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

Form 10-Q

(Mark One)

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

For the quarterly period ended May 4, 2019

OR

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

Commission File Number 000-51315

CITI TRENDS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	**52-2150697** (I.R.S. 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**

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	CTRN	NASDAQ Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐

Smaller Reporting Company ☐ Emerging Growth Company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 20, 2019, the registrant had 12,082,721 outstanding shares of common stock, $0.01 par value per share.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Citi Trends, Inc.
Condensed Consolidated Balance Sheets
May 4, 2019 and February 2, 2019
(Unaudited)
(in thousands, except share data)

	May 4, 2019	February 2, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 29,484	$ 17,863
Short-term investment securities	43,135	50,350
Inventory	131,254	139,841
Prepaid and other current assets	14,018	17,544
Total current assets	217,891	225,598
Property and equipment, net of accumulated depreciation of $249,909 and $245,958 as of May 4, 2019 and February 2, 2019, respectively	54,921	56,224
Operating lease right of use assets	149,125	—
Long-term investment securities	7,777	8,883
Deferred tax asset	7,085	6,539
Other assets	749	745
Total assets	$ 437,548	$ 297,989
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 64,201	$ 73,391
Operating lease liabilities	41,027	—
Accrued expenses	13,862	15,311
Accrued compensation	8,142	12,746
Income tax payable	1,553	395
Layaway deposits	1,255	526
Total current liabilities	130,040	102,369
Noncurrent operating lease liabilities	115,121	—
Other long-term liabilities	1,838	8,195
Total liabilities	246,999	110,564
Stockholders' equity:		
Common stock, $0.01 par value. Authorized 32,000,000 shares; 15,848,609 shares issued as of May 4, 2019 and 15,827,713 shares issued as of February 2, 2019; 12,096,821 shares outstanding as of May 4, 2019 and 12,158,237 shares outstanding as of February 2, 2019	157	157
Paid in capital	91,788	91,794
Retained earnings	180,864	176,094
Treasury stock, at cost; 3,751,788 shares held as of May 4, 2019 and 3,669,476 shares held as of February 2, 2019	(82,260)	(80,620)
Total stockholders' equity	190,549	187,425
Commitments and contingencies (note 9)		
Total liabilities and stockholders' equity	$ 437,548	$ 297,989

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.
Condensed Consolidated Statements of Income
Thirteen Weeks Ended May 4, 2019 and May 5, 2018
(Unaudited)
(in thousands, except per share amounts)

	Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Net sales	$ 205,032	$ 211,032
Cost of sales (exclusive of depreciation shown separately below)	(128,238)	(129,413)
Selling, general and administrative expenses	(63,447)	(63,005)
Depreciation	(4,614)	(4,974)
Income from operations	8,733	13,640
Interest income	379	295
Interest expense	(38)	(37)
Income before income taxes	9,074	13,898
Income tax expense	(1,286)	(2,601)
Net income	$ 7,788	$ 11,297
Basic net income per common share	$ 0.65	$ 0.83
Diluted net income per common share	$ 0.65	$ 0.83
Weighted average number of shares outstanding		
Basic	11,976	13,578
Diluted	12,006	13,631

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.
Condensed Consolidated Statements of Cash Flows
Thirteen Weeks Ended May 4, 2019 and May 5, 2018
(Unaudited)
(in thousands)

	Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Operating activities:		
Net income	$ 7,788	$ 11,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,614	4,974
Amortization of operating lease right of use assets	11,777	—
Loss on disposal of property and equipment	2	29
Deferred income taxes	153	290
Noncash stock-based compensation expense	706	584
Changes in assets and liabilities:		
Inventory	8,587	12,370
Prepaid and other current assets	(477)	(678)
Other assets	(4)	4
Accounts payable	(9,628)	(12,166)
Accrued expenses and other long-term liabilities	(11,904)	(1,373)
Accrued compensation	(4,604)	(7,910)
Income tax payable/receivable	1,158	2,312
Layaway deposits	729	770
Net cash provided by operating activities	8,897	10,503
Investing activities:		
Sales/redemptions of investment securities	13,146	13,668
Purchases of investment securities	(4,825)	(11,928)
Purchases of property and equipment	(2,287)	(1,978)
Net cash provided by (used in) investing activities	6,034	(238)
Financing activities:		
Cash used to settle withholding taxes on the vesting of nonvested restricted stock	(712)	(981)
Dividends paid to stockholders	(958)	(1,085)
Repurchase of common stock	(1,640)	(2,672)
Net cash used in financing activities	(3,310)	(4,738)
Net increase in cash and cash equivalents	11,621	5,527
Cash and cash equivalents:		
Beginning of period	17,863	48,451
End of period	$ 29,484	$ 53,978
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 31	$ 31
Cash refunds of income taxes	$ (25)	$ (1)
Supplemental disclosures of noncash investing activities:		
Accrual for purchases of property and equipment	$ 1,026	$ 404

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.
Condensed Consolidated Statements of Stockholders' Equity
Thirteen Weeks Ended May 4, 2019 and May 5, 2018
(Unaudited)
(in thousands, except share amounts)

