

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

**Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended February 1, 2025

Or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File Number: 001-41886

**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, \$.01 Par Value	CTRN	NASDAQ Stock Market

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

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b)).

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$142,215,971 as of August 3, 2024.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: Common Stock, par value \$0.01 per share, 8,277,733 shares outstanding as of April 10, 2025.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates information from the registrant's definitive proxy statement, to be filed with the Securities and Exchange Commission within 120 days after the close of the registrant's fiscal year covered by this Annual Report on Form 10-K, with respect to the Annual Meeting of Stockholders to be held on June 5, 2025.

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## PART I

Some statements in, or incorporated by reference into, this Annual Report on Form 10-K (this “Report”) of Citi Trends, Inc. (“Citi Trends,” “we,” “us,” or the “Company”) may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than historical facts contained in this Report, including statements regarding our future financial results and position, business policy and plans, objectives and expectations of management for future operations and capital allocation expectations, are forward-looking statements. The words “believe,” “anticipate,” “project,” “plan,” “expect,” “trend,” “estimate,” “objective,” “forecast,” “upcoming,” “goal,” “intend,” “may,” “could,” “will likely result,” or “will continue” and similar expressions, as they relate to us, are intended to identify forward-looking statements, although not all forward-looking statements contain such language. We have based these forward-looking statements largely on our current expectations and projections about future events, including, among other things: general economic conditions, including inflation, energy and fuel costs, unemployment levels, and any deterioration whether caused by acts of war, terrorism, political or social unrest (including any resulting store closures, damage or loss of inventory) or other factors; changes in market interest rates and market levels of wages; the imposition of new taxes on imports, new tariffs and changes in existing tariff rates; the imposition of new trade restrictions and changes in existing trade restrictions; impacts of natural disasters such as hurricanes; uncertainty and economic impact of pandemics, epidemics or other public health emergencies; transportation and distribution delays or interruptions; changes in freight rates; the Company’s ability to attract and retain workers; 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; consumer confidence and changes in consumer spending patterns; competition within the industry; competition in our markets; the duration and extent of any economic stimulus programs; changes in product mix; interruptions in suppliers’ businesses; risks related to cybersecurity, data privacy and intellectual property; temporary changes in demand due to weather patterns; seasonality of the Company’s business; the results of pending or threatened litigation; delays associated with building, remodeling, opening and operating new stores; and delays associated with building, opening or expanding new or existing distribution centers.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Item 1A. Risk Factors and elsewhere in this Report and the other documents we file with the Securities and Exchange Commission (“SEC”), including our reports on Form 8-K and Form 10-Q, and any amendments thereto. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. These forward-looking statements speak only as of the date of such statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we do not plan to publicly update or revise any forward-looking statements contained in this Report, whether as a result of any new information, future events or otherwise.

Information is provided herein with respect to our operations related to our fiscal years ended on February 1, 2025 (“fiscal 2024”), February 3, 2024 (“fiscal 2023”) and January 28, 2023 (“fiscal 2022”).

### ITEM 1. **BUSINESS**

#### Overview

Citi Trends, Inc. (“Citi Trends” or the “Company”) is a highly differentiated off-price value retailer known for trendy fashions, great brands and amazing prices. We offer culturally relevant fashion – what we call “Cultural Cachet” – in apparel, accessories and home goods, primarily for African American families in the United States. We curate a three tiered mix of product featuring well-known brands, core product and opening price goods, with intermittent extreme value deals. Our core product styles are curated trend-right, high quality, value for the price. We offer an assortment of opening price product for the price conscious customer, all sold at competitive prices. Plus, for the treasure hunters, we often have “extreme value” product deals on well-known branded product at 50% to 75% off MSRP. Consumer insights research validates that our unique culturally relevant styling, and strong value for the price fosters deep customer loyalty and high shopping frequency in the neighborhoods in which we operate.

Our stores are strategically located in vibrant African American neighborhoods with product offerings for the entire family. Our stores average approximately 11,000 square feet of selling space and are typically found in outdoor community shopping centers across a variety of urban, suburban and rural markets. As of February 1, 2025, we operated 591 stores in 33 states.

We believe the combination of product curated with Cultural Cachet at amazing prices, and the large scale of our 591 neighborhood stores is extremely hard to duplicate which gives us a defensible moat against competition.

## Competitive Strengths and Strategies

Citi Trends is one of the largest national retailers focused on African American customers. With 591 stores located in the neighborhoods we serve, our customers rely on us as a leading off-price value retailer of apparel, accessories and home trends. Because of our long-term presence in the African American community, our customers are highly engaged and loyal to Citi Trends. We strive to provide an engaging and exciting shopping experience supported by fresh product and a friendly, welcoming staff. We believe the following business strengths differentiate us from our competitors and are important to our success.

**Focus on Fashion and Trend Mix.** We curate our merchandise assortment to be fashionable and fresh, recognizing that our customers use style as a form of personal expression. We devote considerable effort to identifying emerging trends and ensuring that our wide assortment of apparel and non-apparel merchandise is curated to appeal to the preferences of African American customers. Our buying team actively manages a dynamic blend of essentials, fashion-forward pieces, trending items and recognized brands, all at strong value prices to keep the assortment fresh, relevant and culturally attuned.

**Superior Value Proposition.** We seek to offer high quality, fashionable merchandise with Cultural Cachet and believe that our value proposition provides important access to trends for our customers. We know that our customers are willing to spend more when the fashion is on trend, the brand is right, and the price-value proposition is strong. The majority of our product is ticketed with compare at pricing to demonstrate our pricing superiority against competition. We do not employ high-low pricing strategies; instead, our everyday ticketed low price points offer superior value, enabling our customers to purchase multiple items per visit. We focus on a balanced three-tiered assortment along with an increasing selection of off-price 'treasures' – nationally known brands at incredible values. We do not rely on promotion-driven sales and instead seek to build our reputation through a steady stream of weekly in-store deliveries of the latest trends at great prices which drives word-of-mouth awareness and excitement in the neighborhoods we serve.

**Fashions for the Entire Family.** We merchandise our stores to create a specialty store environment that serves as a destination that meets the apparel and non-apparel needs of the entire family. Every store offers a comprehensive selection of always-changing, curated products for men, women and children with a range of size options in each category. In addition, we offer home goods and consumables. We believe that our small-footprint stores, combined with a specialty store experience, friendly customer service where we often know our customers' names, and breadth of merchandise, distinguishes our stores from many competitors and creates an exciting and welcoming environment that encourages repeat visits from the local community.

**Strong and Flexible Sourcing Relationships.** We maintain strong, long-standing sourcing relationships with a large group of suppliers while continually opening new relationships with both well-known and up-and-coming brands. We believe that our access to the African American customer drives vendor interest. Our buying team plans, develops and creates curated assortments by (i) purchasing goods developed specifically for our customer, (ii) selecting products for our customers from vendor product lines, (iii) buying opportunistically available excess inventory from reliable vendors, with the majority of our merchandise purchased for the current season and a lesser quantity held for sale in future seasons and (iv) buying extreme value, off-price deals to offer exciting national brands at significantly reduced prices. Our vendor partnerships enable us to deliver fresh items weekly to our stores. This fresh assortment, coupled with exciting and surprising off-price deals, creates a shopping experience that can't be easily replicated in an on-line environment, positioning us as an "instant gratification store", allowing our customers to "buy now, wear now", avoiding shipping fees and the wait for their potential online orders. This approach allows us to offer exceptional value that goes beyond mere price – it's the thrill of discovering fresh styles that fosters a deep, in-person connection with our customers.

**Dynamic Experience in a Friendly, Neat, Clean and Organized Environment.** We seek to provide a fashion-focused shopping environment that is easy to navigate, encouraging shopping across divisions with a well-laid-out floor plan and exciting product displays throughout the space. We use a combination of style groupings, outfit suggestions and by-size displays to balance ease of shopping with suggestive selling. In each department, we showcase opening price-point offerings to enhance our strong value statement. Our stores are neat, clean and organized, offering a friendly environment where customers are encouraged to linger, explore and visit often. We are focused on refreshing and remodeling our store base to keep our stores current and continually refine our store format to ensure that we meet the needs of our customers and our store associates.

**Friendly and Helpful Store Associates.** Our store associates are trained to provide friendly and helpful customer service to deliver a positive shopping experience. Many of our store associates live in the neighborhoods where our stores are located and frequently shop our stores themselves. We have a long heritage of a diverse and inclusive workplace; 91% of our store associates are African American or multicultural, and more than 90% of our store management positions are filled by women. As a result, our store associates cultivate a unique culture in our stores that creates a high level of connectivity with our customers. We strive to make our stores a destination where everyone is welcome, and our store associates foster that vision every day through enriched customer engagement.

**Compelling, Convenient and Cost-Effective Neighborhood Store Locations.** We locate our stores in high-traffic outdoor neighborhood shopping centers that are convenient primarily to African American families. Our location strategy allows us to be an integral part of the communities we serve while providing convenience for our customers. We believe that these neighborhood locations are difficult to duplicate, creating a competitive moat for our brand. We generally utilize previously occupied store sites in locations where we are often the brightest and cleanest store in the shopping center, which enables us to obtain attractive rents while establishing ourselves as neighborhood cornerstones. When opening new stores, we seek to partner with landlords that contribute to buildout costs, which helps maintain lower startup and fixturing investment.

**Highly Talented and Motivated Leadership Team.** Our senior management team, led by Ken Seipel, our Chief Executive Officer, has extensive retail experience across a broad range of disciplines, including merchandising, real estate, finance, store operations, supply chain management, human resources and information technology. Our management team plans and drives our growth strategy, which is based on our constant focus on providing trend-driven merchandise anchored in value to the mid to lower income African American populations. We believe our management team is integral to our success and positions us well for long-term growth.

### **Business Strategy**

With our focus on culturally-relevant fashion, exciting brands, and accessible pricing in each of our neighborhood locations, we believe that Citi Trends is in a unique position to serve our loyal customer base, with a long runway for comp sales growth, store unit growth and a motivated leadership team supported by a healthy balance sheet.

We have identified the following areas of focus to restore the Company's financial performance and to maximize long-term growth:

**Offer Compelling Value Proposition.** Our three-tiered product strategy of opening prices, core value product and familiar brands, all focused on the wants and needs of our African American customers, differentiates our model while driving customer loyalty and repeat visits. We are known for delivering newness and freshness, resulting in high customer frequency. We offer a balanced assortment of good, better and best products that resonates with our customer base across income levels. We highlight our opening price point offerings consistently across departments, ensuring our value-conscious customers can easily identify these options. Our core value product is the bedrock of our business, and we are focused on ensuring quality-for-price in this important tier. Our research confirms that our customers have good disposable income and respond positively to recognizable brands with a willingness to trade up. This insight has guided our branded merchandise strategy which will become a larger part of our product assortment. We are expanding our offering of "treasures," or extreme value product offerings, enabling us to offer well-known brands at a significant discount to the market. Our product strategy is supported by our open-to-buy process which allows us to be flexible and responsive to emerging trends. We practice rigorous inventory management, prioritizing choice and breadth over depth, improving our speed to market and driving faster turns.

**Focus on the African American Customer.** We are one of the largest national retailers focused on African American customers. Our customers are at the core of what we do, central to our business and critical to our success. Our customers are fashion conscious and prioritize style as an expression of self. Recent extensive customer research revealed that about one third of our customers visit our stores weekly or bi-weekly and have incomes in the \$75k to \$150k range. The next largest tier visits monthly with incomes in the range of \$50k to \$75k. We also serve a base of less frequent, lower income customers who are more budget conscious. The income capacity of our two most frequent tiers of customers is the biggest realization from our recent research, qualifying the previous assumption that our entire customer base was in the low-income category. We believe that this refined understanding of our customer will strengthen our ability to predict their wants and needs, driving increased traffic and conversion in our stores.

**Consistent Operational Excellence.** Our objective is to be fast, consistent and efficient. We believe that our ability to produce strong, consistent and sustainable financial results depends on the development of fundamental retail practices and consistent execution. We have taken fast action to improve access to information and to develop consistent key performance indicators to drive business results. We have refined our product allocation methodology and are investing in artificial intelligence (“AI”)-based technology to drive more effective and efficient product allocation processes. We have made improvements to our supply chain speed and we are driving additional improvements to further reduce speed to store as well as to reduce our working capital needs. We have implemented improved product planning practices focused on pre-season strategy and open-to-buy to support growing categories. Each of these improvements is supported by having the right talent in place. We believe that these foundational improvements will drive near-term financial results while positioning us for future, accelerated growth.

**Growth.** We believe that our 591 stores located in the heart of African American neighborhoods is a key differentiator of our business that gives us a defensible moat around our business and store base. To improve the financial performance of the company, we are focused on improving productivity in our existing stores by sharpening our focus on our African American customers and strategically investing in product categories identified for intensification through our customer insights studies, both with a goal of driving increased foot traffic and basket. Finally, we believe that an integral part of our sales growth is the continued refinement of our store format, incorporating customer feedback and insights from operational results to improve the in-store experience and enhance profitability. We are remodeling existing stores to the updated format, and all new stores will open in the revised format.

While we believe that maximizing the productivity of our existing fleet provides significant near-term opportunity for sales and earnings growth, we continue to believe that Citi Trends has the potential to grow, and we expect to accelerate square footage expansion in the range of 6% to 10% annually over time.

**People.** We believe that our people are a key differentiator for our business and are key to the continued transformation of our company. Our buying team is trained to understand our customers, what motivates them to shop at Citi Trends and what creates an emotional connection to the brand. Our buyers also cultivate strong relationships with the vendor community to ensure access to the exciting, trend-right product that our customers rely on us to provide. We believe that our store associates, many of whom come from the neighborhoods we serve, are another key component of the in-store experience. They create an exciting and welcoming shopping experience for our customers and serve as a valuable source of insights on our core customers’ needs and preferences. Our leadership team is made up of functional experts who are adept at leading through change. Under the direction of Ken Seipel, our Chief Executive Officer, we believe that our people are key to the Company’s success.

We strongly believe that our business strategy centered around these five areas will restore our financial performance and accelerate our long-term sales and earnings growth.

## **Product and Value**

Our merchandising strategy focuses on delivering fresh, fashionable and trend-right apparel, accessories and home products at exceptional value for cost-conscious African American families. As the go-to family store in the neighborhood, we are committed to maintaining a diverse, seasonally relevant assortment that reflects the bold style and preferences of our customers. Our product offerings include a balanced mix of privately developed brands and nationally recognized labels, ensuring both quality and affordability.

Our merchandise is represented by six distinct divisions within the store:

- **Womens:** a wide selection of apparel for juniors, missy and plus size, including trend right sportswear, outerwear, sleepwear, lingerie and scrubs.
- **Mens:** a wide selection of apparel for men and big men, including trend right sportswear and outerwear.
- **Kids:** a wide assortment of basics, fashion and trends for boys up to size 20 and girls up to size 16. Also, sizes for newborns, infants and toddlers, as well as kids uniforms, accessories and sleepwear.
- **Accessories & Beauty:** fashionable handbags, luggage, hats, belts, sunglasses, jewelry and watches for men and women, underwear and socks for the entire family, as well as beauty and fragrance offerings for women and men.
- **Home & Lifestyle:** home goods for the bedroom, bathroom, kitchen and decorative accessories, plus an eclectic composition of wants and needs such as books, food, tech products, team sports products, toys, health and beauty products and seasonal items.
- **Footwear:** casual and dress footwear in sizes for men, women and kids.

The following table provides the percentage of net sales for each Division within the store:

Divisions	Fiscal Year		
	2024	2023	2022
Womens	27 %	27 %	26 %
Kids	23 %	23 %	23 %
Accessories & Beauty	17 %	17 %	18 %
Mens	17 %	17 %	17 %
Home & Lifestyle	10 %	9 %	8 %
Footwear	6 %	7 %	8 %

Our goal is to deliver outstanding value every day. We do this by offering access to fashion and trends at affordable prices that are desirable for African American families. As a normal course, we do not engage in promotional activity such as high-low pricing, coupons or sales other than our regularly scheduled markdowns. Our assortment balances tiers of good, better, best products, ensuring a broad appeal across diverse income levels. The flexibility of our model allows our pricing structure to fluctuate in response to marketplace changes while maintaining our merchandise margins. Both branded and non-branded offerings validate our fashion and value to our customers.

### Sourcing and Allocation

We believe that our flexible, value-conscious business model and ever-changing assortment that results from our fresh flow of inventory differentiates us from traditional retailers. We source our merchandise from thousands of domestic manufacturers and importers. Our merchandising division consists of a buying team, a planning team and an allocation team.

Our buyers have extensive experience and have developed long-standing relationships with many of our vendors. Our buying office is located in New York City, and the team travels regularly to the major United States markets, visiting manufacturers and attending national and regional trade shows.

Our buying team sources merchandise through multiple channels to ensure a fresh and trendy assortment. First, we work with a continuously evolving network of vendors that manufacture products exclusively for Citi Trends' core customers. Our buyers collaborate with these vendors who specialize in trend identification and product development to design and manufacture exclusive products for Citi Trends, providing our fashion-savvy customers with unique standout styles they won't find anywhere else. Second, we maintain partnerships with nationally recognized brands and labels, collaborating to customize products in size, color and style to align with the specific needs and preferences of our customers. Third, we leverage all of our vendor relationships to opportunistically buy close-out product at incredible value. Fourth, we buy extreme value, off-price deals from a wide variety of sources, allowing us to offer our customers exciting national brands at significantly reduced prices.

While almost all of our merchandise is first-quality and delivered in-season, we also purchase high-quality excess inventory at advantageous pricing with the intent of selling later in the same season or the following season. This allows us to deliver extreme value on select highly desirable goods.

We allocate merchandise across our stores according to fact-based plans that are created by our planning and allocation teams. Our staff utilizes a centralized management system to monitor merchandise purchasing, planning and allocation to manage inventory turnover, identify and respond to changing customer demands and determine the timing of markdowns. We simplified our allocation methodology in fiscal 2024, enabling us to more effectively allocate products, strategically distributing them across three store volume definitions: high, average and low. In fiscal 2024, we also launched a test of an AI-based allocation system that will use predictive analytics to forecast sales trends, further enhancing our product allocation capabilities. We expect that system to be fully implemented by the second half of fiscal 2025. These upgrades should optimize our inventory distribution to better meet the needs of our customers. Our buyers also regularly review the age and performance of merchandise and manage both the reordering and markdown processes.

