxy contest-related expenses and the effect of the TCJA, compared with \$0.91 in 2016, representing adjusted year-over-year growth of 38.5%.

Bruce Smith, Chief Executive Officer, commented, "Fourth quarter sales and earnings continued to build on the broad-based strength in all five of our major merchandise categories that we saw in the first three quarters of the year. The highlight of the quarter was a 5.6% comparable store sales increase, particularly since it was on top of a 3.4% increase in last year's fourth quarter. In addition, expenses were very well-controlled and inventory turns continued to improve. As we have entered fiscal 2018, comparable store sales are up 3% through yesterday."

Citi Trends opened 20 new stores, relocated or expanded 10 other stores, and closed 4 stores in fiscal 2017.

Capital Return Program

As the next step in the Company's expanded capital return program announced in April 2017, the Company's Board of Directors today announced the authorization of another \$25 million share repurchase program, which the Company expects to fund from cash on hand.

Also, as previously announced, the Board of Directors has declared a quarterly dividend payment of \$0.08 per share, which will be paid on March 20, 2018 to stockholders of record as of March 6, 2018.

Mr. Smith commented, "These actions taken by our Board are a continuation of the capital return program started in 2015 when we authorized and completed a \$15 million share repurchase program and initiated our first quarterly cash dividend. The expansion of the program in 2017 with the authorization and completion of a \$25 million share repurchase

program and an increase in the dividend rate, coupled with these steps announced today, demonstrate our financial strength, as well as the Board's commitment to appropriately returning excess capital to stockholders while maintaining the financial flexibility required to invest in and grow our business.”

Guidance

For the 52-week fiscal year ending February 2, 2019, the Company expects:

- Comparable store sales to increase in the range of 2% to 3%, on top of the 4.5% increase in fiscal 2017;
- Total sales to increase in the range of 3% to 4%, including the impact of opening approximately 20 new stores in 2018 and having one fewer week than in the 53-week 2017 fiscal year;
- Earnings per diluted share in the range of \$1.55 to \$1.70, compared with adjusted earnings per diluted share of \$1.26* in fiscal 2017, with the 2018 range including a benefit of \$0.23 to \$0.25 resulting from the lower income tax rate prescribed by the TCJA. Without this income tax benefit, the guidance implies a 5% to 15% improvement in earnings per diluted share next year. The 2018 guidance is based on a fully diluted share count of 13.7 million shares, an effective income tax rate of 20% and no impact on earnings from having one fewer week, because that week is approximately break-even from a net income standpoint. To the extent the Company repurchases shares under its new program during 2018, the Company expects that earnings per diluted share would benefit accordingly.

Looking at longer term goals, the Company expects to increase comparable store sales at a rate of approximately 3% each year and increase store square footage 2% to 3% each year through new store growth, which would be expected to result in earnings increases of approximately 12% to 15% annually. In addition, the Company expects that the Board's commitment to appropriately return excess capital to stockholders would continue in the future.

Investor Conference Call and Webcast

Citi Trends will host a conference call today at 9:00 a.m. ET. The number to call for the live interactive teleconference is (212) 231-2926. A replay of the conference call will be available until March 23, 2018, by dialing (402) 977-9140 and entering the passcode, 21882248.

The live broadcast of Citi Trends' conference call will be available online at the Company's website, www.cititrends.com, under the Investor Relations section, beginning today at 9:00 a.m. ET. The online replay will follow shortly after the call and will be available for replay for one year.

During the conference call, the Company may discuss and answer questions concerning business and financial developments and trends that have occurred after quarter-end. The Company's responses to questions, as well as other matters discussed during the conference call, may contain or constitute information that has not been disclosed previously.

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About Citi Trends

Citi Trends, Inc. is a value-priced retailer of urban fashion apparel and accessories for the entire family. The Company operates 553 stores located in 31 states. Citi Trends' website address is www.cititrends.com. CTRN-G

***Non-GAAP Financial Measures**

The non-GAAP financial measures discussed herein are reconciled to their corresponding GAAP measures at the end of this press release.

Forward-Looking Statements

All statements other than historical facts contained in this news release, including statements regarding the Company's future financial results and position, business policy and plans, objectives of management for future operations and our intentions and ability to pay dividends and complete any share repurchase authorizations, are forward-looking statements that are subject to material risks and uncertainties. The words "believe," "may," "could," "plans," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements, although not all forward-looking statements contain such language. Statements with respect to earnings guidance are forward-looking statements. Investors are cautioned that any such forward-looking statements are subject to the finalization of the Company's year-end financial and accounting procedures, are not guarantees of future performance or results and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Actual results or developments may differ materially from those included in the forward-looking statements as a result of various factors which are discussed in the Company's filings with the Securities and Exchange Commission, including those set forth under the heading "Item 1A. Risk Factors" in the Company's Form 10-K for the fiscal year ended January 28, 2017. These risks and uncertainties include, but are not limited to, uncertainties relating to economic conditions, growth risks, consumer spending patterns, competition within the industry, competition in our markets and the ability to anticipate and respond to fashion trends. Any forward-looking statements by the Company, with respect to earnings guidance, the Company's intention to declare and pay dividends, the repurchase of shares pursuant to a share repurchase program, or otherwise, are intended to speak only as of the date such statements are made. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, the Company does not undertake to publicly update any forward-looking statements in this news release or with respect to matters described herein, whether as a result of any new information, future events or otherwise.