	Thirteen Weeks Ended May 4, 2019						
	Common Stock		Paid in	Retained	Treasury Stock		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balances —February 2, 2019	15,827,713	$ 157	$ 91,794	$ 176,094	3,669,476	$ (80,620)	$ 187,425
Adoption of lease accounting standard (see Note 11)	—	—	—	(2,060)	—	—	(2,060)
Vesting of nonvested restricted stock units	—	1	—	—	—	—	1
Issuance of nonvested shares to employees and directors under incentive plan	57,133	—	—	—	—	—	—
Stock-based compensation expense	—	—	706	—	—	—	706
Net share settlement of nonvested shares and restricted stock units	(36,237)	(1)	(712)	—	—	—	(713)
Repurchase of common stock	—	—	—	—	82,312	(1,640)	(1,640)
Dividends paid to stockholders ($0.08 per common share)	—	—	—	(958)	—	—	(958)
Net income	—	—	—	7,788	—	—	7,788
Balances—May 4, 2019	15,848,609	$ 157	$ 91,788	$ 180,864	3,751,788	$ (82,260)	$ 190,549

	Thirteen Weeks Ended May 5, 2018						
	Common Stock		Paid in	Retained	Treasury Stock		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balances —February 3, 2018	15,777,946	$ 156	$ 90,605	$ 158,927	2,034,170	$ (40,220)	$ 209,468
Vesting of nonvested restricted stock units	10,663	1	—	—	—	—	1
Issuance of nonvested shares to employees and directors under incentive plan	65,663	—	—	—	—	—	—
Stock-based compensation expense	—	—	584	—	—	—	584
Net share settlement of nonvested shares and restricted stock units	(38,421)	—	(982)	—	—	—	(982)
Repurchase of common stock	—	—	—	—	85,537	(2,672)	(2,672)
Dividends paid to stockholders ($0.08 per common share)	—	—	—	(1,085)	—	—	(1,085)
Net income	—	—	—	11,297	—	—	11,297
Balances—May 5, 2018	15,815,851	$ 157	$ 90,207	$ 169,139	2,119,707	$ (42,892)	$ 216,611

See accompanying notes to the condensed consolidated financial statements (unaudited).

Citi Trends, Inc.
Notes to the Condensed Consolidated Financial Statements (unaudited)
May 4, 2019

1. Basis of Presentation

Citi Trends, Inc. and its subsidiary (the "Company") operate as a value-priced retailer of urban fashion apparel and accessories for the entire family. As of May 4, 2019, the Company operated 561 stores in 32 states.

The condensed consolidated balance sheet as of May 4, 2019 and the condensed consolidated statements of income and cash flows for the thirteen week periods ended May 4, 2019 and May 5, 2018 have been prepared by the Company without audit. The condensed consolidated balance sheet as of February 2, 2019 has been derived from the audited financial statements as of that date, but does not include all required year-end disclosures. In the opinion of management, such statements include all adjustments considered necessary to present fairly the Company's financial position as of May 4, 2019 and February 2, 2019, and its results of operations and cash flows for all periods presented. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K for the year ended February 2, 2019.

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by U.S. GAAP for complete financial statements. Operating results for the thirteen weeks ended May 4, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending February 1, 2020.

The following contains references to fiscal years 2019 and 2018, which represent fiscal years ending or ended on February 1, 2020 and February 2, 2019, respectively. Fiscal 2019 and 2018 both have 52-week accounting periods.

2. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates made by management include those used in the valuation of inventory, property and equipment, self-insurance liabilities, leases and income taxes. Management periodically evaluates estimates used in the preparation of the consolidated financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based on such periodic evaluations.

3. Cash and Cash Equivalents/Concentration of Credit Risk

For purposes of the condensed consolidated balance sheets and condensed consolidated statements of cash flows, the Company considers all highly liquid investments with maturities at date of purchase of three months or less to be cash equivalents. Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents. The Company places its cash and cash equivalents in what it believes to be high credit quality banks and institutional money market funds. The Company maintains cash accounts that exceed federally insured limits.

4. Earnings per Share

Basic earnings per common share amounts are calculated using the weighted average number of common shares outstanding for the period. Diluted earnings per common share amounts are calculated using the weighted average number of common shares outstanding plus the additional dilution for all potentially dilutive securities, such as nonvested restricted stock. During loss periods, diluted loss per share amounts are based on the weighted average number of common shares outstanding, because the inclusion of common stock equivalents would be antidilutive.

The dilutive effect of stock-based compensation arrangements is accounted for using the treasury stock method. The Company includes as assumed proceeds the amount of compensation cost attributed to future services and not yet recognized. For the thirteen weeks ended May 4, 2019 and May 5, 2018, there were 128,000 and 108,000 shares of nonvested restricted stock, respectively, excluded from the calculation of diluted earnings per share because of antidilution.

The following table provides a reconciliation of the weighted average number of common shares outstanding used to calculate basic earnings per share to the number of common shares and common stock equivalents outstanding used in calculating diluted earnings per share for the thirteen week periods ended May 4, 2019 and May 5, 2018:

	Thirteen Weeks Ended	
	May 4, 2019	**May 5, 2018**
Weighted average number of common shares outstanding	11,976,142	13,578,100
Incremental shares from assumed vesting of nonvested restricted stock	30,164	53,166
Weighted average number of common shares and common stock equivalents outstanding	12,006,306	13,631,266

5. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date. Fair value is established according to a hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. Level 3 inputs are given the lowest priority in the fair value hierarchy.