## **Store Operations**

Our stores are located in the heart of the mid to lower income neighborhoods we serve. We hire a diverse staff of women and men from the local area surrounding our stores. As of February 1, 2025, 91% of our store associates are African American or multicultural, and more than 90% of our store management positions are filled by women. We cater to entire families and offer a compelling shopping experience in the communities in which we operate. We welcome everyone with “Hi, welcome to Citi Trends,” and we develop a longstanding rapport with many of our customers, many of whom we know by name. Every Citi Trends store presents a specialty store environment with a wide array of product offerings.

The average selling space of our 591 stores is approximately 11,000 square feet, which allows us the space and flexibility to organize our six product divisions in exciting and appealing ways. The unobstructed floor plan allows the customer to see almost all of the different product areas from the store entrance and provides us the flexibility to easily expand and contract departments in response to customer demand, seasonality and merchandise availability. Nearly all of our inventory is displayed on the selling floor. Our mission is to curate culturally relevant fashion, great brands and compelling price points for our core customers in an exciting shopping environment. A critical component of our success is to maintain an environment that is neat, clean and organized, where everyone is welcome.

The typical store is staffed with a Store Manager and multiple Assistant Managers, along with five to eight part-time Sales associates, all of whom rotate work days on a shift basis. Our associates are critical to achieving our goals, and we strive to hire motivated associates from the local community with high energy levels. We have well-established store operating policies and procedures and an extensive 30-day in-store training program for new Store Managers and Assistant Managers. Sales associates also participate in a 14-day customer service and store procedures training program, which is designed to enable them to assist customers in a friendly and helpful manner.

We offer a layaway program, allowing customers to purchase merchandise by initially paying a 20% deposit and a \$2 service charge. At various times throughout the year, we reduce the deposit requirement to 10% and waive the service charge in connection with promotional events. The customer then makes additional payments every two weeks and has 60 days to complete the purchase. If the purchase is not completed, the customer receives a Citi Trends gift card for amounts paid less a re-stocking and layaway service fee. In addition, we offer a buy-now-pay-later program through an external vendor that allows customers to split purchases into four installments over six weeks.

Our unique focus on African American families offers us the opportunity to pinpoint highly targeted and highly visible store locations. Cost-effective store locations are an important part of our store profitability model. Accordingly, we look for locations in high-traffic outdoor neighborhood shopping centers that offer attractive rents and meet our demographic and economic criteria. We have a dedicated real estate management team responsible for new store site selection, and we employ rigorous analysis to approve final store selection decisions. In selecting a location, we target urban, suburban and rural markets, and our strategy includes both further densification of existing markets and entering new markets over time. In addition, we require convenient site accessibility, as well as strong co-tenants, such as grocery stores, dollar stores, beauty stores and other value stores. We aim to be an integral part of our customers' community by providing a compelling shopping destination and career opportunities.

## **Advertising and Marketing**

Our marketing goals are to build awareness of the Citi Trends brand, promote customers' association of the Citi Trends brand with value, quality, fashion and everyday low prices, engage our customers in meaningful ways, and drive traffic into our stores. We generally focus our organic advertising efforts on emails, social media and text messaging. We use our social media channels to highlight our brand and engage our customers with compelling digital content on a regular basis. We generally focus our paid marketing efforts on radio, digital ads, paid social media influencers, and website retargeting. Our website, *cititrends.com*, showcases our latest products and provides information about our business, our store locations, and more.

## **Distribution**

The majority of merchandise sold in our stores is shipped directly from our company-operated distribution centers in Darlington, South Carolina and Roland, Oklahoma, utilizing third-party delivery partners. Our stores receive multiple shipments of merchandise each week from our distribution centers. In addition, we utilize a vendor direct-to-store shipping program that enables us to expedite the delivery of select merchandise to our stores by shipping directly from our vendors.

The Darlington distribution center has 550,000 square feet of space, and the Roland distribution center has 565,000 square feet of space. The distribution centers' value-added services include, but are not limited to, receiving, price ticketing, packing and shipping specific store-allocated quantities. We continue to evaluate distribution, transportation and supply chain alternatives to accelerate the movement of merchandise from our vendor origin points to our stores as optimally as possible.

## **Information Technology and Systems**

We have information systems in place to support our core business functions, using a combination of industry-standard third-party products and internally developed applications. These systems support purchase order management, price and markdown management, merchandise planning and allocation, general ledger, accounts payable, sales audit, loss prevention, store operations and supply chain functions.

In fiscal 2024, we launched multiple initiatives to advance our technology ecosystem. These projects include leveraging AI capabilities in key areas such as allocation, loss prevention, and store operations which we anticipate completing in fiscal 2025. Moving forward, we will continue to explore AI-capabilities in our systems as we expect them to improve our operational and execution capabilities.

## **Competition**

The markets we serve are highly competitive. We compete with a broad range of retailers, including national chains, mass merchants, discount stores and specialty stores with both physical locations and online stores. We believe we have a competitive advantage in our offering of culturally relevant fashion and trends at everyday low prices, and that our strategy of focusing on African American customers puts us in a unique competitive position. We also believe we offer a more inviting store format than the traditional retailers, including our assortment and layout of merchandise, use of colorful signage, and use of fixtures that are easy to shop. Our competitors generally focus less on trend-driven apparel and, within their apparel offering, lack the Cultural Cachet that appeals to our core customers. As a result, we believe there is significant demand for an off-price value retailer that addresses the market of African American customers who seek extreme value for fashion apparel, accessories and home goods. See Item 1A. Risk Factors in this Report for additional information regarding competition in our markets.

## **Intellectual Property**

Our trademarks and service marks have significant value and are important to our marketing efforts. Our marks registered with the U.S. Patent and Trademark Office include "Citi Trends," "Citi Steps," "Citi Trends Fashion for Less," "CitiHome," "CIT!cares," "MCMXXXIII," "Lil Ms Hollywood," "Red Ape," and "Vintage Harlem." Our policy is to pursue registration of our marks and to vigorously protect them.

## **Seasonality**

The nature of our 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 may fluctuate due to changes in our business, consumer spending patterns and the macroeconomic environment. Furthermore, the seasonal nature of our business may affect comparisons between periods.

## **Human Capital Management**

The success of Citi Trends is directly attributable to our people and their passion to achieve our performance goals. We recognize the importance of attracting and retaining top talent in our workforce that reflects the neighborhoods we serve. We strive to make Citi Trends a diverse, inclusive and safe workplace, with opportunities for our associates to grow and develop in their careers, supported by competitive compensation, benefits and health and wellness programs, and by programs that build connections between our associates and their communities.

**Associates.** As of February 1, 2025, we had approximately 2,600 full-time and approximately 2,000 part-time associates. Of these associates, approximately 3,800 are employed in our stores and the remainder are employed in our distribution centers, buying offices and corporate office. We are not a party to any collective bargaining agreements, and none of our associates are represented by a labor union.

**“CITI LIFE” - Corporate Culture.** Our purpose and values culture is a primary driver of how our teams collaborate on projects and initiatives that contribute to our results and ability to attract new talent who desire to work for a purpose-led brand. The foundation of “Citi Life” is that *Life is best when you Live BOLD, Live PROUD and Respect ALL*. This is supported by our five core values that define who we are as a Company:

- *One with My Citi.* We connect with our neighborhoods to develop long-standing relationships with the people and places that need us.
- *Respect is Our Style.* We treat everyone like we want to be treated while celebrating our diversity and inclusion.
- *Success is Your Trend.* Our associates can plan a path, follow it and get the support needed to build a career.
- *Amaze Our Customers.* Our customers come first, and it is our job to go above-and-beyond.
- *Make it Fun. Make it Fresh. Make it Friendly.* We encourage a healthy, energetic atmosphere for our customers, friends and family.

We believe these core values represent the emotional connection that our customers and associates have with Citi Trends and are integral to the successful achievement of our long-term growth plans.

**Diversity and Inclusion.** Our objective is to ensure that our workforce reflects the ethnicity and cultural sensibilities of our customer base, with a particular focus on the African American community. We believe that a diverse and inclusive team is critical to our success. We strive to foster an intentionally inclusive, diverse and productive working environment where our associates are valued and respected. We continue to focus on attracting, developing and retaining team members that reflect the diverse communities we serve. As of February 1, 2025, 85% of our team members are African American or multicultural and 81% are female. In addition, three of our eight board members are African American females.

**Health, Safety and Wellness.** The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety and wellness of our associates. We follow guidance released by state and federal health officials to create a safe environment for our associates to work and our customers to shop.

**Compensation and Benefits.** We provide competitive compensation and comprehensive benefits programs to help meet the needs of our associates. In addition to salaries, these programs (which vary by position) include annual bonuses, stock awards, a 401(k) match, healthcare and insurance benefits, paid time off and personal/family leave.

**Training and Development.** Our associates are critical to achieving our goals, and we strive to hire high-energy and motivated associates. We have well-established store operating policies and procedures and an extensive 30-day in-store training program for new store management members. Sales associates also participate in a 14-day customer service and store procedures training program, which is designed to enable them to assist customers in a friendly and helpful manner. Commensurate with our purpose and values, we continually seek ways to enhance our training and development programs to further ensure they provide associates with the resources they need to help achieve their career goals and build management and leadership skills.

**Neighborhood Involvement.** We believe that building connections among our associates, their families and our communities creates a more meaningful, fulfilling and enjoyable workplace and a tighter-knit community. We also believe in giving back to the people and communities we serve. In August 2020, internal stakeholders convened the CITIcares Council, a diverse group of our associates who are passionate about making a difference. These associates work in every division and at every level of the company and reflect a diversity of genders, ethnicities and geographies.

Underscoring everything we do, the Council creates and oversees initiatives that drive positive change and growth for our customers and associates. It collaborates with community leaders, organizations, individuals, and established programs in local underserved communities.

Citi Trends empowers small business owners in our store areas through our Black History Makers Grant program. Launched in 2021, the program supports Black entrepreneurs who are making an impact in their communities. It is designed to increase awareness of Black-owned businesses, and we provide ten \$5,000 grants to Black business owners each year. Since its launch, CITIcares, on behalf of Citi Trends, has awarded a total of \$200,000 to 40 outstanding Black entrepreneurs.

#### **Available Information**

Our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments to those reports, as well as other information that we file or furnish with the Securities and Exchange Commission ("SEC") are available free of charge at <https://ir.cititrends.com> as soon as reasonably practicable after we file or furnish such material to the SEC. In addition, the SEC maintains a website at <http://www.sec.gov> that contains information we electronically file or furnish to the SEC. Our Corporate Governance Guidelines, Code of Ethics and the charters for the committees of our board of directors are also available free of charge at <https://ir.cititrends.com> or in print upon request. Information on our website is not part of this or any other report we file or furnish to the SEC.

#### **ITEM 1A. RISK FACTORS**

*You should carefully consider the following risk factors, together with the other information contained or incorporated by reference into this Report and our other filings with the SEC. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we deem to be currently immaterial also may impair our business operations. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition and results of operations.*

##### **Risks Related to our Business and Operations**

**Our success depends on our ability to anticipate, identify and respond rapidly to changes in consumers' fashion tastes, and our failure to adequately evaluate fashion trends could have an adverse effect on our business strategy, financial condition and results of operations.**

The apparel industry and our core customer in particular are subject to rapidly evolving fashion trends and shifting consumer demands. Accordingly, our success is heavily dependent on our ability to anticipate, identify and capitalize on emerging fashion and home trends, including products, styles and materials that will appeal to our target consumers. A failure on our part to anticipate, identify or react appropriately and timely to changes in styles, trends, brand preferences and images is likely to lead to lower demand for our merchandise. Further, there can be no assurance that our new product offerings will have the same level of acceptance as past product offerings or that we will be able to adequately and timely respond to the preferences of our customers. These could cause, among other things, sales declines, excess inventories and higher markdowns, which could materially adversely affect our business and our brand image.

**If we are unsuccessful in competing with our retail apparel competitors, our market share could decline or our growth could be impaired and, as a result, our business strategy, financial condition and results of operations could be negatively impacted.**

The retail apparel and home fashion businesses are highly competitive, and we compete against a diverse group of retailers, including national chains, mass merchants, smaller discount retail chains, some of which sell only women's products, and general merchandise discount stores that offer a variety of products, including apparel, home fashions and other merchandise we sell for the value-conscious consumer. We also compete against local specialty retail stores, regional retail chains, traditional department stores, web-based retail stores and other direct retailers.

The level of competition we face from these retailers varies depending on the product segment, as many of our competitors do not offer apparel for the entire family. Our greatest competition is generally in women's apparel. We compete with many retailers that are larger than we are with substantially greater resources that can, as a result, adapt better to changing market conditions, better exploit new opportunities and exert greater pricing pressures on suppliers than we can. Many of these retailers also have better name recognition among consumers than we do. Our local and regional competitors may have more extensive knowledge of the consumer base and may be able to garner more loyalty from customers than we can. If the consumer base we serve is satisfied with the selection, quality and price of our competitors' products, consumers may decide not to shop in our stores. Additionally, if our existing competitors or other retailers decide to focus more on our core customers, we may have greater difficulty in competing effectively. As a result of this competition, we may experience pricing pressures, increased marketing expenditures, as well as loss of market share, which could materially and adversely affect our business strategy, financial condition and results of operations.

**Our ability to attract consumers to our stores depends on several factors, including the success of the outdoor neighborhood shopping centers where our stores are primarily located.**

The success of an individual store can depend on favorable placement within a given shopping center as well as the volume of traffic generated by the other destination retailers and the anchor stores in the shopping centers where our stores are located. We cannot control the development of alternative shopping destinations near our existing stores or the availability or cost of real estate within existing or new shopping destinations. If a destination retailer or anchor store in our shopping centers closes or leaves, or if there is significant deterioration of the surrounding areas in which our stores are located, it could result in reduced sales at our stores and leave us with excess inventory, which could have a material adverse effect on our financial results or business. Additionally, we are in the process of renovating a number of our stores. If these remodels do not attract new or existing customers to our stores or otherwise drive an increase in sales, then this may have an adverse impact on our business and results of operations.

**We do not offer the option to purchase our products through the internet. As the retail industry experiences an increase in online sales, our sales could be adversely affected.**

The retail landscape has changed with some consumers shifting spend from traditional brick-and-mortar stores to online retailers. The continued growth of online sales could have a negative impact on our sales, as our customers may decide to make purchases through online retailers.

**Our sales, inventory levels and earnings fluctuate on a seasonal basis, which makes our business more susceptible to adverse events that occur during the first and fourth quarters.**

Historically, our sales and earnings are significantly higher during the first and fourth quarters each year due to the importance of the spring selling season, which includes the tax refund season and Easter, and the fall selling season, which includes Christmas. Factors that negatively affect us during the first and fourth quarters, including adverse weather, pandemics or other seasonal public health emergencies, cybersecurity events, unfavorable economic conditions, reduced governmental assistance, and tax refund patterns for our customers, will have a greater adverse effect on our financial condition than if our business was less seasonal.

Seasonal fluctuations also affect our inventory levels. While we believe we have a flexible supply chain, we often enter into agreements to purchase merchandise well in advance of the applicable selling season and before trends are confirmed by sales. Therefore, we are vulnerable to changes in consumer preference and demand between the time we design and order our merchandise and the season in which this merchandise will be sold. If we are not able to accurately predict customers' preferences for our fashion items, we may have either too much inventory which may result in increased markdowns and lower margins or inventory shortages, which may result in lost sales. In either event, our sales may be lower and our cost of sales may be higher than historical levels, which could have a material adverse effect on our business strategy, financial condition and results of operations.

**We could experience a reduction in sales if we are unable to fulfill our current and future merchandising needs.**

We depend on our suppliers for the continued availability and satisfactory quality of our merchandise. Our suppliers could discontinue selling to us at any time. Additionally, if the manufacturers or other owners of brands or trademarks terminate the license agreements under which some of our suppliers sell our products, we may be unable to obtain replacement merchandise of comparable fashion appeal or quality, in the same quantities or at the same prices. In addition, a number of our suppliers are smaller, less capitalized companies and are more likely to be impacted by unfavorable general economic and market conditions than larger and better capitalized companies, negatively impacting their ability to supply their products to us. If we lose the services of one or more of our significant suppliers or one or more of them fail to meet our merchandising needs, we may be unable to timely or adequately replace the merchandise we currently source with merchandise provided elsewhere, which could negatively impact our sales and results of operations.

**Failure to properly manage and allocate our inventory could have an adverse effect on our business strategy, sales, margins, financial condition, and results of operations.**

In order to better serve our customers and maximize sales, it is important that we properly execute our inventory management strategies by appropriately allocating merchandise among our stores, timely and efficiently distributing inventory to such locations, maintaining an appropriate mix and level of inventory in such locations, responding to customer demand, and effectively managing pricing and markdowns, and there is no assurance we will be able to do so. In addition, as we continue to implement new inventory allocation initiatives, there could be disruptions in inventory flow and placement. We also face certain risks from our use of third-party order fulfillment and direct shipping including freight cost increases, timely delivery and delays due to work stoppages. Our financial performance could also be impacted by increases in shrink.

We base our purchases of inventory, in part, on our sales forecasts. If our sales forecasts do not match customer demand, we may experience higher inventory levels and need to markdown excess or slow-moving inventory, leading to decreased profit margins, or we may have insufficient inventory to meet customer demand, leading to lost sales, either of which could adversely affect our financial performance.

**We rely on numerous third parties in the supply chain to produce and deliver the products that we sell, and our business may be negatively impacted by their failure to comply with applicable law.**

Merchandise we sell in our stores is subject to quality and safety regulatory standards set by various governmental authorities. Regulations in this area may change from time to time. We rely on numerous third parties to supply quality merchandise that complies with product safety laws and other applicable laws, but these third parties may not comply with all such applicable laws. Violations of law by our importers, suppliers, manufacturers or distributors could result in delays in shipments and receipt of goods or damage our reputation, thus causing our sales to decline. Although our arrangements with our vendors frequently provide for indemnification for product liabilities, the vendors may fail to honor those obligations to an extent we consider sufficient or at all. Issues with the quality and safety of merchandise we sell in our stores, regardless of our fault, or customer concerns about such issues, could result in damage to our reputation, lost sales, uninsured product liability claims or losses, merchandise recalls, increased costs, and regulatory, civil or criminal fines or penalties, any of which could have a material adverse effect on our financial results. Further, we could incur liability with manufacturers or other owners of brands or trademarked products if we inadvertently receive and sell counterfeit brands, infringing products or unlicensed goods, which could adversely impact our results of operations. Although we endeavor to establish relationships with reputable vendors to reduce this risk, there is no guarantee that we will be successful in doing so.