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CITI TRENDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(in thousands, except per share data)

	Fourteen Weeks Ended February 3, 2018 (unaudited)	Thirteen Weeks Ended January 28, 2017 (unaudited)
Net sales	\$ 212,143	\$ 185,511
Cost of sales (exclusive of depreciation shown separately below)	(131,363)	(114,822)
Selling, general and administrative expenses	(65,623)	(58,593)
Depreciation	(5,020)	(4,129)
Asset impairment	(430)	(31)
Income from operations	9,707	7,936
Interest income	266	163
Interest expense	(38)	(39)
Income before income taxes	9,935	8,060
Income tax expense	(4,688)	(2,510)
Net income	<u>\$ 5,247</u>	<u>\$ 5,550</u>
Basic net income per common share	<u>\$ 0.39</u>	<u>\$ 0.38</u>
Diluted net income per common share	<u>\$ 0.38</u>	<u>\$ 0.38</u>
Weighted average shares used to compute basic net income per share	<u>13,568</u>	<u>14,680</u>
Weighted average shares used to compute diluted net income per share	<u>13,652</u>	<u>14,693</u>
	Fifty-Three Weeks Ended February 3, 2018 (unaudited)	Fifty-Two Weeks Ended January 28, 2017 (unaudited)
Net sales	\$ 755,241	\$ 695,175
Cost of sales (exclusive of depreciation shown separately below)	(466,022)	(428,167)
Selling, general and administrative expenses	(247,062)	(230,666)
Depreciation	(18,883)	(17,090)
Asset impairment	(507)	(313)
Income from operations	22,767	18,939
Interest income	883	571
Interest expense	(150)	(159)
Income before income taxes	23,500	19,351
Income tax expense	(8,926)	(6,020)
Net income	<u>\$ 14,574</u>	<u>\$ 13,331</u>
Basic net income per common share	<u>\$ 1.04</u>	<u>\$ 0.91</u>
Diluted net income per common share	<u>\$ 1.03</u>	<u>\$ 0.91</u>
Weighted average shares used to compute basic net income per share	<u>14,058</u>	<u>14,657</u>
Weighted average shares used to compute diluted net income per share	<u>14,116</u>	<u>14,662</u>

CITI TRENDS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(in thousands)

	February 3, 2018 (unaudited)	January 28, 2017 (unaudited)
Assets:		
Cash and cash equivalents	\$ 48,451	\$ 49,253
Short-term investment securities	31,500	38,026
Inventory	137,701	134,649
Prepaid and other current assets	15,694	15,384
Property and equipment, net	61,777	59,280
Long-term investment securities	25,451	26,691
Other noncurrent assets	6,497	9,231
Total assets	<u>\$ 327,071</u>	<u>\$ 332,514</u>
Liabilities and Stockholders' Equity:		
Accounts payable	\$ 75,947	\$ 75,433
Accrued liabilities	30,775	24,505
Other current liabilities	2,448	471
Noncurrent liabilities	8,433	8,514
Total liabilities	<u>117,603</u>	<u>108,923</u>

Total stockholders' equity	209,468	223,591
Total liabilities and stockholders' equity	<u>\$ 327,071</u>	<u>\$ 332,514</u>

CITI TRENDS, INC.

**RECONCILIATION OF GAAP BASIS OPERATING RESULTS TO
ADJUSTED NON-GAAP OPERATING RESULTS**

(unaudited)

(in thousands, except per share data)

The Company makes reference in this release to pretax income adjusted for proxy contest expenses and net income and earnings per diluted share adjusted for proxy contest expenses and the effect of the Tax Cuts and Jobs Act. The Company believes that excluding proxy contest expenses and their related tax effects and the effect of the Tax Cuts and Jobs Act from its financial results reflects operating results that are more indicative of the Company's ongoing operating performance while improving comparability to prior periods, and as such, may provide investors with an enhanced understanding of the Company's past financial performance and prospects for the future. This information is not intended to be considered in isolation or as a substitute for net income, earnings per common share, or expense information prepared in accordance with generally accepted accounting principles (GAAP).