As of May 4, 2019, the Company's investment securities are classified as held-to-maturity since the Company has the intent and ability to hold the investments to maturity. Such securities are carried at amortized cost plus accrued interest and consist of the following (in thousands):

	Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Market Value**
Short-term:				
Obligations of the U.S. Treasury and U.S. government agencies (Level 1)	$ 34,329	$ 10	$ (22)	$ 34,317
Bank certificates of deposit (Level 2)	8,806	—	—	8,806
	$ 43,135	$ 10	$ (22)	$ 43,123
Long-term:				
Obligations of the U.S. Treasury (Level 1)	$ 990	$ —	$ (1)	$ 989
Bank certificates of deposit (Level 2)	6,787	—	—	6,787
	$ 7,777	$ —	$ (1)	$ 7,776

The amortized cost and fair market value of investment securities as of May 4, 2019 by contractual maturity are as follows (in thousands):

	Amortized Cost	Fair Market Value
Mature in one year or less	$ 43,135	$ 43,123
Mature after one year through five years	7,777	7,776
	$ 50,912	$ 50,899

As of February 2, 2019, the Company's investment securities were classified as held-to-maturity and consisted of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Short-term:				
Obligations of the U.S. Treasury and U.S. government agencies (Level 1)	$ 38,706	$ 4	$ (37)	$ 38,673
Obligations of states and municipalities (Level 2)	95	—	—	95
Bank certificates of deposit (Level 2)	11,549	—	—	11,549
	$ 50,350	$ 4	$ (37)	$ 50,317
Long-term:				
Obligations of the U.S. Treasury (Level 1)	$ 4,956	$ —	$ (16)	$ 4,940
Bank certificates of deposit (Level 2)	3,927	—	—	3,927
	$ 8,883	$ —	$ (16)	$ 8,867

The amortized cost and fair market value of investment securities as of February 2, 2019 by contractual maturity were as follows (in thousands):

	Amortized Cost	Fair Market Value
Mature in one year or less	$ 50,350	$ 50,317
Mature after one year through five years	8,883	8,867
	$ 59,233	$ 59,184

There were no changes among the levels in the thirteen weeks ended May 4, 2019.

Fair market values of Level 2 investments are determined by management with the assistance of a third party pricing service. Because quoted prices in active markets for identical assets are not available, these prices are determined by the third party pricing service using observable market information such as quotes from less active markets and quoted prices of similar securities.

6. Revolving Line of Credit

On October 27, 2011, the Company entered into a five-year, $50 million credit facility with Bank of America. The facility was amended on August 18, 2015, extending the maturity date to August 18, 2020. The amended facility provides a $50 million credit commitment and a $25 million uncommitted "accordion" feature that under certain circumstances could allow the Company to increase the size of the facility to $75 million. Borrowings, if any, under the facility will bear interest (a) for LIBOR Rate Loans, at LIBOR plus either 1.25% or 1.5%, or (b) for Base Rate Loans, at a rate equal to the highest of (i) the prime rate plus either 0.25% or 0.5%, (ii) the Federal Funds Rate plus either 0.75% or 1.0%, or (iii) LIBOR plus either 1.25% or 1.5%, based in any such case on the average daily availability for borrowings under the facility. The facility continues to be secured by the Company's inventory, accounts receivable and related assets, but not its real estate, fixtures and equipment, and it contains one financial covenant, a fixed charge coverage ratio, which is applicable and tested only in certain circumstances. The facility has an unused commitment fee of 0.25% and permits the payment of cash dividends subject to certain limitations, including a requirement that there were no borrowings outstanding in the 30 days prior to the dividend payment and no borrowings are expected in the 30 days subsequent to the payment. The Company has had no borrowings under the credit facility.

7. Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

U.S. GAAP requires companies to calculate income taxes by applying their estimated full-year tax rate in each interim period unless the estimated full-year tax rate is not reliably predictable. For the thirteen weeks ended May 4, 2019 and May 5, 2018, the Company utilized this annual effective tax rate method to calculate income taxes.

For the three months ended May 4, 2019, the effective income tax rate was 14.2%. This compares with a rate of 18.7% for the three months ended May 5, 2018. The decrease in the effective income tax rate was due primarily to lower pretax income compared with the prior year, along with an increase in federal and state tax credits.

8. Other Long-Term Liabilities

The components of other long-term liabilities as of May 4, 2019 and February 2, 2019 are as follows (in thousands):

	May 4, 2019	February 2, 2019
Deferred rent	$ — (1)	$ 2,344
Tenant improvement allowances	— (1)	4,037
Other	1,838	1,814
	$ 1,838	$ 8,195

(1) Commencing February 3, 2019, deferred rent and tenant improvement allowances are included as part of the Company's operating lease right of use assets (see Note 11 regarding the Company's adoption of lease accounting standard).