**If we fail to protect our name and brand in the marketplace, there could be a negative effect on our business and limitations on our ability to penetrate new markets.**

We believe that our "Citi Trends" trademark is integral to our store design and our success in building consumer loyalty to our brand. We have registered this trademark with the U.S. Patent and Trademark Office. We have also registered, or applied for registration of, additional trademarks with the U.S. Patent and Trademark Office that we believe are important to our business. We cannot assure that these registrations will prevent imitation of our name, merchandising concept, store design or private label merchandise or the infringement of our other intellectual property rights by others.

Further, the use of social media by us and consumers has also increased the risk that our image and reputation could be negatively impacted. Imitation of our name, concept, store design or merchandise in a manner that projects lesser quality or carries a negative connotation of our brand image or other damage to our brand image and reputation in any aspect of its operations could have an adverse effect on our reputation, business strategy, financial condition and results of operations.

**Failure to attract, motivate and retain personnel and control our labor costs could have an adverse effect on our financial condition.**

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of store sales associates, including store managers, who understand and appreciate our corporate culture and customers, and are able to adequately and effectively represent this culture with our customers. Like most retailers, we experience significant employee turnover rates, particularly among store sales associates and managers and distribution center associates. We therefore must continually attract, hire and train new personnel to meet our staffing needs. A significant increase in the turnover rate would increase our recruiting and training costs and could cause us to be unable to service our customers effectively.

Our ability to meet our labor needs and to control labor costs is subject to various external factors, including increased market pressures with respect to prevailing wage rates, unemployment levels and health and other insurance costs; inflation; the impact of legislation or regulations governing labor relations, minimum wage, and healthcare benefits; changing demographics; and our reputation within the labor market. These factors, together with growing competition among potential employers, may result in increased salaries, benefits, or other employee-related costs, or may impair our ability to recruit and retain employees, which could have an adverse impact on our business strategy, financial condition and results of operations.

In addition, we rely heavily on the experience and expertise of our senior management team and other key management associates, and accordingly, the loss of their services could have a material adverse effect on our business strategy and results of operations.

**Risks Related to General Economic and Market Conditions**

**Our sales could decline and our store operations could be disrupted as a result of general economic and other factors outside of our control, such as inflation, changes in consumer spending patterns and declines in employment levels.**

Downturns, or the expectation of a downturn, in general economic conditions, including the effects of unemployment levels, salaries and wage rates, inflation in rent, energy, food and other consumer good prices, interest rates, higher insurance costs, levels of consumer debt, changes in tax rates and policies (including delays in the distribution of tax refunds), government stimulus, geopolitical conflicts, consumer confidence, consumer perception of economic conditions, increased fuel costs or fuel shortages, increased shipping, transportation and distribution costs and other macroeconomic factors, could adversely affect consumer spending patterns, our sales and our results of operations.

Consumer confidence may also be affected by domestic and international political or social unrest (including related protests or disturbances), acts of war or terrorism, natural disasters, pandemics or other public health emergencies, or other significant events outside of our control. In addition, since many of our stores are located in the southeastern United States, our operations are more susceptible to regional factors than the operations of our more geographically diversified competitors. Therefore, any adverse economic conditions that have a disproportionate effect on the southeastern United States could have a greater negative effect on our sales and results of operations than on retailers with a more geographically diversified store base.

**Inflation and rising commodity prices could adversely affect our business.**

In addition to the impact on our customers, inflation may adversely impact our financial performance placing pressure on the prices of our products. If the cost of our products changes as a result of inflation, we may be forced to adjust our retail prices accordingly. This in turn may cause our core customer base to not purchase our products or otherwise visit our stores.

**A significant disruption to our distribution centers or retail locations could have an adverse effect on our business strategy, financial condition and results of operations.**

Our ability to distribute our merchandise to our store locations in a timely manner is essential to the efficient and profitable operation of our business. We have distribution centers located in Darlington, South Carolina and Roland, Oklahoma. The efficient flow of our merchandise requires that our distribution facilities be operated effectively and have adequate capacity to support our current level of operations and any anticipated increased levels that may follow from the growth of our business. Any natural disaster or other disruption to the operation of either of these facilities or our direct shipping capabilities due to fire, accidents, public health emergencies, weather conditions, including natural disasters, cybersecurity incidents or any other cause could damage a significant portion of our inventory, impair our ability to stock our stores adequately and may result in increased supply chain costs or lost sales.

In addition, the southeastern United States, where our Darlington distribution center and many of our stores are located, is vulnerable to significant damage or destruction from hurricanes and hailstorms. The midwestern United States, where our Roland distribution center and many stores are located, is vulnerable to significant damage or destruction from tornados and hailstorms. Although we maintain insurance on our stores, distribution centers and other facilities, the economic effects of a

natural disaster that affects our distribution centers and/or a significant number of our stores could have an adverse effect on our business strategy, financial condition and results of operations.

We rely upon third-party transportation providers for all of our merchandise shipments to our distribution centers and our retail stores. Accordingly, we are subject to risks, including labor disputes or strikes, union organizing activity, inclement weather, public health emergencies, supply chain interruptions, port delays, increased freight, distribution and transportation costs, associated with such providers' ability to provide delivery services to meet our shipping needs. Failure to deliver merchandise to our distribution centers and our retail stores in a timely, effective and economically viable manner could adversely affect our business strategy, financial condition and results of operations.

**We do not own or operate any manufacturing or production facilities and therefore depend upon third parties for the manufacture of all of our merchandise. The inability of a manufacturer to ship goods on time and to our specifications, or to operate in compliance with our guidelines or any other applicable laws, could negatively impact our business strategy, financial condition and results of operations.**

We do not own or operate any manufacturing or production facilities. As a result, we are dependent upon our timely receipt of quality merchandise from third-party manufacturers. If these manufacturers do not ship orders to us in a timely manner or meet our quality standards, it could cause delays in responding to consumer demands or inventory shortages and negatively affect consumer confidence in the quality and value of our brand or negatively impact our competitive position. Any of these factors could have a material adverse effect on our business strategy, financial condition or results of operations. Furthermore, we are susceptible to increases in sourcing costs, which we may not be able to pass on to customers, and changes in payment terms from manufacturers, which could adversely affect our business strategy, financial condition and results of operations.

We maintain compliance guidelines for our vendors that dictate various standards, including product quality, manufacturing practices, labor compliance and legal compliance. If any of our manufacturers fail to comply with applicable laws or these guidelines, or engage in any socially unacceptable business practices, such as poor working conditions, child labor, disregard for environmental standards or otherwise, our brand reputation could be negatively impacted and our results of operations could in turn be materially adversely affected.

**Adverse trade restrictions may disrupt our supply of merchandise.**

We purchase our merchandise from a large assortment of vendors, and a substantial portion of this merchandise is manufactured outside of the United States and imported by our vendors from countries such as China and other areas of the Asia-Pacific region. The product we source could become subject to new trade restrictions imposed by the United States or other foreign governments.

We also face a variety of other risks generally associated with relying on vendors that do business in foreign markets and import merchandise from abroad, such as:

- geopolitical unrest, supply disruptions or increased shipping costs in China or the Asia-Pacific region where our third-party vendors are located;
- natural disasters, public health emergencies or the threat of terrorism, in particular in countries where our vendors source merchandise;
- increases in merchandise costs due to raw material price inflation or changes in purchasing power caused by fluctuations in currency exchange rates;
- enhanced security measures at United States and foreign ports, which could delay delivery of imports;
- imposition of new or supplemental duties, trade restrictions, sanctions, tariffs, quotas, taxes, environmental regulations, emissions standards and other charges on imports;
- compliance with new or changing import/export controls;
- delayed receipt or non-delivery of goods due to the failure of foreign-source suppliers to comply with import regulations, organized labor strikes or congestion at United States ports;
- concerns about human rights and working conditions in countries where our merchandise is manufactured and produced; and

- local business practice and political issues, including issues relating to compliance with domestic or international labor and environmental standards.

### **Risks Related to our Strategy.**

#### **We may not be able to sustain our growth plans or successfully implement our long-term strategic goals.**

Our growth strategy includes successfully opening and operating new stores, optimizing product assortment and investing in infrastructure to expand our off-price value model within our current markets and into new geographic regions. The success of opening new stores is dependent upon, among other things, the current retail environment, the identification of suitable markets and the availability of real estate that meets our criteria for traffic, square footage, co-tenancies, lease economics, demographics, and other factors, the negotiation of acceptable lease terms, construction costs, the hiring, training and retention of competent sales personnel, and the effective management of inventory to meet the needs of new and existing stores on a timely basis. Our ability to expand successfully into other geographic markets will also depend on acceptance of our retail store experience by customers in those markets. There can be no assurance that any newly opened stores will be received as well as, or achieve net sales or profitability levels consistent with, our projected targets or be comparable to those of our existing stores in the time periods estimated by us, or at all. These risks may increase with further growth, and we may not be able to execute our growth strategies successfully, on a timely basis, or at all, which may adversely affect our business plans, sales and results.

#### **We may engage in strategic transactions that could negatively impact our liquidity, increase our expenses and present significant distractions to management.**

We may consider strategic transactions and business arrangements, including, but not limited to, acquisitions, asset purchases, partnerships, joint ventures, restructurings and investments. Any such transaction may require us to incur non-recurring or other charges, may increase our near and long-term expenditures and may pose significant integration challenges or disrupt our management or business, which could harm our business strategy, financial condition and results of operations.

#### **We depend upon strong cash flows from our operations, as well as cash on our balance sheet, to supply capital to fund our operations, growth, stock repurchases and any potential future interest obligations.**

Our business depends upon the cash on our balance sheet as well as our operations to continue to generate strong cash flow to supply capital to support our general operating activities, to fund our growth and our return of cash to stockholders through our stock repurchase programs, if any, and to pay any interest obligations. Our inability to continue to generate sufficient cash flows to support these activities could adversely affect our growth plans, capital expenditures, operating expenses and financial performance, including our earnings per share. Changes in the capital and credit markets, including market disruptions, limited liquidity, inflation and interest rate fluctuations may increase the cost of financing or restrict our access to these potential sources of liquidity. Our continued access to these liquidity sources on favorable terms depends on multiple factors, including our operating performance and, if applicable, credit rating. We maintain a revolving credit facility with Bank of America through April 10, 2030 which provides for a \$75 million credit commitment and a \$25 million uncommitted "accordion" feature that under certain circumstances could allow us to increase the size of the facility to \$100 million. As of February 1, 2025, we had no borrowings outstanding under this facility. Although we currently have available a credit facility to fund our current operating needs, if necessary, we cannot be certain that we will be able to replace our existing credit facility or refinance any future debt at a reasonable cost when necessary. We maintain deposit balances with certain financial institutions that are above the federal insurance limit. A failure of these institutions could result in loss of these deposits.

#### **We may be unable to negotiate future leases or renegotiate current leases on the same favorable terms as we had in the past.**

Our strategic growth plan depends in part on our ability to renew current leases and enter into new leases for future stores. We currently lease all of our store locations and distribution centers and are subject to the risks associated with leasing real estate. If we decide to close stores or distribution centers, we may be required to continue to perform obligations under the applicable leases, including, among other things, paying rent and operating expenses for the balance of the lease term, or paying to exercise rights to terminate, and the performance of any of these obligations may be expensive. When the current lease terms for our stores or distribution centers expire, we may be unable to negotiate renewals which could lead to the closing or relocating stores or distribution centers on less favorable terms or in a less favorable location.

**If we fail to successfully implement our various marketing efforts or if our competitors are more effective with their programs than we are, our revenue or results of operations may be adversely affected.**

Customer traffic and demand for our merchandise may be influenced by our marketing efforts. Although we use marketing to drive customer traffic through various media including digital/social media and e-mail, some of our competitors expend more for their marketing programs than we do, or use different approaches than we do, which may provide them with a competitive advantage. Further, we may not effectively implement strategies with respect to rapidly evolving Internet-based and other digital or mobile communication channels, including social media. Partnerships with social media content creators may expose us to reputational or other risks. Our programs may not be or remain effective or could require increased expenditures, which could have a significant adverse effect on our revenue and results of operations.

**Risks Related to Regulatory, Legal and Cybersecurity**

**Changes in government regulations could have an adverse effect on our business strategy, financial condition and results of operations.**

We are subject to numerous federal, state and local laws and regulations that govern numerous aspects of our business. These laws and regulations, and related interpretations and enforcement activity, may change as a result of a variety of factors, including political, economic or social events. Changes in, expanded enforcement of, or adoption of new federal, state or local laws and regulations governing areas such as minimum wage or living wage requirements, workplace-regulation and other labor or employment benefits laws, supply chain, taxes, including changes to corporate tax rates, privacy and information security, or environmental regulation such as carbon emission standards and sustainability programs, transparency and reporting, could increase our costs of doing business or impact our sales, operations or profitability.

Other laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, work scheduling, supervisory status, leaves of absence, mandated health benefits or overtime pay, could also negatively impact us, such as by increasing compensation and benefits costs for overtime and medical expenses.

**Any failure of our management information systems or the inability of third parties to continue to upgrade and maintain our systems could have an adverse effect on our business strategy, financial condition and results of operations.**

We depend on the accuracy, reliability and proper functioning of our management information systems, including the systems used to track our sales and facilitate inventory management. We also rely on our management information systems for point-of-sale, merchandise planning and allocation, replenishment and markdowns, as well as other key business functions. We do not currently have redundant systems for all functions performed by our management information systems. Any interruption in these systems could impair our ability to manage our inventory effectively, which could have an adverse effect on our business strategy, financial condition or results of operations.

Our computer systems and the third-party systems we rely on are also subject to damage or interruption from a number of causes, including power outages; computer and telecommunications failures; computer viruses, malware, ransomware, phishing or distributed denial-of-service attacks; brute force attacks; exploiting software vulnerabilities (including "zero-day attacks"), supply chain attacks and other security incidents and cyber-attacks. Compromises, interruptions or shutdowns of our systems, including those managed by third parties, whether intentional or inadvertent, could lead to delays in our business operations and, if significant or extreme, affect our financial condition or results of operations.

In addition, the technologies and artificial intelligence tools that we incorporate into certain aspects of our operations may not generate the intended efficiencies and may impact our business results. Specifically artificial intelligence tools could have the potential to be deficient, inaccurate, or biased and if we fail to adopt and oversee the use of artificial intelligence in a thoughtful and strategic manner, it could harm our financial performance and/or our business reputation.

**Failure to maintain the security of employee, customer or vendor information could expose us to litigation, government enforcement actions and materially impact our reputation and business operations.**

Over the normal course of business operations, we may obtain certain private or confidential information of our employees, job applicants, customers, and vendors. If retained, this information may be stored within our internal information technology environments or hosted by third-party service providers. While we have implemented security procedures and technology that are intended to safeguard this information from cybersecurity attacks and security incidents, there can be no assurance that these measures will be adequate to safeguard against all data security incidents, system compromises or misuses of data.

Although we continue to develop, and further enhance, our systems and processes that are designed to protect personal information and prevent data loss and other security incidents and technology disruptions, such measures cannot provide absolute security. Cyber-attacks can come in many forms, including cyber-attacks from criminal threat actors, as we experienced in fiscal 2023, acts of vandalism or theft, malware, ransomware, computer viruses or other malicious codes, phishing, brute force attacks, exploiting software vulnerabilities and zero-day attacks, supply chain attacks, employee error or malfeasance, catastrophes, and unforeseen events. The rapid evolution and increased adoption of artificial intelligence technologies by attackers may intensify our cybersecurity risks. Additionally, as we rely on third parties throughout the course of our business operations, a failure of a third-party service provider to monitor and secure their environment could lead to unauthorized access of our private or confidential information.

Any cyber-attack or compromise of our data could expose us to loss of revenue, loss of business, increased expenses, fines or sanctions, private litigation and response measures, credit card brand assessments including termination of our ability to receive credit or debit card payments, government enforcement actions, disruption of business operations, negative publicity, eroded customer confidence in the effectiveness of our data security measures, and decrease in customers' willingness to shop in our stores which could adversely affect our business strategy, financial conditions and results of operations. Furthermore, there can be no assurance that any limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim.

While we maintain cyber insurance coverage, it may not be adequate for liabilities or costs actually incurred, and we cannot be certain that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage of a future claim. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements, compliance with those requirements could also result in additional costs.

### **Risks Relating to Ownership of our Common Stock**

#### **Our stock price is subject to volatility.**

Our stock price has been volatile in the past and may be influenced in the future by a number of factors, including:

- changes in securities analysts' recommendations or estimates of our financial performance or our failure to meet any such estimates;
- changes in market valuations or operating performance of our competitors or companies similar to ours;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- changes in accounting principles;
- the trading volume of our common stock in the public market and size of our public float; and
- the realization of some or all of the risks described in this section entitled "Risk Factors."

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, the stock markets experience significant price and trading volume fluctuations from time to time, and the market prices and trading volumes of the equity securities of retailers have been volatile, including our common stock. These broad market fluctuations may adversely affect the market price of our common stock.

#### **We cannot provide any guaranty of future cash dividend payments or future repurchase of our common stock pursuant to a share repurchase program.**

Any determination to declare and pay cash dividends on our common stock in the future will be based, among other things, on our board of directors' conclusion in each instance that the declaration and payment of a cash dividend is in the best interest of our stockholders and is in compliance with all laws and agreements applicable to the dividend and upon our financial condition, results of operations, business strategy and cash requirements. Additionally, there can be no assurance that our existing share repurchase authorizations will be completed or that our board of directors will approve additional repurchase programs in the future. We presently have no intention to reinstate the dividend, and there can be no assurance that we will resume paying dividends on a regular basis.