	Fourteen Weeks Ended February 3, 2018			
	<u>As Reported</u> (unaudited)	<u>Adjustment (1)</u> (unaudited)	<u>Adjustment (2)</u> (unaudited)	<u>As Adjusted</u> (unaudited)
Net sales	\$ 212,143	\$ —	\$ —	\$ 212,143
Cost of sales (exclusive of depreciation shown separately below)	(131,363)	—	—	(131,363)
Selling, general and administrative expenses	(65,623)	—	—	(65,623)
Depreciation and impairment	(5,020)	—	—	(5,020)
Asset impairment	(430)	—	—	(430)
Income from operations	9,707	—	—	9,707
Interest income	266	—	—	266
Interest expense	(38)	—	—	(38)
Income before income taxes	9,935	—	—	9,935
Income tax expense	(4,688)	—	1,609	(3,079)
Net income	<u>\$ 5,247</u>	<u>\$ —</u>	<u>\$ 1,609</u>	<u>\$ 6,856</u>
Basic net income per common share	<u>\$ 0.39</u>			<u>\$ 0.51</u>
Diluted net income per common share	<u>\$ 0.38</u>			<u>\$ 0.50</u>
Weighted average number of shares outstanding				
Basic	<u>13,568</u>			<u>13,568</u>
Diluted	<u>13,652</u>			<u>13,652</u>
	Fifty-Three Weeks Ended February 3, 2018			
	<u>As Reported</u> (unaudited)	<u>Adjustment (1)</u> (unaudited)	<u>Adjustment (2)</u> (unaudited)	<u>As Adjusted</u> (unaudited)
Net sales	\$ 755,241	\$ —	\$ —	\$ 755,241
Cost of sales (exclusive of depreciation shown separately below)	(466,022)	—	—	(466,022)
Selling, general and administrative expenses	(247,062)	2,516	—	(244,546)
Depreciation and impairment	(18,883)	—	—	(18,883)
Asset impairment	(507)	—	—	(507)
Income from operations	22,767	2,516	—	25,283
Interest income	883	—	—	883
Interest expense	(150)	—	—	(150)
Income before income taxes	23,500	2,516	—	26,016
Income tax expense	(8,926)	(956)	1,609	(8,273)
Net income	<u>\$ 14,574</u>	<u>\$ 1,560</u>	<u>\$ 1,609</u>	<u>\$ 17,743</u>
Basic net income per common share	<u>\$ 1.04</u>			<u>\$ 1.26</u>
Diluted net income per common share	<u>\$ 1.03</u>			<u>\$ 1.26</u>
Weighted average number of shares outstanding				
Basic	<u>14,058</u>			<u>14,058</u>
Diluted	<u>14,116</u>			<u>14,116</u>

(1) Proxy contest expenses and related tax effects

(2) Tax Cuts and Jobs Act effect

Citi Trends Promotes Bruce Smith to CEO

Stuart Clifford has been promoted to fill the role of CFO

SAVANNAH, GA (March 16, 2018) - Citi Trends Inc. (NASDAQ: CTRN) today announced that Bruce Smith, acting Chief Executive Officer, has been promoted to serve as the permanent Chief Executive Officer and has been appointed to the Board of Directors, effective as of March 15, 2018.

Mr. Smith has been serving as acting CEO since March 2017, when the previous CEO resigned, while the Board conducted a search for a permanent CEO. Mr. Smith has been with Citi Trends for almost 11 years. He joined the company in April 2007 as Senior Vice President and Chief Financial Officer, was promoted to Executive Vice President and Chief Financial Officer in March 2010, and was promoted to Chief Financial Officer, Chief Operating Officer and Secretary in March 2015. Prior to joining the Company, Mr. Smith served as CFO of two other public companies, Hancock Fabrics, Inc. and Fred's, Inc. He started his career in public accounting with Price Waterhouse and is a certified public accountant.

Commenting on Mr. Smith's promotion, Ed Anderson, Executive Chairman of the Board said, "We are very happy and proud to announce that Bruce Smith has been promoted to Chief Executive Officer. In the past year, as acting CEO, he has clearly demonstrated that he has the leadership skills to lead this company. He led the team to deliver a very successful 2017."

Anderson further stated, "Over the years, Bruce has proven to be an executive who leads by example, exhibiting the highest level of honesty and integrity. I am confident that the Company is in good hands with Bruce. This is a great day for Citi Trends, and under his direction and leadership, I remain optimistic about the future of our Company."

In addition, Stuart Clifford, the Company's Vice President, Finance, has been promoted to Senior Vice President and Chief Financial Officer, effective as of March 15, 2018. Mr. Clifford has been with the Company for 12 years. Prior to joining Citi Trends, Mr. Clifford served in various financial and operational positions with Friedman's Jewelers.

Commenting on Mr. Clifford's promotion, Mr. Smith said, "On behalf of the Citi Trends team, I would like to congratulate Stuart on this well-deserved promotion. I am very excited to continue working with Stuart as our new Chief Financial Officer. He has continued to earn increasing responsibilities during his time with the Company and has demonstrated that he is fully capable of taking on this new leadership role. With his experience and deep understanding of our business, Stuart is well suited to lead our finance team."

About Citi Trends

Citi Trends, Inc. is a value-priced retailer of urban fashion apparel and accessories for the entire family. The Company operates 553 stores located in 31 states. Citi Trends' website address is www.cititrends.com. *CTRN-G*

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