9. Commitments and Contingencies

The Company from time to time is involved in various legal proceedings incidental to the conduct of its business, including claims by customers, employees or former employees. Once it becomes probable that the Company will incur costs in connection with a legal proceeding and such costs can be reasonably estimated, it establishes appropriate reserves. While legal proceedings are subject to uncertainties and the outcome of any such matter is not predictable, the Company is not aware of any legal proceedings pending or threatened against it that it expects to have a material adverse effect on its financial condition, results of operations or liquidity.

10. Stock Repurchase Program and Cash Dividends

Repurchases of Common Stock
On November 28, 2018, the Company's Board of Directors approved a program that authorized the purchase of up to $25.0 million in shares of the Company's common stock. During the thirteen weeks ended May 4, 2019, the Company repurchased 82,312 shares of its common stock at an aggregate cost of $1.6 million. At May 4, 2019, $8.0 million remained available for purchase under this program.

Dividends
On February 12, 2019, the Company's Board of Directors declared a dividend of $0.08 per common share, which was paid on March 19, 2019 to stockholders of record as of March 5, 2019. On May 21, 2019, the Company's Board of Directors declared a dividend of $0.08 per common share payable on June 18, 2019 to stockholders of record as of June 4, 2019. Any determination to declare and pay cash dividends for future quarters will be made by the Board of Directors.

11. Recent Accounting Pronouncements

Recently Adopted
In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016–02" or "Topic 842") which replaced the existing guidance in ASC 840, Leases. The new standard established a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted ASU 2016-02 on February 3, 2019, the first day of fiscal 2019. As part of the implementation process, the Company assessed its lease arrangements, evaluated practical expedient and accounting policy elections and implemented necessary modifications to its existing lease system. In adopting the new lease standard, the Company elected the optional transition method which applied the standard as of the effective date but did not apply the standard to the comparative periods previously presented in the consolidated financial statements. The new standard also provided optional practical expedients for transition, which the Company elected, which permitted it to not reassess prior conclusions regarding lease classification, identification or initial direct costs. Further, the Company elected a short-term lease exception policy which permitted it to not apply the recognition requirements of the new standard to short-term leases (leases with terms of 12 months or less). The Company also elected an accounting policy to account for lease and non-lease components as a single component for certain classes of assets. The Company did not elect an optional hindsight practical expedient.

The Company leases all of its retail store locations and certain office space and equipment. All leases are classified as operating leases. Under the new guidance, right–of-use assets and lease liabilities are recognized based on the present value of future minimum lease payments over the lease term. The Company uses its incremental borrowing rate as the discount rate which approximates the rate of interest the Company would have to pay on a collateralized basis to borrow an amount equal to the total lease payments under similar terms. The incremental borrowing rate for existing leases as of the opening balance sheet date was based on the remaining terms of the leases. The incremental borrowing rate for all new or amended leases is based upon the lease terms which include the contractual period obligated by the leases plus any additional periods covered by options available to extend the leases if the Company is reasonably certain to exercise such options. Lease expense for fixed lease payments is recognized on a straight-line basis over the lease term and is included in selling, general and administrative expenses. Adoption of the new standard resulted in the recording of operating lease right-of-use assets and operating lease liabilities of approximately $133.6 million and $141.0 million, respectively, as of February 3, 2019. The difference between the lease assets and lease liabilities was primarily due to reclassification of lease incentives, as well as impairment of operating lease right-of-use assets for stores previously impaired as of the effective date. Lease impairment, net of the related deferred taxes, totaled approximately $2.1 million and is reflected as an adjustment to retained earnings at the transition date.

12. Revenue

Revenue Recognition
The Company's primary source of revenue is derived from the sale of clothing and accessories to its customers with the Company's performance obligations satisfied immediately when the customer pays for their purchase and receives the merchandise. Sales taxes collected by the Company from customers are excluded from revenue. Revenue from layaway sales is recognized at the point in time when the merchandise is paid for and control of the goods is transferred to the customer, thereby satisfying the Company's performance obligation. Non-refundable layaway service fees are recognized

in revenue when collected by the Company from customers. The Company defers revenue from the sale of gift cards and recognizes the associated revenue upon the redemption of the cards by customers to purchase merchandise.

Sales Returns
The Company allows customers to return merchandise for up to thirty days after the date of sale. Expected refunds to customers are recorded based on estimated margin using historical return information. Under ASU 2014-09, the Company recorded an estimated refund liability of $0.4 million, included in the line item "Accrued expenses," and the carrying value of a return asset of $0.2 million, presented separately from inventory, included in the line item "Prepaid and other current assets" on the condensed consolidated balance sheets as of May 4, 2019 and February 2, 2019.

Disaggregation of Revenue
The Company's retail operations represent a single operating segment based on the way the Company manages its business. Operating decisions and resource allocation decisions are made at the Company level in order to maintain a consistent retail store presentation. The Company's retail stores sell similar products, use similar processes to sell those products, and sell their products to similar classes of customers.