**Provisions in our certificate of incorporation and by-laws and Delaware law may delay or prevent our acquisition by a third party.**

Our third amended and restated certificate of incorporation and our fourth amended and restated by-laws contain several provisions that may make it more difficult for a third party to acquire control of us without the approval of our board of directors. These provisions include, among other things, advance notice for raising business or making nominations at stockholder meetings and “blank check” preferred stock. Blank check preferred stock enables our board of directors, without stockholder approval, to designate and issue additional series of preferred stock with such dividend, liquidation, conversion, voting or other rights, including convertible securities with no limitations on conversion, as our board of directors may determine, including rights to dividends and proceeds in a liquidation that are senior to the common stock.

We are also subject to several provisions of the Delaware General Corporation Law that could delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our stockholders receiving a premium over the market price for their common stock or may otherwise be in the best interests of our stockholders.

**Our business could be negatively affected as a result of the actions of activist stockholders.**

If faced with a proxy contest or other activist stockholder action in the future, we may not be able to respond successfully to the contest or action, which could be disruptive to our business. Even if we are successful, our business could be adversely affected by any proxy contest or activist stockholder action involving us because:

- responding to proxy contests and other actions by activist stockholders can be costly and time-consuming, disrupt operations, divert the attention of management and employees, and lead to uncertainty;
- perceived uncertainties as to future direction may result in the loss of potential acquisitions, collaborations or business opportunities, and may make it more difficult to attract and retain qualified personnel, business partners and suppliers; and
- if individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy in a timely manner and create additional value for our stockholders.

These actions could cause the market price of our common stock to experience periods of volatility.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 1C. CYBERSECURITY**

### **Risk Management and Strategy**

Cybersecurity is an important component of our overall approach to risk management. We have implemented cybersecurity processes, technologies and controls to facilitate our efforts to identify, assess and manage material risks from cybersecurity threats. We leverage industry associations, third-party benchmarking, results from internal and third-party testing, and other similar resources to inform our cybersecurity programs and processes. We also adhere to applicable Payment Card Industry Data Security Standards. We have prioritized improving our cyber security posture to safeguard our systems and mitigate risks.

Our cybersecurity programs include physical, administrative and technical safeguards designed to help us detect and prevent cybersecurity threats and incidents. We monitor our cybersecurity programs and processes through assessments focused on evaluating effectiveness, including regular network and endpoint monitoring, vulnerability scanning and penetration testing. In addition, we have engaged third parties to perform reviews of our information security control environment, and to provide expertise on various cybersecurity programs and issues. Our cybersecurity team has established a written incident response plan in the event of an incident. We do not retain any sensitive customer data on our systems.

We provide routine awareness training for associates regarding cybersecurity best practices and their role in protecting the Company from cybersecurity attacks and testing to measure the effectiveness of our information security program.

We have not experienced any material cybersecurity incidents in fiscal 2024, and as of the date of this Report, we have not identified any material risks from active cybersecurity threats, including as a result of any prior cybersecurity incidents. However, despite our security measures, there can be no assurance that our cybersecurity risk management processes described will be fully implemented, complied with or effective in protecting our systems and information. While we maintain insurance to mitigate potential losses from a cybersecurity incident, such insurance may be insufficient to cover all losses or all types of claims that may arise. See Item 1A. Risk Factors in this Report for a discussion of whether and how risks from identified cybersecurity threats have materially affected or, if realized, are reasonably likely to materially affect our business strategy, results of operations or financial condition.

### **Governance**

#### *Management's Role*

Management is responsible for implementing our cybersecurity program on an ongoing basis to identify, assess and manage cybersecurity risks. Our cybersecurity program is led by our Vice President of Information Systems with support from our Senior Manager of IT Security & Compliance and various other team members. Our Vice President of Information Systems has over 25 years of industry experience, including more than 10 years as the leader of the Company's technology function. On a bi-annual basis, or more frequently as needed, management informs the audit committee of material aspects of our cybersecurity program, including updates on key strategic and operational goals, assessments of cybersecurity risks, updates to any incidents, and the status of our ongoing investments in cybersecurity governance.

#### *Board Oversight*

Our board of directors considers cybersecurity risk as part of its risk oversight function. Our audit committee oversees management's policies, programs and procedures related to cybersecurity risk management and reports to the board regarding these efforts. In addition, the audit committee receives briefings from management bi-annually, or more frequently as needed, on material aspects of our cybersecurity program.

## ITEM 2. **PROPERTIES**

### Store Locations

As of February 1, 2025, we operated 591 stores located in 33 states. Our stores average approximately 11,000 square feet of selling space and are typically located in outdoor community shopping centers that are convenient to mid- to low-income African American customers.

We have no franchising relationships, and all of the stores are company operated. All existing 591 stores, totaling 7.9 million total square feet and 6.5 million selling square feet, are leased under operating leases. The typical store lease is for five years with options to extend the lease term for three additional five-year periods. Nearly all store leases provide us the right to cancel following an initial three-year period in the event the store does not meet pre-determined sales levels. The table below sets forth the number of stores in each of the 33 states in which we operated as of February 1, 2025:

Alabama	35
Arkansas	15
California	7
Connecticut	5
Delaware	3
Florida	50
Georgia	60
Illinois	25
Indiana	18
Iowa	3
Kansas	2
Kentucky	7
Louisiana	34
Maryland	9
Massachusetts	5
Michigan	23
Minnesota	2
Mississippi	30
Missouri	8
Nebraska	1
Nevada	3
New Jersey	2
New York	12
North Carolina	47
Ohio	30
Oklahoma	6
Pennsylvania	9
Rhode Island	1
South Carolina	41
Tennessee	17
Texas	56
Virginia	19
Wisconsin	6

### Corporate Offices and Distribution Center Facilities

We own a facility in Savannah, Georgia which serves as our headquarters and, to a lesser extent, as a storage facility. In addition, we currently lease office space in New York City.

We lease and operate two distribution centers, one in Darlington, South Carolina totaling approximately 550,000 square feet, and another in Roland, Oklahoma totaling approximately 565,000 square feet.

We believe our facilities are suitable and adequate to meet our current business and operational needs.

**ITEM 3. 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 business strategy, financial condition, results of operations or liquidity.

See Note 7 to the Financial Statements for a summary of certain ongoing legal proceedings. Such information is incorporated into this Part I, Item 3 – “Legal Proceedings” by reference.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II****ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock is traded on The NASDAQ Stock Market under the symbol “CTRN.” On March 31, 2025, there were 9 holders of record and approximately 3,400 beneficial holders of our common stock.

**Dividends**

In 2020, the Company announced it would suspend quarterly cash dividends. Any determination to declare and pay cash dividends in the future will be made by the Company’s board of directors.

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

The number of shares of common stock repurchased by the Company during the fourth quarter of 2024 and the average price paid per share are as follows:

Period	Total number of shares purchased	Average price paid per share <sup>(1)</sup>	Total number of shares purchased as part of publicly announced plans or programs <sup>(2)</sup>	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs <sup>(2)</sup>
November (11/3/24 - 12/2/24)	—	\$ —	—	\$ 50,011,482
December (12/3/24 - 1/1/25)	77,965	\$ 25.48	77,965	\$ 48,026,585
January (1/2/25 - 2/1/25)	67,273	\$ 26.62	67,273	\$ 46,237,233
Total	<u>145,238</u>		<u>145,238</u>	

<sup>(1)</sup> Includes commissions for the shares repurchased under the stock repurchase program.

<sup>(2)</sup> On November 30, 2021, the Company announced that its board of directors approved a \$30 million stock repurchase program. On March 15, 2022 the company announced that its board of directors approved an additional \$30 million stock repurchase program. The programs do not have expiration dates.

**Equity Compensation Plan Information.**

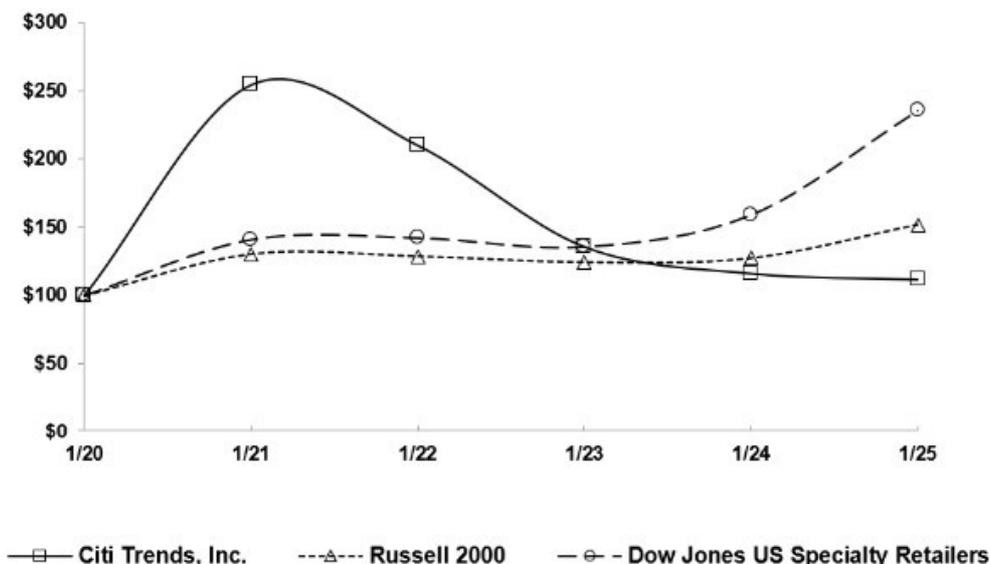
See Item 12 of this Report.

**Stock Performance Graph**

Set forth below is a line graph comparing the last five years' percentage change in the cumulative total stockholder return on shares of our common stock against the cumulative total returns of the Russell 2000 Index and the Dow Jones US Specialty Retailers Index. This graph assumes that \$100 was invested on January 31, 2020 in our common stock and in each of the market index and the industry indexes, and that all cash distributions were reinvested. Our common stock price performance shown on the graph is not indicative of future price performance.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***

Among Citi Trends, Inc., the Russell 2000 Index and the Dow Jones US Specialty Retailers Index



\*\$100 invested on 1/31/20 in stock or index, including reinvestment of dividends. Fiscal year ending January 31.

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Total Return Analysis	1/20	1/21	1/22	1/23	1/24	1/25
Citi Trends, Inc.	100.00	254.38	210.06	135.73	116.11	111.67
Russell 2000	100.00	130.17	128.60	124.26	127.24	151.53
Dow Jones US Specialty Retailers	100.00	140.92	142.18	135.59	159.02	235.34

**ITEM 6. RESERVED**

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. This discussion may contain forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under the section entitled "Risk Factors" and elsewhere in this Report, our actual results may differ materially from those anticipated in these forward-looking statements.*

*Discussions of our results of operations for the year ended February 3, 2024 compared to the year ended January 28, 2023 that have been omitted under this item can be found in "Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended February 3, 2024, which was filed with the United States Securities and Exchange Commission on April 18, 2024.*

### **Executive Overview**

We are a leading off-price value retailer of apparel, accessories and home trends primarily for African American families. Our high-quality and trend-right merchandise offerings at everyday low prices are designed to appeal to the fashion and trend preferences of value-conscious customers. As of February 1, 2025, we operated 591 stores in urban, suburban and rural markets in 33 states.

### **Fiscal 2024 Business Highlights**

- After a mid-year fiscal 2024 CEO transition, began transformation efforts with significant improvement in financial results in the second half of the year. Comparable stores sales in the first half of 0.7% compared to second half comparable store sales of 6.1%.
- Leveraged extensive, recent customer insights study to sharpen our focus on and understanding of our African American customer base
- Elevated our in-store experience with our updated, three-tiered product assortment strategy, with balanced good-better-best offerings, trend-right fashion and the addition of extreme value branded treasures, all focused on African American families
- Implemented improved allocation methodology and updated in-season markdown approach to ensure improved inventory management and fresh product for our customers
- Opened 1 new store, remodeled 35 stores and closed 12 stores; ended the year with 23% of the fleet in our updated store format

### **Fiscal 2024 Financial Highlights**

- Total sales of \$753.1 million; comparable store sales increase of 3.4% vs fiscal 2023
- Net loss of (\$43.2) million, including the impact of \$16.5 million of valuation allowance on deferred tax asset and impact of \$16.5 million of strategic investments to fuel the transformation
- Cash of \$61.1 million at the end of the fiscal year, with no debt

### **Our Strategy**

We believe that Citi Trends is in a unique position to serve our loyal customer base, with a long runway for store growth and a motivated leadership team supported by a healthy balance sheet. As described in more detail in "Item 1 – Business," we have identified five strategic areas of focus that we believe will accelerate our sales and earnings growth over the next few years:

**Offer Compelling Value Proposition.** We believe that we can drive increases in traffic and basket by focusing on our three-tiered product strategy of opening prices, core value product and familiar brands at incredible values, all focused on the wants and needs of our African American customers. We believe that delivering newness and freshness results in high customer frequency. Our expanded offering of "treasures", or extreme value product offerings, further strengthens this strategy and deepens our relationship with our customers.

**Focus on the African American Customer.** We believe that a sharpened focus on our African American customers will drive improved sales through a more focused product assortment designed to address their fashion needs and wants, supporting their ability to express themselves through the creation of their own style. We believe that our refined understanding of our customer will drive increased traffic and conversion in our stores.

**Consistent Operational Excellence.** We believe that the work we are doing to develop fundamental retail practices and to ensure consistent execution will produce strong, sustainable financial results while positioning us for future, accelerated growth.

**Growth.** We believe that we can maximize the productivity of our existing 591 stores located in the heart of African American neighborhoods by executing on the three areas of focus stated above and by continued refinement of our store format. While we believe that maximizing the productivity of our existing fleet provides significant opportunity for sales and earnings growth, we continue to believe that Citi Trends has the potential to grow, and we expect to accelerate square footage expansion in the range of 6% to 10% annually over time.

**People.** We believe that our teams across the organization, led by Ken Seipel, our Chief Executive Officer, and their ability to consistently execute while staying focused on our African American customer, providing great product and a welcoming in-store environment, are a key differentiator for our business and are key to the continued transformation of our company.

We strongly believe that our business strategy centered around these five areas will accelerate our long-term sales and earnings growth.

## Uncertainties and Challenges

### **General Economic Conditions**

We expect that our operations in the short-term will continue to be influenced by general economic conditions, including on-going inflationary pressures, new tariff programs and changes in consumer sentiment. We continue to monitor the impacts on our business of unemployment levels, wage inflation, interest rates, inflation rates, housing costs, energy costs, consumer confidence, consumer perception of economic conditions, costs to source our merchandise and supply chain disruptions.

### **Seasonality and Weather Conditions**

The nature of our 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. In addition, sales of clothing are directly impacted by the timing of the seasons to which the clothing relates. While we have expanded our product offerings to balance discretionary with non-discretionary products, traffic to our stores is still influenced by weather patterns to some extent.

### **Basis of Presentation**

Net sales consist of store sales and layaway fees, net of returns by customers. Cost of sales consists of the cost of products we sell and associated freight costs. Depreciation is not considered a component of cost of sales and is included as a separate line item in the consolidated statements of operations. Selling, general and administrative expenses are comprised of store costs, including payroll and occupancy costs, corporate and distribution center costs and advertising costs. The years ended February 1, 2025, February 3, 2024 and January 28, 2023 are referred to herein as fiscal 2024, fiscal 2023 and fiscal 2022, respectively. Fiscal years 2024 and 2022 are each comprised of 52 weeks, while fiscal 2023 is comprised of 53 weeks.

### **Results of Operations**

The following discussion of our financial performance is based on the consolidated financial statements set forth in Item 8 of this Report. The nature of our business is seasonal. Results may fluctuate due to changes in our business, consumer spending patterns, and the macroeconomic environment. Furthermore, the seasonal nature of our business may affect comparisons between periods.

**Net Sales and Additional Operating Data**

The following table provides selected consolidated statement of operations data expressed both in dollars and as a percentage of net sales:

	Fiscal Year					
	2024		2023		2022	
	(dollars in thousands)					
<b>Statement of Operations Data</b>						
Net sales	\$ 753,079	100.0 %	\$ 747,941	100.0 %	\$ 795,011	100.0 %
Cost of sales (exclusive of depreciation)	(471,036)	(62.5)%	(462,824)	(61.9)%	(484,022)	(60.9)%
Selling, general and administrative expenses	(300,173)	(39.9)%	(284,530)	(38.0)%	(279,177)	(35.1)%
Depreciation	(18,822)	(2.5)%	(18,990)	(2.5)%	(20,595)	(2.6)%
Asset impairment	(2,536)	(0.3)%	(1,051)	0.1 %	—	0.0 %
Gain on sale-leasebacks	—	0.0 %	—	0.0 %	64,088	8.1 %
(Loss) income from operations	(39,488)	(5.2)%	(19,454)	(2.6)%	75,305	9.5 %
Interest income	2,473	0.3 %	3,874	0.5 %	1,034	0.1 %
Interest expense	(319)	(0.0)%	(306)	(0.0)%	(306)	(0.0)%
(Loss) income before income taxes	(37,334)	(5.0)%	(15,886)	(2.1)%	76,033	9.6 %
Income tax benefit (expense)	(5,836)	(0.8)%	3,907	0.5 %	(17,141)	(2.2)%
Net (loss) income	\$ (43,170)	(5.7)%	\$ (11,979)	(1.6)%	\$ 58,892	7.4 %

The following table provides information about store activity and the change in comparable store sales for each fiscal year:

	Fiscal Year		
	2024	2023	2022
Total stores open, beginning of year	602	611	609
New stores	1	5	12
Closed stores	(12)	(14)	(10)
Total stores open, end of year	591	602	611
Comparable store sales increase (decrease) <sup>(1)</sup>	3.4 %	(6.8)%	(22.1)%

(1) Stores included in the comparable store sales calculation for any year are those stores that were open for at least 14 full consecutive months without closure for more than seven days within the same fiscal month. Remodeled and relocated stores are included in the comparable store sales results, while stores that are closed permanently or for an extended period are excluded from the comparable store sales results.

## **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 open for at least 14 full consecutive months without closure for more than seven days within the same fiscal month. Remodeled and relocated stores are included in the comparable store sales results if the selling square footage is not changed significantly, the store is not closed for more than five days in any fiscal month and the store remains in the same trade area. 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 and distribution center expenses against budgeted amounts.

### **Fiscal 2024 Compared to Fiscal 2023**

**Net Sales.** Net sales increased \$5.1 million, or 0.7%, to \$753.1 million in fiscal 2024 from \$747.9 million in fiscal 2023. The increase in sales was due to a 3.4% increase in comparable store sales, as well as a decrease of \$9.1 million from net store opening and closing activity. The increase in comparable store sales was the result of increased traffic, basket and conversion, particularly in the second half of the year with the implementation of our refined strategies.

**Cost of Sales (exclusive of depreciation).** Cost of sales increased \$8.2 million, or 1.8%, to \$471.0 million in fiscal 2024 from \$462.8 million in fiscal 2023. As a percentage of net sales, cost of sales deleveraged 60 basis points to 62.5% in fiscal 2024 from 61.9% in fiscal 2023 driven by higher markdowns from our large, strategic inventory reset in the second quarter and higher shrink expense, partially offset by lower freight costs as a result of reduced rates from a new carrier relationship.

**Selling, General and Administrative ("SG&A") Expenses.** SG&A expenses increased \$15.7 million, or 5.5%, to \$300.2 million in fiscal 2024 from \$284.5 million in fiscal 2023. The increase was primarily due to (1) \$4.1 million of merit increases for store, DC and corporate roles; (2) \$3.9 million of expenses related to CEO transition and shareholder defense; (3) \$3.1 million of one-time investments, such as consulting fees and store and DC labor to process off-price deals to fuel our strategic initiatives and (4) \$1.8 million of store repair and maintenance costs. As a percentage of sales, SG&A expenses deleveraged 190 basis points to 39.9% in fiscal 2024 from 38.0% in fiscal 2023, due to the aforementioned expense increases.

**Depreciation.** Depreciation expense decreased \$0.2 million to \$18.8 million in fiscal 2024 from \$19.0 million in fiscal 2023.

**Asset Impairment.** Impairment charges for fiscal 2024 related to underperforming stores totaled \$2.5 million, comprised of \$1.2 million for leasehold improvements and fixtures and equipment, and \$1.3 million for an operating lease right-of-use asset. Impairment charges for fiscal 2023 related to underperforming stores totaled \$1.0 million, comprised of \$0.9 million for leasehold improvements and fixtures and equipment, and \$0.1 million for an operating right of use asset.

**Income Tax (Expense) Benefit.** Income tax expense was \$5.8 million in fiscal 2024 compared to income tax benefit of \$3.9 million in fiscal 2023. The difference is attributable to the \$16.5 million valuation allowance related to deferred tax assets, primarily associated with net operating loss carryforward generated in fiscal years 2023 and 2024. The cumulative losses during recent years represents sufficient negative evidence to require a valuation allowance, which will be maintained until sufficient positive evidence exists to support its reversal.

**Net Loss.** Net loss was \$43.2 million in fiscal 2024 compared to net loss of \$12.0 million in fiscal 2023, due to the factors discussed above.

## **Liquidity and Capital Resources**

### **Capital Allocation**

Our capital allocation strategy is to maintain adequate liquidity to support current operations while investing in opportunities to profitably grow our business, then to return excess cash to shareholders through our share repurchase programs. Our year-end cash and cash equivalents balance was \$61.1 million compared to \$79.7 million at the end of last year. Until required for other purposes, we maintain cash and cash equivalents in deposit or money market accounts.

Our principal sources of liquidity consist of (i) cash and cash equivalents on hand; (ii) short-term trade credit arising from customary payment terms and trade practices with our vendors; (iii) cash generated from operations on an ongoing basis; and (iv) a revolving credit facility with a \$75 million credit commitment.

### **Inventory**

Our year-end inventory balance was \$122.6 million, compared with \$130.4 million at the end of fiscal 2023. The decrease was the result of our large, strategic inventory reset which led to the markdown of aged product in the second quarter plus the impact of a faster supply chain and a focus on improved inventory productivity.

### **Capital Expenditures**

Capital expenditures in fiscal 2024 were \$12.1 million, a decrease of \$2.8 million from the prior year, primarily due to opening fewer stores in fiscal 2024. We anticipate capital expenditures in fiscal 2025 in the range of \$18 million to \$22 million, primarily for opening up to 5 new stores and remodeling approximately 50 stores, combined with continued investments in our systems and distribution centers.

### **Share Repurchases**

In fiscal 2024 we returned \$3.8 million to shareholders through share repurchases. See Part II, Item 5 of this Report and Note 6 to the Financial Statements for more information.

### **Revolving Credit Facility**

We have a revolving credit facility that matures in April 2030 and provides a \$75 million credit commitment and a \$25 million uncommitted "accordion" feature. Additional details of the credit facility are in Note 4 to the Financial Statements. At the end of fiscal 2024, we had no borrowings under the credit facility and \$2.2 million in letters of credit outstanding.

### **Cash Flows**

*Cash Flows From Operating Activities.* Cash used in operating activities was \$3.8 million in fiscal 2024 compared with cash used of \$9.6 million in fiscal 2023. For fiscal 2024, significant sources of cash included \$7.8 million reduction in inventory and a \$0.1 million increase in accounts payable. Significant uses of cash include a \$49.5 million decrease in accrued expenses and other-long-term liabilities due primarily to payments of operating lease liabilities.

For fiscal 2023, significant sources of cash included \$3.5 million from insurance proceeds related to operating activities and a \$17.9 million increase in accounts payable. Significant uses of cash included (1) a \$58.3 million decrease in accrued expenses and other-long-term liabilities due primarily to payments of operating lease liabilities; (2) a \$24.6 million increase in inventory due primarily to depleted inventory levels at the end of the prior year; and (3) a \$3.5 million increase in income tax receivable.

*Cash Flows From Investing Activities.* Cash used in investing activities was \$10.1 million in fiscal 2024 compared to cash used of \$13.4 million in fiscal 2023. Cash used in fiscal 2024 consisted entirely of purchases of property and equipment. Cash used in fiscal 2023 consisted of \$14.9 million of purchases of property and equipment, partially offset by \$1.5 million from insurance proceeds related to investing activities.

*Cash Flows From Financing Activities.* Cash used in financing activities was \$4.7 million in fiscal 2024 compared with \$0.9 million in fiscal 2023. Cash used in fiscal 2024 was \$3.8 million for share repurchases and \$0.9 million to settle withholding taxes on the vesting of restricted stock. Cash used in fiscal 2023 was to settle withholding taxes on the vesting of restricted stock.

### **Cash Requirements and Commitments**

Our principal cash requirements consist of (1) inventory purchases; (2) capital expenditures to invest in our growth initiatives; and (3) operational needs, including salaries, occupancy costs, taxes and other operating costs. We have also historically used cash to repurchase stock under our stock repurchase programs. Historically, we have met these cash requirements using cash flow from operations and short-term trade credit. As of February 1, 2025, our contractual commitments for operating leases totaled \$289.3 million (with \$60.7 million due within 12 months) and our purchase obligations for open merchandise orders totaled \$138.0 million due within 12 months. See Note 8 to the Financial Statements for more information regarding lease commitments.

## **Critical Accounting Estimates**

Our consolidated financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and apply judgments that affect the reported amounts. Actual results could differ from those estimates. We believe the following critical accounting policies describe the more significant judgments and estimates used in the preparation of our consolidated financial statements.

### ***Inventory***

Inventory is stated at the lower of cost (first-in, first-out basis) or net realizable value as determined by the retail inventory method for store inventory and the average cost method for distribution center inventory. Under the retail inventory method, the cost of inventory is determined by calculating a cost-to-retail ratio and applying it to the retail value of inventory. Inherent in the retail inventory calculation are certain management judgments and estimates, including, among others, merchandise markups, markdowns and shrink, which impact the ending inventory valuation at cost as well as resulting cost of sales. Merchandise markdowns are reflected in the inventory valuation when the price of an item is lowered in the stores. We estimate and record an allowance for shrink for the period between the last physical count and the balance sheet date. The estimate of shrink can be affected by changes in actual shrink trends. Inventory shrink as a percentage of sales in fiscal 2024, fiscal 2023 and fiscal 2022 was 1.7%, 1.0% and 0.7%, respectively. The allowance for inventory shrink was \$5.2 million as of February 1, 2025 and \$3.9 million as of February 3, 2024. As a measure of sensitivity, a ten percent change in our estimated shrink as of February 1, 2025, would not have materially impacted our cost of goods sold in fiscal 2024. Many retailers have arrangements with vendors that provide for rebates and allowances under certain conditions, which ultimately affect the value of the inventory. We do not generally enter into such arrangements with our vendors. There were no material changes in the estimates or assumptions related to the valuation of inventory during fiscal 2024.

## **Recent Accounting Pronouncements**

In December 2023, the FASB issued ASU 2023-09, "Improvement to Income Tax Disclosures (Topic 740)", which requires additional disclosures for income tax rate reconciliations, income taxes paid, and certain other tax disclosures. ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. Adoption is required for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, "Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses" ("ASU 2024-03"), which requires public entities to disclose additional information that disaggregates certain expense captions into specified categories in the Notes to the consolidated financial statements. The new standard is effective for fiscal years beginning after December 15, 2026, and interim periods after December 15, 2027, with early adoption permitted. The disclosure updates are required to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact the amended guidance will have on its disclosures.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We source all of our products from markets in the United States in U.S. Dollars and, therefore, are not directly subject to fluctuations in foreign currency exchange rates. However, fluctuations in currency exchange rates could affect our purchasing power with vendors that import merchandise to sell to us. We have not entered into forward contracts to hedge against fluctuations in foreign currency prices.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Citi Trends, Inc.  
Index to Consolidated Financial Statements**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Citi Trends, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Citi Trends, Inc. and subsidiary (the "Company") as of February 1, 2025 and February 3, 2024, the related consolidated statements of operations, cash flows, and stockholders' equity, for each of the three years in the period ended February 1, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 1, 2025 and February 3, 2024, and the results of its operations and its cash flows for each of the three years in the period ended February 1, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 1, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 16, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### ***Inventory – Retail Inventory Method – Refer to Note 2 to the consolidated financial statements***

##### *Critical Audit Matter Description*

Inventory is stated at the lower of cost or net realizable value as determined by the retail inventory method for store inventory. Under the retail inventory method, the cost of inventory is determined by calculating a cost-to-retail ratio and applying it to the retail value of inventory. Inherent in the retail inventory calculation are certain management judgments and estimates, including, among others, merchandise markdowns, which impact the ending inventory valuation at cost as well as resulting cost of sales. Merchandise markdowns are reflected in the inventory valuation when the price of an item is lowered in the stores.

Given the valuation of inventory under the retail inventory method requires management to make judgments and estimates, performing audit procedures to evaluate the reasonableness of the judgments and estimates related to the timing of markdowns used in the valuation of inventory required an elevated degree of auditor judgment.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures to evaluate the reasonableness of the judgments and estimates related to the timing of markdowns used in the valuation of inventory included the following, among others:

- We tested the effectiveness of controls over the measurement of inventory under the retail inventory method, including merchandise markdowns.
- We tested the timing of markdowns by:
  - Making a selection of markdowns recorded throughout the year and after year-end to test the accuracy and timeliness of the markdowns recorded.
  - Making a selection of purchases made throughout the year; determining if those purchases were subsequently marked down; and, if marked down, that the markdown was recorded timely.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

April 16, 2025

We have served as the Company's auditor since 2021.

**Citi Trends, Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except share data)

	February 1, 2025	February 3, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 61,085	\$ 79,706
Inventory	122,640	130,432
Prepaid and other current assets	10,216	10,838
Income tax receivable	3,119	4,123
Total current assets	<u>197,060</u>	<u>225,099</u>
Property and equipment	50,715	56,231
Operating lease right of use assets	214,148	231,281
Deferred income taxes	-	5,105
Other assets	846	1,005
Total assets	<u>\$ 462,769</u>	<u>\$ 518,721</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 102,456	\$ 100,366
Operating lease liabilities	47,724	45,842
Accrued expenses	16,647	16,466
Accrued compensation	7,176	6,846
Layaway deposits	388	384
Total current liabilities	<u>174,391</u>	<u>169,904</u>
Noncurrent operating lease liabilities	172,675	188,810
Deferred Tax Liability	142	—
Other long-term liabilities	2,385	2,301
Total liabilities	<u>349,593</u>	<u>361,015</u>
Stockholders' equity:		
Common stock, \$0.01 par value. Authorized 32,000,000 shares; 16,497,092 shares issued as of February 1, 2025 and 16,354,714 shares issued as of February 3, 2024; 8,547,841 shares outstanding as of February 1, 2025 and 8,550,701 shares outstanding as of February 3, 2024	162	160
Paid in capital	108,101	105,686
Retained earnings	275,901	319,071
Treasury stock, at cost; 7,949,251 shares held as of February 1, 2025 and 7,804,013 shares held as of February 3, 2024	(270,988)	(267,211)
Total stockholders' equity	<u>113,176</u>	<u>157,706</u>
Commitments and contingencies (Note 7)		
Total liabilities and stockholders' equity	<u>\$ 462,769</u>	<u>\$ 518,721</u>

See accompanying notes to consolidated financial statements.

**Citi Trends, Inc.**  
**Consolidated Statements of Operations**  
**(in thousands, except per share data)**

	Fiscal Year		
	2024	2023	2022
Net sales	\$ 753,079	\$ 747,941	\$ 795,011
Cost of sales (exclusive of depreciation shown separately below)	(471,036)	(462,824)	(484,022)
Selling, general and administrative expenses	(300,173)	(284,530)	(279,177)
Depreciation	(18,822)	(18,990)	(20,595)
Asset impairment	(2,536)	(1,051)	—
Gain on sale-leasebacks	—	—	64,088
(Loss) income from operations	(39,488)	(19,454)	75,305
Interest income	2,473	3,874	1,034
Interest expense	(319)	(306)	(306)
(Loss) income before income taxes	(37,334)	(15,886)	76,033
Income tax (expense) benefit	(5,836)	3,907	(17,141)
Net (loss) income	<u>\$ (43,170)</u>	<u>\$ (11,979)</u>	<u>\$ 58,892</u>
Basic net (loss) income per common share	<u>\$ (5.19)</u>	<u>\$ (1.46)</u>	<u>\$ 7.17</u>
Diluted net (loss) income per common share	<u>\$ (5.19)</u>	<u>\$ (1.46)</u>	<u>\$ 7.17</u>
Weighted average number of shares outstanding			
Basic	<u>8,315</u>	<u>8,221</u>	<u>8,216</u>
Diluted	<u>8,315</u>	<u>8,221</u>	<u>8,216</u>

See accompanying notes to consolidated financial statements.

**Citi Trends, Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Fiscal Year		
	2024	2023	2022
<b>Operating activities:</b>			
Net (loss) income	\$ (43,170)	\$ (11,979)	\$ 58,892
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation	18,822	18,990	20,595
Non-cash operating lease costs	48,863	50,462	51,310
Asset impairment	2,536	1,051	—
Loss on disposal of property and equipment	27	238	10
Deferred income taxes	5,247	(2,211)	99
Insurance proceeds related to operating activities	—	3,483	1,575
Non-cash stock-based compensation expense	3,302	4,095	3,635
Gain on sale of assets or insurance related activities	—	(3,483)	(64,088)
Changes in assets and liabilities:			
Inventory	7,792	(24,638)	16,826
Prepaid and other current assets	622	2,139	1,660
Other assets	160	178	134
Accounts payable	101	17,861	(18,329)
Accrued expenses and other long-term liabilities	(49,489)	(58,318)	(54,844)
Accrued compensation	330	(3,977)	(15,073)
Income tax payable/receivable	1,004	(3,508)	3,372
Layaway deposits	4	40	(20)
Net cash (used in) provided by operating activities	<u>(3,849)</u>	<u>(9,577)</u>	<u>5,754</u>
<b>Investing activities:</b>			
Purchases of property and equipment	(10,108)	(14,875)	(22,287)
Insurance proceeds related to investing activities	—	1,517	1,370
Proceeds from sale-leasebacks	—	—	81,098
Net cash (used in) provided by investing activities	<u>(10,108)</u>	<u>(13,358)</u>	<u>60,181</u>
<b>Financing activities:</b>			
Cash used to settle withholding taxes on vested restricted stock	(887)	(854)	(2,228)
Repurchase of common stock	(3,777)	—	(10,000)
Net cash used in financing activities	<u>(4,664)</u>	<u>(854)</u>	<u>(12,228)</u>
Net (decrease) increase in cash and cash equivalents	<u>(18,621)</u>	<u>(23,789)</u>	<u>53,707</u>
<b>Cash and cash equivalents:</b>			
Beginning of year	79,706	103,495	49,788
End of year	<u>\$ 61,085</u>	<u>\$ 79,706</u>	<u>\$ 103,495</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for interest	<u>\$ 168</u>	<u>\$ 159</u>	<u>\$ 158</u>
Cash (receipts) payments of income taxes	<u>\$ (415)</u>	<u>\$ 1,813</u>	<u>\$ 13,842</u>
<b>Supplemental disclosures of non-cash investing activities:</b>			
Accrual for purchases of property and equipment	<u>\$ 4,446</u>	<u>\$ 2,936</u>	<u>\$ 1,522</u>

See accompanying notes to consolidated financial statements.

**Citi Trends, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
(in thousands, except share amounts)

	Common Stock		Paid in Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
<b>Balances — January 29, 2022</b>	16,090,365	\$ 159	\$ 101,037	\$ 272,158	7,473,155	\$ (257,211)	\$ 116,143
Vesting of nonvested shares	—	2	—	—	—	—	2
Issuance of nonvested shares	140,441	—	—	—	—	—	—
Issuance of common stock under incentive plan, net of shares withheld for taxes	15,977	—	—	—	—	—	—
Forfeiture of nonvested shares	(42,782)	—	—	—	—	—	—
Stock-based compensation expense	—	—	3,635	—	—	—	3,635
Net share settlement of nonvested shares	(45,507)	(1)	(2,227)	—	—	—	(2,228)
Repurchase of common stock	—	—	—	—	330,858	(10,000)	(10,000)
Net income	—	—	—	58,892	—	—	58,892
<b>Balances — January 28, 2023</b>	16,158,494	\$ 160	\$ 102,445	\$ 331,050	7,804,013	\$ (267,211)	\$ 166,444
Vesting of nonvested units	—	—	—	—	—	—	—
Issuance of nonvested shares	272,426	—	—	—	—	—	—
Issuance of common stock under incentive plan, net of shares withheld for taxes	—	—	—	—	—	—	—
Forfeiture of nonvested shares	(39,321)	—	—	—	—	—	—
Stock-based compensation expense	—	—	4,095	—	—	—	4,095
Net share settlement of nonvested shares	(36,885)	—	(854)	—	—	—	(854)
Net loss	—	—	—	(11,979)	—	—	(11,979)
<b>Balances — February 3, 2024</b>	16,354,714	\$ 160	\$ 105,686	\$ 319,071	7,804,013	\$ (267,211)	\$ 157,706
Vesting of nonvested units	—	2	—	—	—	—	2
Issuance of nonvested shares	230,852	—	—	—	—	—	—
Forfeiture of nonvested shares	(51,450)	—	—	—	—	—	—
Stock-based compensation expense	—	—	3,302	—	—	—	3,302
Net share settlement of nonvested shares	(37,024)	—	(887)	—	—	—	(887)
Repurchase of common stock	—	—	—	—	145,238	(3,777)	(3,777)
Net loss	—	—	—	(43,170)	—	—	(43,170)
<b>Balances — February 1, 2025</b>	16,497,092	\$ 162	\$ 108,101	\$ 275,901	7,949,251	\$ (270,988)	\$ 113,176

See accompanying notes to consolidated financial statements.