In the following table, the Company's revenue from contracts with customers is disaggregated by major product line. The percentage of net sales related to each classification of its merchandise assortment for the first quarter of fiscal 2019 and 2018 was approximately:

	Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Accessories	34 %	32 %
Ladies'	23 %	25 %
Children's	21 %	22 %
Men's	16 %	16 %
Home	6 %	5 %

13. Leases

The Company leases its retail store locations and certain office space and equipment. The Company analyzes all leases at inception to determine if a right-of-use asset and lease liability should be recognized. Leases with an initial term of 12 months or less and leases with mutual termination clauses are not included on the condensed consolidated balance sheet. The lease liability is measured at the present value of future lease payments as of the lease commencement date, or as of the date of adoption of ASU 2016-02 for leases existing at the adoption date. The right-of-use asset recognized is based on the lease liability adjusted for prepaid and deferred rent and unamortized lease incentives.

Total lease cost is comprised of operating lease costs, short-term lease costs, and variable lease costs, which include rent paid as a percentage of sales, common area maintenance, real estate taxes and insurance for the Company's real estate leases. Lease expense for the first thirteen weeks ended May 4, 2019 is as follows (in thousands):

	Thirteen Weeks Ended May 4, 2019
Operating lease cost	$ 11,777
Variable lease cost	2,316
Short term lease cost	256
Total lease cost	$ 14,349

Future minimum lease payments as of May 4, 2019 are as follows (in thousands):

Fiscal Year		Lease Costs
Remainder of 2019	$	34,812
2020		45,762
2021		35,209
2022		23,480
2023		15,938
Thereafter		15,863
Total future minimum lease payments		171,064
Less: imputed interest		(14,916)(1)
Total present value of lease liabilities	$	156,148 (2)

(1) Calculated using the discount rate for each lease.
(2) Includes short-term and long-term operating leases.

Adoption of the lease accounting standard (Topic 842) using the effective transition method requires the Company to provide relevant disclosures in accordance with ASC 840, Leases for all prior periods presented. Future minimum lease payments as of February 2, 2019 were as follows (in thousands):

Fiscal Year		Lease Costs
2019	$	47,289
2020		39,294
2021		28,228
2022		16,880
2023		9,440
Thereafter		7,836
Total future minimum lease payments	$	148,967

Certain operating leases provide for fixed monthly rents, while others provide for contingent rents computed as a percentage of net sales and others provide for a combination of both fixed monthly rents and contingent rents computed as a percentage of net sales.

Supplemental cash flow and other information related to operating leases for the thirteen weeks ended May 4, 2019 is as follows (in thousands, except for weighted average amounts):

		Thirteen Weeks Ended May 4, 2019
Cash paid for operating leases	$	12,594
Right of use assets obtained in exchange for new operating lease liabilities	$	26,826
Weighted average remaining lease term (years) - operating leases		4.29
Weighted average discount rate - operating leases		3.81%

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

Forward-Looking Statements

Except for specific historical information, many of the matters discussed in this Form 10-Q may express or imply projections of revenues or expenditures, statements of plans and objectives for future operations, growth or initiatives, statements of future economic performance, capital allocation expectations or statements regarding the outcome or impact of pending or threatened litigation. These, and similar statements, are forward-looking statements concerning matters that involve risks, uncertainties and other factors that may cause the actual performance of the Company to differ materially from those expressed or implied by these statements. All forward-looking information should be evaluated in the context of these risks, uncertainties and other factors. The words "believe," "anticipate," "project," "plan," "expect," "estimate," "objective," "forecast," "goal," "intend," "could," "will likely result," or "will continue" and similar words and expressions generally identify forward-looking statements, although not all forward-looking statements contain such language. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in the forward-looking statements.

The factors that may result in actual results differing from such forward-looking information include, but are not limited to: transportation and distribution delays or interruptions; changes in freight rates; the Company's ability to negotiate effectively the cost and purchase of merchandise; inventory risks due to shifts in market demand; the Company's ability to gauge fashion trends and changing consumer preferences; changes in consumer spending on apparel; changes in product mix; interruptions in suppliers' businesses; a deterioration in general economic conditions, whether caused by acts of war or terrorism or other factors; the results of pending or threatened litigation; temporary changes in demand due to weather patterns; seasonality of the Company's business; delays associated with building, opening and operating new stores; delays associated with building, opening or expanding new or existing distribution centers; and other factors described in the section titled "Item 1A. Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2019 and in Part II, "Item 1A. Risk Factors" and elsewhere in the Company's Quarterly Reports on Form 10-Q and any amendments thereto and in the other documents the Company files with the SEC, including reports on Form 8-K.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-Q. Except as may be required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Form 10-Q or to reflect the occurrence of unanticipated events. Readers are advised, however, to read any further disclosures the Company may make on related subjects in its public disclosures or documents filed with the SEC, including reports on Form 8-K.

Overview

We are a value-priced retailer of urban fashion apparel and accessories for the entire family. Our merchandise offerings are designed to appeal to the fashion preferences of value-conscious consumers, particularly African-Americans. We operated 561 stores in both urban and rural markets in 32 states as of May 4, 2019.

Accounting Periods

The following discussion contains references to fiscal years 2019 and 2018, which represent fiscal years ending or ended on February 1, 2020 and February 2, 2019, respectively. Fiscal 2019 and fiscal 2018 both have 52-week accounting periods. This discussion and analysis should be read with the unaudited condensed consolidated financial statements and the notes thereto contained in Part 1, Item 1 of this report.