**Citi Trends, Inc.**

**Notes to Consolidated Financial Statements**

**1. Organization and Business**

Citi Trends, Inc. and its subsidiary (the "Company") is a leading off-price value retailer of apparel, accessories and home trends primarily for African American families in the United States. As of February 1, 2025, the Company operated 591 stores in urban, suburban and rural markets in 33 states.

**2. Summary of Significant Accounting Policies**

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany transactions and balances have been eliminated in consolidation.

***Fiscal Year***

The Company's fiscal year ends on the Saturday closest to January 31 of each year. The years ended February 1, 2025, February 3, 2024 and January 28, 2023 are referred to as fiscal 2024, fiscal 2023 and fiscal 2022, respectively, in the accompanying consolidated financial statements. Fiscal years 2024 and 2022 have a 52-week accounting period, and fiscal year 2023 is comprised of 53 weeks.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and apply judgments that affect the reported amounts. Actual results could differ from those estimates.

The most significant estimates 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.

***Cash and Cash Equivalents/Concentration of Credit Risk***

For purposes of the consolidated balance sheets and 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.

***Inventory***

Inventory is stated at the lower of cost (first-in, first-out basis) or net realizable value as determined by the retail inventory method for store inventory and the average cost method for distribution center inventory. Under the retail inventory method, the cost of inventory is determined by calculating a cost-to-retail ratio and applying it to the retail value of inventory. Merchandise markdowns are reflected in the inventory valuation when the retail price of an item is lowered in the stores. Inventory is recorded net of an allowance for shrink based on the most recent physical inventory counts and other assumptions for shrink activity. The allowance for inventory shrink was \$5.2 million as of February 1, 2025 and \$3.9 million as of February 3, 2024.

***Property and Equipment, net***

Property and equipment, net are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the lesser of the estimated useful lives (primarily three to five years for computer equipment and furniture, fixtures and equipment, seven years for major purchased software systems, ten years for leasehold improvements and fifteen to twenty years for buildings and building improvements) of the related assets or the relevant lease term.

### **Impairment of Long-Lived Assets**

If facts and circumstances indicate that a long-lived asset may be impaired, the carrying value is reviewed. If this review indicates that the carrying value of the asset group will not be recovered as determined based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of the asset is reduced to its estimated fair value. There was non-cash impairment expense in fiscal 2024 of \$2.5 million consisting of \$1.2 million for leasehold improvements and fixtures and equipment at underperforming stores, and \$1.3 for right of use assets. There was non-cash impairment expense in fiscal year 2023 of \$1.0 million consisting of \$0.9 million for leasehold improvements and fixtures and equipment at an underperforming store, and \$0.1 million for a right of use asset.

### **Insurance Liabilities**

The Company is largely self-insured for workers' compensation costs, general liability claims. The Company's self-insured retention or deductible, as applicable, for each claim involving workers' compensation and general liability is limited to \$250,000 and \$100,000 respectively. Self-insurance liabilities are based on the total estimated costs of claims filed and estimates of claims incurred but not reported, less amounts paid against such claims. Current and historical claims data, together with information from actuarial studies, are used in developing the estimates. The insurance liabilities that are recorded are primarily influenced by the frequency and severity of claims and the Company's growth. If the underlying facts and circumstances related to the claims change, then the Company may be required to record more or less expense which could be material in relation to results of operations.

### **Stock-Based Compensation**

The Company recognizes compensation expense associated with all nonvested restricted stock and performance-based restricted stock units based on the grant-date fair value of each award. The fair value of the awards is calculated based on the stock price on the grant date, incorporating an analysis of the performance measure where applicable. Compensation expense is recognized ratably over the requisite service period. See Note 6 for additional information on the Company's stock-based compensation plans.

### **Revenue Recognition**

The Company's primary source of revenue is derived from the sale of apparel, accessories and home goods to its customers with the Company's performance obligations satisfied at the point of sale 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. 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. Breakage on gift cards is minimal as the cards are generally subject to escheat regulations of the state in which the gift card subsidiary is located.

### **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. The refund liability for merchandise returns is recorded in accrued expenses on the consolidated balance sheet and totaled \$0.2 million as of both February 1, 2025 and February 3, 2024. The corresponding asset for the recoverable cost of expected refunds is included in prepaid and other current assets and totaled \$0.1 million as of both February 1, 2025 and February 3, 2024.

### **Disaggregation of Revenue**

In the following table, the Company's revenue is disaggregated by Division or major product category. The following table provides the percentage of net sales for each Division within the merchandise assortment:

Divisions	Fiscal Year		
	2024	2023	2022
Womens	27 %	27 %	26 %
Kids	23 %	23 %	23 %
Accessories & Beauty	17 %	17 %	18 %
Mens	17 %	17 %	17 %
Home & Lifestyle	10 %	9 %	8 %
Footwear	6 %	7 %	8 %

### Cost of Sales

Cost of sales includes the cost of inventory sold during the period and transportation costs, including inbound freight related to inventory sold, freight from the distribution centers to the stores and freight from vendors to stores, net of discounts and allowances. Distribution center costs, store occupancy expenses and advertising expenses are not considered components of cost of sales and are included as part of selling, general and administrative expenses. Depreciation is also not considered a component of cost of sales and is included as a separate line item in the consolidated statements of operations. Distribution center costs (exclusive of depreciation) for fiscal 2024, 2023 and 2022 were \$32.1 million, \$31.0 million and \$26.3 million, respectively.

### 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 following table provides a reconciliation of the number of average 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:

	Fiscal Year		
	2024	2023	2022
Weighted average number of common shares outstanding (basic)	8,314,825	8,221,450	8,216,448
Incremental shares from assumed vesting of nonvested restricted stock	—	—	—
Average number of common shares and common stock equivalents outstanding	<u>8,314,825</u>	<u>8,221,450</u>	<u>8,216,448</u>

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 costs attributed to future services and not yet recognized. For fiscal 2024, 2023 and 2022, respectively, there were 248,000, 273,000 and 218,000 shares of nonvested restricted stock excluded from the calculation of diluted earnings per share because of antidilution.

### Advertising

The Company expenses advertising as incurred. Advertising expense for fiscal 2024, 2023 and 2022 was \$2.3 million, \$1.6 million and \$0.8 million, respectively.

### Operating Leases

The Company leases all of its retail store locations, its distribution centers and certain office space and equipment. All leases are classified as operating leases. The Company records right-of-use assets and lease liabilities based on the present value of future minimum lease payments using an incremental borrowing rate. The incremental borrowing rate is determined based on rates and terms from the Company's existing borrowing facility with adjustments to bridge for differences in collateral, terms and payments. Lease costs are recognized over the estimated term of the lease, which includes any reasonably certain lease periods associated with available renewal periods. Lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. In addition, certain leases provide for contingent rents that are not measurable at inception. These contingent rents are primarily based on a percentage of net sales that are in excess of a predetermined level. These amounts are excluded from minimum rent and included in the determination of total rent expense when it is probable that the expense has been incurred and the amount can be reasonably estimated. If an operating lease asset is impaired, the remaining operating lease asset will be amortized on a straight-line basis over the remaining lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

### **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. If realization of the deferred tax asset is not considered more likely than not, then a valuation allowance is recorded to reduce the deferred tax asset to its net realizable value.

### **Business Operating Segment**

The Company is an off-price value retailer of fashion apparel, accessories and home goods for the entire family. The 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. All sales and assets are located within the United States.

### **New Accounting Pronouncements**

In December 2023, the FASB issued ASU 2023-09, "Improvement to Income Tax Disclosures (Topic 740)", which requires additional disclosures for income tax rate reconciliations, income taxes paid, and certain other tax disclosures. ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. Adoption is required for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, "Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses" ("ASU 2024-03"), which requires public entities to disclose additional information that disaggregates certain expense captions into specified categories in the Notes to the consolidated financial statements. The new standard is effective for fiscal years beginning after December 15, 2026, and interim periods after December 15, 2027, with early adoption permitted. The disclosure updates are required to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact the amended guidance will have on its disclosures.

### 3. Property and Equipment, net

Property and equipment, net, consists of the following (in thousands):

	February 1, 2025	February 3, 2024
Buildings	\$ 4,849	\$ 4,786
Leasehold improvements	136,491	131,143
Furniture, fixtures and equipment	144,321	138,980
Computer equipment	59,993	56,666
Construction in progress	2,457	1,102
	<u>348,111</u>	<u>332,677</u>
Accumulated depreciation	<u>(297,396)</u>	<u>(276,446)</u>
	<u>\$ 50,715</u>	<u>\$ 56,231</u>

### 4. 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 in August 2015 and May 2020 to extend the maturity dates. The facility was further amended on April 15, 2021 to modify terms and extend the maturity date to April 15, 2026. In May 2023, the facility was amended to replace the London Interbank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate ("SOFR"). See Note 10 to the Financial Statements for more information regarding the subsequent amendment to extend the maturity date of the current agreement.

The facility provides a \$75 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 \$100 million. The facility is 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 0.20% and permits the payment of cash dividends subject to certain limitations.

Borrowings under the credit facility bear interest (a) for SOFR Loans, at a rate equal to the SOFR Rate plus a SOFR adjustment equal to 0.10% plus either 1.25%, 1.50% or 1.75%, or (b) for Base Rate Loans, at a rate equal to the highest of (i) the prime rate, (ii) the Federal Funds Rate plus 0.5% or (iii) the Eurodollar Rate plus 1.0%, plus, in each case either 0.25%, 0.50% or 0.75%, based in any such case on the average daily availability for borrowings under the facility.

As of February 1, 2025, the Company had no borrowings under the credit facility and \$2.2 million of letters of credit outstanding.

### 5. Income Taxes

Income tax (expense) benefit consists of the following (in thousands):

	Fiscal Year		
	2024	2023	2022
Current:			
Federal	\$ (275)	\$ 2,025	\$ (12,616)
State	(420)	(329)	(4,426)
Total current	<u>(695)</u>	<u>1,696</u>	<u>(17,042)</u>
Deferred:			
Federal	(2,266)	2,635	(1,031)
State	(2,875)	(424)	932
Total deferred	<u>(5,141)</u>	<u>2,211</u>	<u>(99)</u>
Total income tax (expense) benefit	<u>\$ (5,836)</u>	<u>\$ 3,907</u>	<u>\$ (17,141)</u>

Income tax (expense) benefit computed using the federal statutory rate is reconciled to the reported income tax (expense) benefit as follows (in thousands):

	Fiscal Year		
	2024	2023	2022
Statutory rate applied to income before income taxes	\$ 7,840	\$ 3,337	\$ (15,967)
State income taxes, net of federal benefit	1,151	240	(2,738)
State tax credits	(1,001)	(167)	(268)
State tax credits - valuation allowance (net of federal benefit)	—	(774)	393
General business credits	1,518	1,840	1,871
Nondeductible compensation	(46)	—	(44)
Excess (deficit) tax benefits from stock-based compensation	(96)	(519)	(507)
Valuation Allowance	(14,582)	—	—
Other	(620)	(50)	119
Income tax (expense) benefit	<u>\$ (5,836)</u>	<u>\$ 3,907</u>	<u>\$ (17,141)</u>

Deferred tax assets and deferred tax liabilities consist of the following (in thousands):

	February 1, 2025	February 3, 2024
Deferred tax assets:		
Inventory capitalization	\$ 1,930	\$ 2,422
Vacation liability	395	489
Operating lease liabilities	55,247	59,556
State tax credits	1,597	2,599
Federal tax credits	1,518	—
Stock compensation	545	1,059
Insurance liabilities	366	855
Research and development	2,227	1,399
Net operating loss and charitable contribution carryforwards	10,097	2,434
Other	585	507
Subtotal deferred tax assets	<u>74,507</u>	<u>71,320</u>
Less: Valuation allowance - net	<u>(16,519)</u>	<u>(1,937)</u>
Total deferred tax assets	<u>57,988</u>	<u>69,383</u>
Deferred tax liabilities:		
Right of use asset	(52,935)	(57,690)
Book and tax depreciation differences	(4,783)	(6,115)
Prepaid expenses	(412)	(473)
Total deferred tax liabilities	<u>(58,130)</u>	<u>(64,278)</u>
Net deferred tax (liability) asset	<u>\$ (142)</u>	<u>\$ 5,105</u>

The Company files income tax returns in U.S. federal and state jurisdictions where it does business and is subject to examinations by the Internal Revenue Service (“IRS”) and other taxing authorities. With a few exceptions, the Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to fiscal 2020. The Company reviews and assesses uncertain tax positions, if any, with recognition and measurement of tax benefit based on a “more-likely-than-not” standard with respect to the ultimate outcome, regardless of whether this assessment is favorable or unfavorable. As of February 1, 2025, there were no material benefits taken on the Company’s income tax returns that do not qualify for financial statement recognition. If a tax position does not meet the minimum statutory threshold to avoid payment of penalties and interest, a company is required to recognize an expense for the amount of the interest and penalty in the period in which the company claims or expects to claim the position on its tax return. For financial statement purposes, companies are allowed to elect whether to classify such charges as either income tax expense or another expense classification. Should such expense be incurred in the future, the Company will classify such interest as a component of interest expense and penalties as a component of income tax expense.

At February 1, 2025, the Company had income tax net operating loss (“NOL”) carryforwards for federal purposes of \$39.6 million (gross) and for state purposes of \$1.7 million (tax effected). The federal tax NOL carryforwards have an indefinite carryforward, but are limited to offsetting 80% of taxable income in future years. The majority of state tax NOL carryforwards either follow federal indefinite carryforward or begin to expire in 2038, with one jurisdiction expiring in 2028.

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. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible and income tax credits may be utilized, management believes sufficient negative evidence exists to require a valuation allowance. We intend to maintain a valuation allowance until sufficient positive evidence exists to support its reversal, resulting in no deferred tax asset balance being recognized. At February 1, 2025, the valuation allowance established against the entire net deferred tax asset totaled \$16.5 million.

The effective income tax rate for fiscal 2024, 2023 and 2022 included the recognition of benefits arising from various federal and state tax credits. Under current IRS and state income tax regulations, these credits may be carried back for one year or carried forward for periods up to 20 years. The income tax benefit included \$0.0 million, \$2.2 million and \$1.6 million related to such credits in each of fiscal 2024, 2023 and 2022, respectively. The credits generated for fiscal year 2024 were recorded with a full valuation allowance.

## 6. Stockholders’ Equity

### *Repurchases of common stock*

The Company periodically repurchases shares of its common stock under board-authorized repurchase programs. Such repurchases may be made in the open market, through block trades or through other negotiated transactions. Share repurchases are as follows (in thousands, except per share data):

	Fiscal Year		
	2024	2023	2022
Total number of shares purchased	145	—	331
Average price paid per share (including commissions)	\$ 25.99	\$ —	\$ 30.22
Total investment	\$ 3,777	\$ —	\$ 10,000

At February 1, 2025, \$46.2 million remained available under the Company’s previously announced stock repurchase authorization.

### *Stock-Based Compensation*

The Company maintains the Citi Trends, Inc. Incentive Plan (the “Plan”) which permits the grant of stock-based incentive awards to employees, officers, directors and consultants. The Plan provides for the grant of incentive and nonqualified options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other forms of stock-based and cash-settled equity compensation. At February 1, 2025, the Company had 360,954 shares reserved for future grants under the Plan. During fiscal 2024, 2023 and 2022, non-cash stock-based compensation expense recorded in selling and general and administrative expenses totaled \$3.3 million, \$4.1 million and \$3.6 million, respectively. The income tax expense resulting from the fair market value of restricted stock at vesting versus the cumulative compensation cost of such stock is recorded as a component of income tax expense and was \$0.1 million, \$0.5 million and \$0.5 million, respectively.

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The Company issues shares of restricted stock to key team members and non-employee directors. Restricted stock granted to employees vests in equal installments over three years from the date of grant. Restricted stock granted to non-employee directors vests one year from the date of grant.

The Company also issues performance-based restricted stock units (“PSUs”) to key team members that cliff vest at the end of a three-year period based upon the Company’s achievement of pre-established goals. The number of units earned and vested is subject to scaling based on a pre-established performance matrix.

On November 18, 2024, the Company granted a performance-based restricted stock award to the Chief Executive Officer. The total number of shares earned depends on the attainment of predefined average stock price targets measured over rolling 45-trading-day periods during the performance period ending November 15, 2027. Earned shares vest annually over a period extending through November 15, 2028. The Company estimated the fair value of the awards using a Monte Carlo simulation including the following assumptions:

Stock Price on grant date	\$16.33
Risk-free interest rate	4.21%
Expected volatility (annualized)	62.90%
Dividend yield	0%

The risk-free interest rate was derived from the continuously compounded yield of zero-coupon U.S. Treasury STRIPS. The expected volatility is based on the Company’s historical daily stock price movements for a period equal to the simulation term. The dividend yield was based on the Company’s recent dividend history. The total grant date fair value of the award was \$3.36 million, or \$10.45 per share.

The fair value associated with each tranche of the award will be recognized, straight-line, over the requisite service period for that tranche. Failure to meet the market conditions for an award does not result in reversal of previously recognized expense, so long as the required service period condition is met. The Company recognized \$0.3 million of expense related to the award during the year ended February 1, 2025.

The following tables summarize activity related to nonvested restricted stock and PSUs and performance-based restricted stock during fiscal 2024:

	Time-Based Restricted Stock	
	Nonvested Shares	Weighted Average Grant Date Fair Value
Outstanding as of February 3, 2024	310,882	\$ 21.83
Granted	230,852	21.08
Vested	(156,201)	24.79
Forfeited	(51,450)	20.44
Outstanding as of February 1, 2025	334,083	\$ 20.15

	Performance-Based Restricted Stock	
	Nonvested Shares	Weighted Average Grant Date Fair Value
Outstanding as of February 3, 2024	—	\$ —
Granted	321,502	10.45
Vested	—	—
Outstanding as of February 1, 2025	321,502	\$ 10.45

	Performance-Based Restricted Stock Units	
	Nonvested Units	Weighted Average Grant Date Fair Value
Outstanding as of February 3, 2024	99,467	\$ 16.80
Granted	82,193	23.52
Vested	—	—
Forfeited	(91,679)	18.84
Outstanding as of February 1, 2025	89,981	\$ 20.06

At February 1, 2025, there was \$4.5 million of unrecognized compensation expense related to restricted stock. Based on current probable performance, we have determined no compensation expense is required on our PSUs.

## 7. 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.

In connection with the January 2023 cyber disruption previously disclosed in the Company's Form 8-K filed on February 23, 2023, four putative class action lawsuits were filed against the Company in the United States District Court for the Southern District of Georgia (the "Court"). These matters, *Matousek et al v. Citi Trends, Inc.*; *Sienna Thomas v. Citi Trends, Inc.*; *Yeimy Sambrano v. Citi Trends, Inc.*; *Sabrina Green-Fogg v. Citi Trends, Inc.* were filed in the second half of 2023, and consolidated into one case by the Court on November 8, 2023. The plaintiffs allege harm in connection with the January 2023 cyber disruption and assert a variety of claims seeking unspecified monetary damages and other related relief. A consolidated class action complaint was filed on February 15, 2024, adding an additional plaintiff, Shykira Scott. The Company is vigorously defending these lawsuits and filed a motion to dismiss the consolidated class action complaint, as well as a motion to compel individual arbitration and dismiss or stay actions on March 22, 2024. In addition, the Attorneys General of Alabama, Connecticut, Indiana and Texas sent inquiry letters to the Company regarding the January 2023 cyber disruption, which the Company has answered. As of the end of fiscal 2024, the Company had an accrual of \$0.7 million for estimated losses in connection with these matters recorded in Accrued expenses. The ultimate loss to the Company for these matters could be materially different from the amount the Company has accrued. The Company cannot predict or estimate the duration or ultimate outcome of these matters. The Company is unable to predict whether it may be subject to other lawsuits, claims or inquiries.

While legal proceedings are subject to uncertainties and the outcome of any such matter is not predictable and it is possible that we could incur losses associated with these proceedings, the Company does not believe, based on the information available to it at the time of this filing, that any legal proceedings pending or threatened against it will have a material adverse effect on its financial condition, results of operations or liquidity.

The Company is also party to purchase obligations for open merchandise orders of \$138.0 million that is due within 12 months.

## 8. Leases

The Company leases its retail store locations, its distribution centers and certain office space and equipment. Leases for store locations are typically for a term of five years with options to extend for one or more five-year periods. In fiscal 2022, the Company completed sale-leasebacks of its distribution centers. The Darlington, South Carolina distribution center lease has a 20-year lease term with the option to extend for six additional periods of five years each. The Roland, Oklahoma distribution center has a 15-year lease term with the option to extend for six additional periods of five years each. The sale-leaseback transactions resulted in a gain of approximately \$64.1 million in the Statement of Operations for the year ended January 28, 2023.

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 consolidated balance sheets. The lease liability is measured at the present value of future lease payments as of the lease commencement date.

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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 costs consisted of the following (in thousands):

	Fiscal Year		
	2024	2023	2022
Operating lease cost	\$ 61,227	\$ 62,163	\$ 60,167
Variable lease cost	11,061	11,070	9,911
Short term lease cost	2,241	1,598	1,395
Total lease cost	<u>\$ 74,529</u>	<u>\$ 74,831</u>	<u>\$ 71,473</u>

Future minimum lease payments as of February 1, 2025 are as follows (in thousands):

Fiscal Year	Lease Costs
2025	\$ 60,651
2026	49,602
2027	38,230
2028	29,989
2029	21,595
Thereafter	89,197
Total future minimum lease payments	289,264
Less: imputed interest	(68,865) (1)
Total present value of lease liabilities	<u>\$ 220,399 (2)</u>

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

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 are as follows (in thousands, except for weighted average amounts):

	Fiscal Year		
	February 1, 2025	February 3, 2024	2022
Cash paid for operating leases	\$ 62,582	\$ 68,371	\$ 56,053
Right of use assets obtained in exchange for new operating lease liabilities	\$ 33,183	\$ 27,836	\$ 101,241
Weighted average remaining lease term (years) - operating leases	7.26	7.54	7.83
Weighted average discount rate - operating leases	5.61%	5.04%	4.49%

## 9. Segment Reporting

The Company is an off-price value retailer of fashion apparel, accessories and home trends primarily for African American families. The retail operations represent a single operating segment based on the way the Company manages its business. The Company's Chief Executive Officer, as our chief operating decision maker ("CODM"), manages and allocates resources to the operations of the Company on a consolidated basis. This enables the Chief Executive Officer to assess the Company's overall level of available resources and determine how best to deploy these resources across retail stores that are in line with the Company's long-term company-wide strategic goals. The Company's retail stores sell similar products, use similar processes to sell those products, and sell their products to similar classes of customers. All sales and assets are located within the United States. The CODM assesses performance based on consolidated net (loss) income that is reported on the statement of operations as part of the annual budgeting and forecasting process. The CODM considers budget-to-actual variances on a monthly basis when making decisions about allocating capital and personnel. The CODM does not review assets in evaluating results, therefore such information is not provided.

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The following table summarizes the Company's one reportable segment profit or loss, including significant segment expenses, and includes the reconciliation to consolidated net (loss) income:

	Fiscal Year		
	2024	2023	2022
Net sales	\$ 753,079	\$ 747,941	\$ 795,011
Cost of sales (exclusive of depreciation shown separately below)			
Merchandising and other	(430,300)	(418,103)	(441,242)
Freight in and out	(40,736)	(44,721)	(42,780)
Selling, general, and administrative expenses			
Store expenses - payroll and related expenses	(91,558)	(90,405)	(90,295)
Store expenses - rent	(66,660)	(67,110)	(66,431)
Corporate expenses - payroll and related expenses	(29,614)	(26,189)	(26,859)
Distribution center expenses - payroll and related expenses	(16,686)	(17,412)	(15,549)
Other segment expenses <sup>(1)</sup>	(95,655)	(83,414)	(80,043)
Depreciation	(18,822)	(18,990)	(20,595)
Asset impairment	(2,536)	(1,051)	—
Gain on sale leaseback	—	—	64,088
Interest income	2,473	3,874	1,034
Interest expense	(319)	(306)	(306)
Income tax (provision) benefit	(5,836)	3,907	(17,141)
Net (loss) income	\$ (43,170)	\$ (11,979)	\$ 58,892

<sup>(1)</sup> Other segment expenses represent other store, corporate and distribution center expenses including utilities, repairs, supplies, insurance, professional fees and other miscellaneous fees.

## 10. Subsequent Events

As previously disclosed in the Company's Form 8-K filed on March 27, 2025, the Company entered into an Amended and Restated Cooperation Agreement (the "Cooperation Agreement") with Fund 1 Investments, LLC, a Delaware limited liability company (the "Investor") on March 25, 2025. The Cooperation Agreement amends and restates the cooperation agreement previously entered into by the parties on February 28, 2024.

Pursuant to the Cooperation Agreement, the Company agreed to, among other things, (i) appoint each of Wesley Calvert and Pamela Edwards to the Company's Board of Directors (the "New Directors") and (ii) nominate each of the New Directors, and David Heath, Charles Liu and Michael Kvitko for election to the Board at the Company's 2025 annual meeting of stockholders (the "2025 Annual Meeting").

The Investor also agreed to certain customary standstill provisions prohibiting it from, among other things, (i) soliciting proxies; (ii) advising or knowingly encouraging any person with respect to the voting or disposition of any securities of the Company, subject to limited exceptions; (iii) making public announcements regarding certain transactions involving the Company; and (iv) taking actions to change or influence the Board, management or the direction of certain Company matters; in each case as further described in the Cooperation Agreement. Until the Termination Date (as defined in the Cooperation Agreement), the Company and the Investor have also agreed to certain mutual non-disparagement provisions.

The Cooperation Agreement will terminate on the date that is 30 days prior to the closing of the window for the submission of stockholder director nominations for the Company's 2026 annual meeting of stockholders; provided, however, that the Termination Date will be automatically extended to the date that is 30 days prior to the closing of the window for the submission of stockholder director nominations for the Company's 2027 annual meeting of stockholders if the Company's stock price meets certain thresholds as described in the Cooperation Agreement.

On April 10, 2025 the Company amended the five-year, \$75 million credit facility with Bank of America to extend the maturity date to April 10, 2030.

The facility provides a \$75 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 \$100 million. The facility is 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.

Borrowings under the credit facility bear interest (a) for SOFR Loans, at a rate equal to the SOFR Rate plus a SOFR adjustment equal to 0.10% plus either 1.50%, 1.75% or 2.00%, or (b) for Base Rate Loans, at a rate equal to the highest of (i) the prime rate, (ii) the Federal Funds Rate plus 0.5% and (iii) the Term SOFR Rate plus 1.0%, plus, in each case either 0.50%, 0.75% or 1.00%, based in any such case on the average daily availability for borrowings under the facility.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

We carried out an evaluation under the supervision and with the participation of management, including the principal executive officer and the principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Report pursuant to Rules 13a-15 and 15d-15 of the Exchange Act. Based on that evaluation, the principal executive officer and the principal financial officer each 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.

**Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we assessed the effectiveness of our internal control over financial reporting as of February 1, 2025, based on the criteria described in *Internal Control—Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on this assessment, our management concluded that our internal control over financial reporting was effective based on those criteria as of February 1, 2025.

Our independent registered public accounting firm, Deloitte & Touche LLP, audited the effectiveness of our internal control over financial reporting as of February 1, 2025, as stated in their report which is included herein.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of fiscal 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Citi Trends, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Citi Trends, Inc. and subsidiary (the "Company") as of February 1, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 1, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended February 1, 2025, of the Company and our report dated April 16, 2025, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

April 16, 2025

**ITEM 9B. OTHER INFORMATION**

Rule 10b5-1 Trading Plans

During the fourth quarter ended February 1, 2025, no director or officer adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this Item with respect to our executive officers and directors, our insider trading policy, compliance by our directors, executive officers and certain beneficial owners of our common stock with Section 16(a) of the Exchange Act, the committees of our board of directors, our audit committee financial expert and our code of ethics is incorporated herein by reference to information under the captions entitled “Board of Directors and Corporate Governance,” “Executive Officers,” “Executive Compensation,” and “Delinquent Section 16(a) Reports” in our definitive proxy statement for our 2025 Annual Meeting of Stockholders (or will be filed by amendment to this Report).

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item is incorporated herein by reference to information under the captions entitled “Executive Compensation,” “Board of Directors and Committees of the Board of Directors” and “Compensation Committee Report” in our definitive proxy statement for our 2025 Annual Meeting of Stockholders (or will be filed by amendment to this Report).

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item is incorporated herein by reference to the information under the captions entitled “Security Ownership of Certain Beneficial Owners and Management” and “Executive Compensation – Equity Compensation Plan Information” in our definitive proxy statement for our 2025 Annual Meeting of Stockholders (or will be filed by amendment to this Report).

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item is incorporated herein by reference to the information under the captions entitled “Certain Relationships and Related Party Transactions” and “Board of Directors and Committees of the Board of Directors” in our definitive proxy statement for our 2025 Annual Meeting of Stockholders (or will be filed by amendment to this Report).

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this Item is incorporated herein by reference to the information under the caption entitled “Ratification of Independent Registered Public Accounting Firm” in our definitive proxy statement for our 2025 Annual Meeting of Stockholders (or will be filed by amendment to this Report).

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following information required under this item is filed as part of this report:

- (a) Financial Statements. See Part II, Item 8.
- (b) Financial Statement Schedules. Other schedules are omitted as they are not applicable or the information is included elsewhere in this Report.
- (c) Exhibits:

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#">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)</a>
3.2	<a href="#">Fourth Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on October 31, 2022)</a>
4.1	<a href="#">Specimen certificate for shares of common stock, \$.01 par value (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-123028) filed with the SEC on April 29, 2005)</a>
4.2	<a href="#">Description of Registrant's Securities (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K filed with the SEC on May 14, 2020)</a>
10.1	<a href="#">Credit Agreement, dated October 27, 2011 among Citi Trends, Inc., as Borrower, its wholly owned subsidiary, as Guarantor, and Bank of America, N.A., as Lender (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 29, 2011)</a>
10.2	<a href="#">First Amendment to Credit Agreement, dated as of August 18, 2015, by and among Citi Trends, Inc., as Borrower, Citi Trends Marketing Solutions, Inc., as Guarantor, and Bank of America, N.A., as Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 19, 2015)</a>
10.3	<a href="#">Second Amendment to Credit Agreement and Waiver, dated as of May 12, 2020, by and among Citi Trends, Inc., as Borrower, Citi Trends Marketing Solutions, Inc., as Guarantor, and Bank of America, N.A., as Lender (incorporated by reference to Exhibit 10.28 to the Company's Annual Report on Form 10-K filed with the SEC on May 14, 2020)</a>
10.4	<a href="#">Third Amendment to Credit Agreement, dated as of April 15, 2021, by and among the Company, as Borrower, Citi Trends Marketing Solutions, Inc., as Guarantor, and Bank of America, N.A., as Lender (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 15, 2021)</a>
*10.5	<a href="#">Citi Trends, Inc. 2021 Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 16, 2021)</a>
*10.6	<a href="#">Amendment to the Citi Trends, Inc. 2021 Incentive Plan (incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on May 8, 2024)</a>
+*10.7	<a href="#">Second Amendment to the Citi Trends, Inc. 2021 Incentive Plan, dated November 18, 2024</a>
*10.8	<a href="#">Form of Restricted Stock Award Agreement for Employees under the Citi Trends, Inc. 2021 Incentive Plan (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K filed with the SEC on April 14, 2022)</a>

<b>Exhibit No.</b>	<b>Description</b>
*10.9	<a href="#">Form of Restricted Stock Award Agreement for Directors under the Citi Trends, Inc. 2021 Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on September 8, 2021)</a>
*10.10	<a href="#">Form of Performance-Based Restricted Stock Unit Award Agreement for Employees under the Citi Trends, Inc. 2021 Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on September 6, 2023)</a>
*10.11	<a href="#">Employment Non-Compete, Non-Solicit and Confidentiality Agreement between the Company and Lisa Powell dated August 16, 2019 (incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K filed with the SEC on May 14, 2020)</a>
*10.12	<a href="#">Severance Agreement between the Company and Lisa Powell dated August 16, 2019 (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K filed with the SEC on May 14, 2020)</a>
*10.13	<a href="#">Employment Non-Compete, Non-Solicit and Confidentiality Agreement between the Company and David N. Makuen dated February 17, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2020)</a>
*10.14	<a href="#">Severance Agreement between the Company and David N. Makuen dated February 17, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2020)</a>
*10.15	<a href="#">Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of June 27, 2022, between Citi Trends, Inc. and Heather Plutino (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 16, 2022)</a>
*10.16	<a href="#">Severance Agreement, dated as of June 27, 2022, between Citi Trends, Inc. and Heather Plutino (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on June 16, 2022)</a>
*10.17	<a href="#">Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of February 15, 2023, between Citi Trends, Inc. and Vivek Bhargava (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on June 7, 2023)</a>
*10.18	<a href="#">Severance Agreement, dated as of February 15, 2023, between Citi Trends, Inc. and Vivek Bhargava (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on June 7, 2023)</a>
*10.19	<a href="#">Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of March 24, 2018, between Citi Trends, Inc. and Kyle Koenig (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on December 11, 2024)</a>
*10.20	<a href="#">Severance Agreement, dated as of March 24, 2018, between Citi Trends, Inc. and Kyle Koenig (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on September 11, 2024)</a>
*10.21	<a href="#">Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of September 6, 2024, between Citi Trends, Inc. and Katrina George (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on September 11, 2024)</a>
*10.22	<a href="#">Severance Agreement, dated as of September 6, 2024, between Citi Trends, Inc. and Katrina George (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the SEC on September 11, 2024)</a>
*10.23	<a href="#">Separation Agreement, dated May 31, 2024 to be effective as of June 1, 2024, between David N. Makuen and Citi Trends, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 31, 2024)</a>

<b>Exhibit No.</b>	<b>Description</b>
+*10.24	<a href="#">Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of November 18, 2024, between Citi Trends, Inc. and Kenneth D. Seipel</a>
+*10.25	<a href="#">Severance Agreement, dated as of November 18, 2024, between Citi Trends, Inc. and Kenneth D. Seipel</a>
+*10.26	<a href="#">Performance-Based Restricted Stock Award Agreement, dated as of November 18, 2024, between Citi Trends, Inc. and Kenneth D. Seipel</a>
10.27	<a href="#">Agreement for Purchase and Sale of Real Property, dated as of March 14, 2022, between Citi Trends, Inc. and an affiliate of Oak Street Real Estate Capital, LLC (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on June 9, 2022)</a>
10.28	<a href="#">Lease Agreement, dated April 19, 2022, between Citi Trends, Inc. and CTDASC001 LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on September 8, 2022)</a>
10.29	<a href="#">Lease Agreement, dated September 6, 2022, between Citi Trends, Inc. and CTROOK2 LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on December 8, 2022)</a>
+19.1	<a href="#">Citi Trends, Inc. Insider Trading Policy</a>
+21.1	<a href="#">Subsidiary of the Registrant</a>
+23.1	<a href="#">Consent of Deloitte &amp; Touche LLP</a>
+31.1	<a href="#">Certification of Principal Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
+31.2	<a href="#">Certification of Principal Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
+32.1	<a href="#">Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
+32.2	<a href="#">Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
97.1	<a href="#">Citi Trends, Inc. Policy for Recovery of Erroneously Awarded Compensation, adopted December 1, 2023 (incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K filed with the SEC on April 18, 2024)</a>
+101	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K
+104	Inline XBRL for the cover page of this Annual Report on Form 10-K, included in the Exhibit 101 Inline XBRL Document Set

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+ Filed herewith

\* Indicates management contract or compensatory plan or arrangement.