Results of Operations

The following discussion of the Company's financial performance is based on the unaudited condensed consolidated financial statements set forth herein. The nature of the Company's business is seasonal. Historically, sales in the first and fourth quarters have been higher than sales achieved in the second and third quarters of the fiscal year. Expenses and, to a greater extent, operating income, vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year. Furthermore, the seasonal nature of the Company's business may affect comparisons between periods.

Key Operating Statistics

We measure performance using key operating statistics. One of the main performance measures we use is comparable store sales growth. We define a comparable store as a store that has been opened for an entire fiscal year. Therefore, a store will not be considered a comparable store until its 13th month of operation at the earliest or until its 24th month at the latest. As an example, stores opened in fiscal 2018 and fiscal 2019 are not considered comparable stores in fiscal 2019. Relocated and expanded stores are included in the comparable store sales results. We also use other operating statistics, most notably average sales per store, to measure our performance. As we typically occupy existing space in established shopping centers rather than sites built specifically for our stores, store square footage (and therefore sales per square foot) varies by store. We focus on overall store sales volume as the critical driver of profitability.

In addition to sales, we measure cost of sales as a percentage of sales and store operating expenses, with a particular focus on labor, as a percentage of sales. These results translate into store level contribution, which we use to evaluate overall performance of each individual store. Finally, we monitor corporate expenses against budgeted amounts. All of the statistics discussed above are critical components of earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA (comprised of EBITDA, as adjusted for non-cash asset impairment expense and expenses related to our proxy contest), which are considered our most important operating statistics. We believe that excluding proxy contest expenses from our financial results reflects operating results that are more indicative of our ongoing operating performance while improving comparability to prior and future periods, and as such, provides an enhanced understanding of our past financial performance and prospects for the future.

Although non-GAAP measures such as EBITDA and Adjusted EBITDA provide useful information on an operating cash flow basis, they are limited measures in that they exclude the impact of cash requirements for capital expenditures, income taxes and interest expense. Therefore, EBITDA and Adjusted EBITDA should be used as supplements to results of operations and cash flows as reported under U.S. GAAP and should not be used as a singular measure of operating performance or as a substitute for U.S. GAAP results. Furthermore, such non-GAAP measures may not be comparable to similarly titled measures of other companies.

Provided below is a reconciliation of net income to EBITDA and to Adjusted EBITDA for the thirteen week periods ended May 4, 2019 and May 5, 2018 (in thousands):

	Thirteen Weeks Ended	
	May 4, 2019	May 5, 2018
Net income (loss)	$ 7,788	$ 11,297
Plus:		
Interest expense	38	37
Income tax expense	1,286	2,601
Depreciation	4,614	4,974
Less:		
Interest income	(379)	(295)
EBITDA	13,347	18,614
Plus:		
Asset impairment	—	—
Proxy contest expenses	1,042	—
Adjusted EBITDA	$ 14,389	$ 18,614

Thirteen Weeks Ended May 4, 2019 and May 5, 2018

Net Sales. Net sales decreased $6.0 million, or 2.8%, to $205.0 million in the thirteen weeks ended May 4, 2019 from $211.0 million in the thirteen weeks ended May 5, 2018. The decrease in sales was due to a 4.5% decrease in comparable store sales and the impact of closing seven stores since last year's first quarter, partially offset by the opening of 15 new stores since last year's first quarter. The decrease in comparable store sales was reflected in a decrease in customer transactions of less than 5% and a 1% decrease in the average number of items per transaction, partially offset by an increase in the average unit sale of more than 1%. Comparable store sales changes by major merchandise class were as follows in the first quarter of 2019: Home +5%; Accessories +2%; Men's -5%; Children's -9%; and Ladies' -11%.

The 4.5% comparable store sales decrease totaled $9.3 million, while store opening and closing activity resulted in a net sales increase of $3.3 million.

Cost of sales (exclusive of depreciation). Cost of sales (exclusive of depreciation) decreased $1.2 million, or 0.9%, to $128.2 million in the first quarter of 2019 from $129.4 million in last year's first quarter. Cost of sales as a percentage of sales increased to 62.5% in the first quarter of 2019 from 61.3% in last year's first quarter, due primarily to a 90 basis points increase in merchandise markdowns, as more markdowns were taken in this year's first quarter in response to the challenging sales environment. Freight costs increased 30 basis points as a result of continued pressures in the trucking industry.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $0.4 million, or 0.7%, to $63.4 million in the first quarter of 2019 from $63.0 million in last year's first quarter due primarily to $1.0 million of expenses incurred in connection with a proxy contest, along with the impact on expenses of opening 15 new stores since last year's first quarter and normal inflationary pressure on expenses such as rent and payroll, partially offset by a $1.0 million decrease in incentive compensation expense resulting from less favorable earnings results in relation to target. As a percentage of sales, selling, general and administrative expenses increased to 30.9% in the first quarter of 2019 from 29.9% in the first quarter of 2018.

Depreciation. Depreciation expense decreased $0.4 million, or 7.2%, to $4.6 million in the first quarter of 2019 from $5.0 million in the first quarter of 2018.

Income Tax Expense. Income tax expense decreased $1.3 million, or 50.6%, to $1.3 million in this year's first quarter from $2.6 million in the first quarter of 2018 due to a decrease in pretax income, along with a decrease in the effective income tax rate from 18.7% to 14.2%.

Net Income. Net income decreased $3.5 million, or 31.1%, to $7.8 million in the first quarter of 2019 from $11.3 million in the first quarter of 2018 due to the factors discussed above.

Liquidity and Capital Resources

Our cash requirements are primarily for working capital and capital expenditures for new and existing stores, distribution infrastructure and information systems. In addition, in November 2018, we initiated a share repurchase program of up to $25 million and, in the first quarter of 2019, repurchased shares of our common stock at an aggregate cost of $1.6 million. In recent years, we have met these cash requirements using cash flow from operations and short-term trade credit. We expect to be able to meet future cash requirements with cash flow from operations, short-term trade credit, existing balances of cash and investment securities and, if necessary, borrowings under our revolving credit facility described in Note 6 to the unaudited condensed consolidated financial statements included in Part I, Item1 of this report.

Current Financial Condition. As of May 4, 2019, we had total cash and cash equivalents of $29.5 million compared to $17.9 million as of February 2, 2019. Additionally, we had $43.1 million and $7.8 million of short-term and long-term investment securities, respectively, as of May 4, 2019, compared with $50.4 million and $8.9 million, respectively, as of February 2, 2019. These securities are comprised of bank certificates of deposit and obligations of the U.S. Treasury, states and municipalities. Inventory represented 30.0% of our total assets as of May 4, 2019, compared to 46.9% as of February 2, 2019. Management's ability to manage our inventory can have a significant impact on our cash flows from operations during a given interim period or fiscal year. In addition, inventory purchases can be seasonal in nature, such as the purchase of warm-weather or Christmas-related merchandise.

Cash Flows From Operating Activities. Net cash provided by operating activities was $8.9 million in the thirteen weeks ended May 4, 2019 compared to $10.5 million in the same period of 2018. Sources of cash provided during the first quarter of 2019 included net income adjusted for non-cash expenses such as depreciation, amortization of operating lease right of use assets, loss on disposal of property and equipment, deferred income taxes and stock-based compensation expense, totaling $25.0 million (compared to $17.2 million in the first quarter of 2018). Other significant sources of cash in the first quarter of 2019 were (1) an $8.6 million decrease in inventory (compared to a $12.4 million decrease in the first quarter of 2018) due to apparel retail seasonality which typically results in having more inventory at the beginning of the spring selling season than at the end; and (2) a $1.2 million change in the income tax payable/receivable (compared to a $2.3 million change in the first quarter of 2018) due to income tax expense being accrued on first quarter pretax income while no estimated tax payments were due during the quarter.

Significant uses of cash from operating activities in the first quarter of 2019 were (1) a $11.9 million decrease in accrued expenses and other long-term liabilities (compared with a $1.4 million decrease in the first quarter of 2018) due primarily to payments of operating lease liabilities recorded due to the adoption of ASU 2016-02; (2) a $9.6 million decrease in accounts payable (compared to a $12.2 million decrease in the first quarter of 2018) due primarily to the decline in inventory discussed above; and (3) a $4.6 million decrease in accrued compensation (compared to a $7.9 million decrease in the first quarter of 2018) due to our balance sheet as of the end of the first quarter of 2019 including accrued payroll for only one week, while our 2018 year-end balance sheet included accrued payroll for two weeks due to the timing of our bi-weekly payroll, together with payment in the first quarter of 2019 of incentive compensation accrued in fiscal 2018.

Cash Flows From Investing Activities. Cash provided by investing activities was $6.0 million in the first quarter of 2019 compared to cash used of $0.2 million in the first quarter of 2018. Cash used for purchases of property and equipment totaled $2.3 million and $2.0 million in the first quarter of 2019 and 2018, respectively. Sales/redemptions of investment securities, net of purchases, provided cash of $8.3 million and $1.7 million in the first quarter of 2019 and 2018, respectively.

Cash Flows From Financing Activities. Cash used in financing activities was $3.3 million and $4.7 million in the first quarter of 2019 and 2018, respectively, with the decrease due primarily to the repurchase of common stock for an aggregate purchase price of $1.6 million and $2.7 million during the first quarter of 2019 and 2018, respectively.

Cash Requirements

Our principal sources of liquidity consist of: (i) cash and cash equivalents (which equaled $29.5 million as of May 4, 2019); (ii) short-term and long-term investment securities (which equaled $43.1 million and $7.8 million, respectively, as of May 4, 2019); (iii) short-term trade credit; (iv) cash generated from operations on an ongoing basis as we sell our merchandise inventory; and (v) a $50 million revolving credit facility (under which we have no borrowings outstanding). Trade credit represents a significant source of financing for inventory purchases and arises from customary payment terms and trade practices with our vendors. Historically, our principal liquidity requirements have been for working capital and capital expenditure needs.

We believe that our existing sources of liquidity will be sufficient to fund our operations and anticipated capital expenditures for at least the next 12 months.

Recent Accounting Pronouncements

See discussion of Recent Accounting Pronouncements in Note 11 to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this report.

Critical Accounting Policies

The preparation of our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On February 3, 2019, we adopted ASU No. 2016-02, Leases (Topic 842). See Note 13 to the unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional information on its impact.

There have been no other material changes to the Critical Accounting Policies outlined in the Company's Annual Report on Form 10-K for the year ended February 2, 2019.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in our market risk during the thirteen weeks ended May 4, 2019 compared to the disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the year ended February 2, 2019.

Item 4. Controls and Procedures.

We have carried out an evaluation under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of May 4, 2019 pursuant to Rules 13a-15 and 15d-15 of the Exchange Act. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information has been accumulated and communicated to our management, including the officers who certify our financial reports, as appropriate, to allow timely decisions regarding the required disclosures.

Our disclosure controls and procedures are designed to provide reasonable assurance that the controls and procedures will meet their objectives. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

During the thirteen weeks ended May 4, 2019, we implemented ASU No. 2016-02, Leases (Topic 842). In connection with its adoption, we implemented changes to our accounting policies, operational processes and internal controls to ensure compliance with the new standard.

There were no other changes in our internal control over financial reporting that occurred during the fiscal quarter ended May 4, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

We are from time to time involved in various legal proceedings incidental to the conduct of our business, including claims by customers, employees or former employees. Once it becomes probable that we will incur costs in connection with a legal proceeding and such costs can be reasonably estimated, we establish appropriate reserves. While legal proceedings are subject to uncertainties and the outcome of any such matter is not predictable, we are not aware of any legal proceedings pending or threatened against us that we expect to have a material adverse effect on our financial condition, results of operations or liquidity.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors described under the section “ITEM 1A. RISK FACTORS” in the Company’s Annual Report on Form 10-K for the fiscal year ended February 2, 2019.

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

Information on Share Repurchases

The number of shares of common stock repurchased by the Company during the first quarter of fiscal 2019 and the average price paid per share are as follows:

Period	Total number of shares purchased	Average price paid per share (1)	Total number of shares purchased as part of publicly announced plans or programs (2)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs (2)
February (2/3/19 - 3/2/19)	22,253	$ 20.87	22,253	$ 9,186,040
March (3/3/19 - 4/6/19)	29,336	19.87	29,336	8,603,960
April (4/7/19 - 5/4/19)	30,723	19.30	30,723	8,012,020
Total	82,312		82,312	

(1) Includes commissions for the shares repurchased under the stock repurchase program.
(2) On November 28, 2018, the Company approved a $25.0 million stock repurchase program, under which approximately $8.0 million remained available as of May 4, 2019. Repurchases under the stock repurchase program may be made at management’s discretion from time to time on the open market, in privately negotiated transactions or otherwise, and may be made in part under one or more Rule 10b5-1 plans. The stock repurchase program does not have an expiration date.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 7, 2018).
10.1	Agreement dated April 11, 2019 by and among Citi Trends, Inc., Macellum SPV III, LP, Macellum Management, LP, Macellum Advisors GP, LLC, and Jonathan Duskin (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 11, 2019).
31.1	Certification of Bruce D. Smith, Chief Executive Officer, Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Stuart C. Clifford, Chief Financial Officer, Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certifications Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* †
101	The following financial information from Citi Trends, Inc.'s Quarterly Report on Form 10-Q for the quarter ended May 4, 2019, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets as of May 4, 2019 and February 2, 2019, (ii) the Condensed Consolidated Statements of Income for the thirteen week periods ended May 4, 2019 and May 5, 2018, (iii) the Condensed Consolidated Statements of Cash Flows for the thirteen week periods ended May 4, 2019 and May 5, 2018, and (iv) Notes to the Condensed Consolidated Financial Statements.*

* Included herewith.

† Pursuant to Securities and Exchange Commission Release No. 33-8238, this certification will be treated as "accompanying" this Quarterly Report on Form 10-Q and not "filed" as part of such report for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of Section 18 of the Securities Exchange Act of 1934 and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

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, and the undersigned also has signed this report in his capacity as the Registrant's Chief Financial Officer (Principal Financial and Accounting Officer).

CITI TRENDS, INC.

Date: June 10, 2019

By: /s/ Stuart C. Clifford
Name: Stuart C. Clifford
Title: Senior Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Bruce D. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended May 4, 2019 of Citi Trends, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: June 10, 2019

/s/ Bruce D. Smith
Bruce D. Smith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Stuart C. Clifford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended May 4, 2019 of Citi Trends, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: June 10, 2019

/s/ Stuart C. Clifford
Stuart C. Clifford
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350, as adopted).

I, Bruce D. Smith, President and Chief Executive Officer of Citi Trends, Inc.,

and

I, Stuart C. Clifford, Senior Vice President and Chief Financial Officer of Citi Trends, Inc., certify that:

1. We have reviewed this quarterly report on Form 10-Q of Citi Trends, Inc. for the period ended May 4, 2019;

2. Based on our knowledge, this quarterly report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: June 10, 2019

/s/ Bruce D. Smith
Bruce D. Smith
President and Chief Executive Officer
(Principal Executive Officer)

Date: June 10, 2019

/s/ Stuart C. Clifford
Stuart C. Clifford
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Citi Trends, Inc. and will be retained by Citi Trends, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.