**ITEM 16. FORM 10-K SUMMARY**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.  
(Registrant)

Date: April 16, 2025

By /s/ Kenneth D. Seipel  
Kenneth D. Seipel  
Chief Executive Officer  
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Kenneth D. Seipel</u> Kenneth D. Seipel	Chief Executive Officer (Principal Executive Officer) and Chairman	April 16, 2025
<u>/s/ Heather Plutino</u> Heather Plutino	Chief Financial Officer (Principal Financial and Accounting Officer)	April 16, 2025
<u>/s/ Wesley Calvert</u> Wesley Calvert	Director	April 16, 2025
<u>/s/ Pamela Edwards</u> Pamela Edwards	Director	April 16, 2025
<u>/s/ David Heath</u> David Heath	Director	April 16, 2025
<u>/s/ Margaret L. Jenkins</u> Margaret L. Jenkins	Director	April 16, 2025
<u>/s/ Michael S. Kvitko</u> Michael S. Kvitko	Director	April 16, 2025
<u>/s/ Charles Liu</u> Charles Liu	Director	April 16, 2025
<u>/s/ Cara Robinson</u> Cara Robinson	Director	April 16, 2025

**SECOND AMENDMENT TO THE  
CITI TRENDS, INC.  
2021 INCENTIVE PLAN**

This Second Amendment to the Citi Trends, Inc. 2021 Incentive Plan (the “Plan”), has been approved and adopted by the Compensation Committee of the Board of Directors of Citi Trends, Inc. (the “Company”), to be effective as of November 18, 2024.

1. The Plan is hereby amended by deleting Section 2.1(g)(ii) and replacing it with the following:

“any Person becomes a Beneficial Owner, directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the Company (“Company Common Stock”) or (B) securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of directors (the “Company Voting Securities”); provided, however, that for purposes of this subsection (ii), the following acquisitions of Company Common Stock or Company Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the Company, (x) an acquisition by the Company or a Subsidiary, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or”

2. Except as expressly amended hereby, the terms of the Plan shall be and remain unchanged and the Plan as amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized representative on the day and year first above written.

CITI TRENDS, INC.

By: \_\_\_\_\_  
Kenneth D. Seipel, 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 Kenneth D. Seipel (“Employee”), effective as of November 18, 2024 (the “Effective Date”).

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. As of the Effective Date, 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 best efforts and shall devote his full time, attention, knowledge and skills to the faithful performance of his 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 himself 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 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

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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 shall hold all Confidential Information and Trade Secrets in strictest confidence, and that he shall protect such Confidential Information and Trade Secrets from disclosure by or to others. Employee further agrees that he 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 will not, at any point during his 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 Warehouse, 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 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 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 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.

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, 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 HAS CAREFULLY READ THIS AGREEMENT AND KNOWS AND UNDERSTANDS ITS CONTENTS, THAT HE ENTERS INTO THIS AGREEMENT KNOWINGLY AND VOLUNTARILY, AND THAT HE INDICATES HIS 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, to be effective as of the Effective Date.

Citi Trends, Inc.

/s/ Kenneth D. Seipel

Employee Name: Kenneth D. Seipel

By: /s/ Peter R. Sachse

Date: November 18, 2024

Name: Peter R. Sachse

Title: Chairman of the Board of Directors

Employee Residence Address:

Date: November 18, 2024

## 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 Kenneth D. Seipel, an individual (the “Executive”), effective as of November 18, 2024 (the “Effective Date”).

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 thirtieth (30th) 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) 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

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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.

(d) 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.

(e) 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 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 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 Board of such breach and thirty (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 Board of such failure, refusal or breach and thirty (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 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, to be effective as of the Effective Date.

CITI TRENDS, INC.

By: /s/ Peter R. Sachse

Name: Peter R. Sachse

Title: Chairman of the Board of Directors

Dated: November 18, 2024

/s/ Kenneth D. Seipel

Employee Name: Kenneth D. Seipel

Dated: November 18, 2024

## CITI TRENDS, INC.

**PERFORMANCE-BASED RESTRICTED STOCK  
AWARD AGREEMENT***Non-transferable*

G R A N T T O

**Kenneth D. Seipel***("Grantee")*

by Citi Trends, Inc. (the "Company") of 321,502 restricted shares of its common stock, \$0.01 par value (the "Restricted Shares"), pursuant to and subject to the provisions of the Citi Trends, Inc. 2021 Incentive Compensation Plan, as amended (the "Plan"), and to the terms and conditions set forth on the following pages of this award agreement (this "Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

The Restricted Shares shall be earned based on the Company's attainment of stock price goals set forth in Section 2 of this Agreement, and shall vest (become non-forfeitable) based on Grantee remaining in Continuous Service with the Company or its Affiliates as defined and set forth in Section 3 of this Agreement, subject to the terms and conditions of this Agreement.

By accepting this award, Grantee shall be deemed to have agreed to the terms and conditions of this Agreement and the Plan.

IN WITNESS WHEREOF, Citi Trends, Inc., acting by and through its duly authorized officers, has caused this Agreement to be executed as of the grant date indicated below (the "Grant Date").

CITI TRENDS, INC.

Grant Date: November 18, 2024

By: /s/ Peter R. Sachse

Accepted by Grantee:

Name: Peter R. Sachse

/s/ Kenneth D. Seipel

Its: Chairman of the Board

## TERMS AND CONDITIONS

1. Restrictions. The Restricted Shares are subject to the restrictions imposed hereunder which restrictions have not then expired or terminated. Restricted Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered to or in favor of any party, or be subjected to any lien, obligation or liability of Grantee to any other party; provided, however, that Grantee shall be entitled to transfer the Restricted Shares to Grantee's revocable living trust, and for estate planning purposes by will, revocable living trust, or the laws of descent and distribution. Notwithstanding anything herein to the contrary, Grantee shall be permitted to transfer the Restricted Shares to Grantee's spouse or any descendant of the Grantee (children, grandchildren, great-grandchildren, etc.) ("Grantee's Family"), or any trust of which all of the primary beneficiaries are Grantee or members of Grantee's Family, or any corporation or partnership (including limited liability companies and similar entities) of which all of the shareholders, partners, or members are Grantee or members of Grantee's Family. The restrictions imposed under this Section 1 shall apply to all shares of the Company's Stock or other securities issued with respect to Restricted Shares hereunder in connection with any merger, reorganization, consolidation, recapitalization, stock dividend or other change in corporate structure affecting the Stock of the Company.

2. Earning Restricted Shares. The Restricted Shares will be deemed earned (subject to vesting pursuant to Section 3 below) based on the Company's attainment of stock price goals during a three-year performance period beginning on November 15, 2024 (the "Vesting Commencement Date") and ending on the third anniversary of the Vesting Commencement Date (the "Performance Period"), in accordance with the following schedule:

<u>Date Earned</u>	<u>Percent of Restricted Shares Earned</u>
The date on which the average closing price of the Company's common stock is equal to or greater than \$23.75 for 45 consecutive trading days.	29%
The date on which the average closing price of the Company's common stock is equal to or greater than \$28.50 for 45 consecutive trading days.	20%
The date on which the average closing price of the Company's common stock is equal to or greater than \$34.20 for 45 consecutive trading days.	16%
The date on which the average closing price of the Company's common stock is equal to or greater than \$41.04 for 45 consecutive trading days.	14%
The date on which the average closing price of the Company's common stock is equal to or greater than \$49.25 for 45 consecutive trading days.	11%
The date on which the average closing price of the Company's common stock is equal to or greater than \$59.10 for 45 consecutive trading days.	10%

Notwithstanding anything herein to the contrary, upon a Change in Control, the Restricted Shares shall be deemed earned based on attainment of the stock price goals specified above based on the value of the Company's Stock as established by reference to the Change in Control transaction or otherwise at the time of a Change in Control (as determined by the Committee in good faith), and without the requirement that such stock price goals be an average stock price for 45 consecutive trading days.

Grantee shall forfeit all of Grantee's right, title and interest in and to any Restricted Shares that are not earned during the Performance Period pursuant this Section 2, and such Restricted Shares will be forfeited to the Company without further consideration or any act or action by Grantee, on the earliest to occur of: (i) the third anniversary of the Vesting Commencement Date, (ii) termination of Grantee's employment for any reason, or (iii) a Change in Control.

Solely for purposes of this Agreement, references to "33%" in the definition of a "Change in Control" in the Plan shall be replaced with "50%."

3. Vesting of Earned Restricted Shares. Any Restricted Shares that are earned pursuant to Section 2 above shall vest and become non-forfeitable on the earliest to occur of the following (each, a “Vesting Date”):

(a) with respect to Restricted Shares that are earned prior to the first anniversary of the Vesting Commencement Date, 25% of the earned Restricted Shares will vest on the first anniversary of the Vesting Commencement Date, 25% of the earned Restricted Shares will vest on the second anniversary of the Vesting Commencement Date, 25% of the earned Restricted Shares will vest on the third anniversary of the Vesting Commencement Date, and 25% of the earned Restricted Shares will vest on the fourth anniversary of the Vesting Commencement Date, subject to Grantee’s Continuous Service through such date;

(b) with respect to Restricted Shares that are earned after the first anniversary of the Vesting Commencement Date but prior to the second anniversary of the Vesting Commencement Date, 25% of the earned Restricted Shares will vest on the second anniversary of the Vesting Commencement Date, 50% of the earned Restricted Shares will vest on the third anniversary of the Vesting Commencement Date, and 25% of the earned Restricted Shares will vest on the fourth anniversary of the Vesting Commencement Date, subject to Grantee’s Continuous Service through such date;

(c) with respect to Restricted Shares that are earned after the second anniversary of the Vesting Commencement Date but prior to the third anniversary of the Vesting Commencement Date, 75% of the earned Restricted Shares will vest on the third anniversary of the Vesting Commencement Date and 25% of the earned Restricted Shares will vest on the fourth anniversary of the Vesting Commencement Date, subject to Grantee’s Continuous Service through such date;

(d) as to all of the earned Restricted Shares, upon the termination of Grantee’s Continuous Service by the Company without Cause, or due to Grantee’s death or Disability; or

(e) as to all of the earned Restricted Shares, upon a Change in Control.

For purposes of this Agreement, “Continuous Service” means Grantee’s continuous service to the Company as (i) Chief Executive Officer during the Performance Period, and (ii) Chief Executive Officer or Chairman of the Board of Directors of the Company following the Performance Period and continuing through the fourth anniversary of the Vesting Commencement Date. If Grantee’s Continuous Service terminates prior to the Vesting Date for any reason other than as described in subsection (d) above, Grantee shall forfeit all right, title and interest in and to the earned Restricted Shares as of the date of such termination and the Restricted Shares will be forfeited to the Company without further consideration or any act or action by Grantee.

4. Delivery of Shares. The Restricted Shares will be registered in the name of Grantee as of the Vesting Commencement Date and will be held by the Company during the Restricted Period in uncertificated form. Evidence of book entry Shares with respect to Restricted Shares in respect of which the restrictions have lapsed pursuant to Section 2 hereof shall be delivered to the Grantee (or in street name to Grantee’s brokerage account) as soon as practicable following the date on which the restrictions on such Restricted Shares have lapsed, free of all restrictions hereunder.

5. Voting and Dividend Rights. Grantee, as beneficial owner of the Restricted Shares, shall have full voting and dividend rights with respect to the Restricted Shares during and after the Restricted Period. If Grantee forfeits any rights he may have under this Agreement in accordance with Section 2 or Section 3, Grantee shall no longer have any rights as a shareholder with respect to the Restricted Shares or any interest therein and Grantee shall no longer be entitled to receive dividends on such stock.

6. Continuation of Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Affiliate or Subsidiary to terminate Grantee’s employment at any time, nor confer upon Grantee any right to continue employment with the Company or any Affiliate or Subsidiary.

7. Payment of Taxes. Upon issuance of the Restricted Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Code (an “83(b) Election”). To effect such 83(b) Election, Grantee may file an appropriate election with Internal Revenue Service within 30 days after award of the Restricted Shares and otherwise in accordance with applicable Treasury Regulations. The Company or an employing Affiliate has the authority and the right to deduct or withhold, or require Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including Grantee’s FICA obligation) required by law to be withheld with respect to any taxable event arising as a result of the grant or vesting of the Restricted Shares. If Grantee does not make an 83(b) election, and to the extent not

prohibited by applicable laws or regulations, the withholding requirement may be satisfied, in whole or in part, by withholding from the Restricted Shares, Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld for tax purposes under applicable law and in accordance with Grantee's withholding elections. The obligations of the Company under this Award Certificate will be conditional on such payment or arrangements, and the Company, and, where applicable, its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to Grantee.

8. Amendment. The Committee may amend, modify or terminate this Agreement without approval of Grantee; provided, however, that such amendment, modification or termination shall not, without Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested (i.e., as if all restrictions on the Restricted Shares hereunder had expired) on the date of such amendment or termination.

9. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Agreement and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

10. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

11. Severability. If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

12. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Citi Trends, Inc., 104 Coleman Blvd., Savannah, GA 31408, Attn: Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company.

13. Compensation Recoupment Policy. This Agreement shall be subject to the terms and conditions of any compensation recoupment policy adopted from time to time by the Board or any committee of the Board, to the extent such policy is applicable.

## CITI TRENDS, INC. INSIDER TRADING POLICY

As Amended June 20, 2024

This Insider Trading Policy (the “**Policy**”) provides guidelines to the directors, officers and employees of Citi Trends, Inc. (the “**Company**”) with respect to transactions in the Company’s securities. The Company has adopted this policy and the procedures set forth herein to help prevent insider trading and to assist the directors, officers and employees in complying with their obligations under the federal securities laws. Directors, officers and employees are individually responsible for understanding and complying with this Policy.

### Applicability of Policy

This Policy applies to any purchase or sale, or any offer to purchase or sell, any shares of the Company’s common stock and any other debt or equity securities the Company may issue from time to time, such as bonds, preferred stock and convertible debentures, as well as to derivative securities relating to the Company’s securities, whether or not issued by the Company, such as exchange-traded options. It applies to all directors, officers and employees of the Company and members of their immediate families (including parents, brothers, sisters, children, relatives supported financially, fathers-in-law, mothers-in-law, sisters-in-law and brothers-in-law) who reside with them or anyone else who lives in their household and family members who live elsewhere but whose transactions in Company securities are directed by them or subject to their influence and control (collectively referred to as “**Family Members**”). Each director, officer and employee will be held responsible for the actions of their Family Members. Consequently, directors, officers and employees should make their Family Members aware of the need to confer with them before they trade in securities of the Company and should treat all such transactions for purposes of this Policy and applicable securities laws as if the transactions were for the account of the director, officer or employee.

This Policy also imposes specific black-out periods and pre-clearance procedures on directors, officers and certain other designated employees who receive or have access to Material Nonpublic Information (as defined below) regarding the Company and/or are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934 (the “**Exchange Act**”).

The current “**Insider Trading Compliance Officer**” referred to herein is the Chief Financial Officer of the Company.

### Definition of Material Nonpublic Information

It is not possible to define all categories of material information. However, information should be regarded as material if there is a substantial likelihood that it would be considered important to a reasonable investor in making a voting decision or an investment decision to buy, hold or sell securities. Any information that could be expected to affect the market price of the Company’s securities, whether such information is positive or negative, should be considered material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions as to the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:

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- unpublished financial results or changes to previously announced results;
- projections of future earnings or losses, or financial forecasts of any kind;
- changes in, or confirmations of, earnings or other financial guidance;
- news, proposals, plans or agreements, even if preliminary in nature, of pending or proposed mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, joint ventures, tender offers or purchases or sales of substantial assets or subsidiaries;
- earnings that are inconsistent with the consensus expectations or projections of the investment community;
- significant disruptions to the Company's operations;
- significant legislative developments affecting the Company;
- changes in analyst recommendations or debt ratings;
- changes in critical accounting policies;
- changes in auditors or notification that the Company may no longer rely on an auditor's audit report;
- knowledge of any significant cybersecurity attack or breach;
- impending bankruptcy or financial liquidity problems;
- gain or loss of a significant customer or supplier;
- significant pricing changes;
- significant write-downs or impairment charges;
- stock splits and stock repurchase programs;
- changes in dividends, dividend policies or other capital plans;
- new equity or debt offerings or other financings;
- significant litigation exposure due to actual or threatened litigation; and
- changes in control or other developments regarding senior management.

“**Material Nonpublic Information**” is material information that has not been previously disclosed to the general public through a press release or securities filings and is otherwise not available to the general public.

**If you are unsure whether information is material and/or non-public, you should consult with the Insider Trading Compliance Officer.**

### **Statement of Policy General Policy**

This policy prohibits the unauthorized disclosure of any Material Nonpublic Information acquired in the workplace, the use of Material Nonpublic Information in securities trading, and any other violation of applicable securities laws.

### **Specific Policies**

1. **Trading on Material Nonpublic Information.** No director, officer or employee of the Company and its subsidiaries and no Family Member of any such person, shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell (other than pursuant to a trading plan that complies with SEC Rule 10b5-1 pre-cleared by the Company's Insider Trading Compliance Officer), during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company and ending at the close of business

on the second Trading Day (as defined below) following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. As used in this Policy, the term “**Trading Day**” shall mean a day on which national stock exchanges and The NASDAQ Stock Market are open for trading. If, for example, the Company were to make an announcement on a Monday, Designated Insiders (as defined below) and their Family Members and any other person in possession of Material Nonpublic Information typically shall not trade in the Company’s securities until Thursday.

2. **Tippling**. No director, officer or employee of the Company shall disclose or pass on (“**tip**”) Material Nonpublic Information to any other person, including a Family Member or friend, nor shall such person make recommendations, give trading advice or express opinions on the basis of Material Nonpublic Information as to trading in the Company’s securities.

3. **Confidentiality of Nonpublic Information**. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden.

### **Potential Criminal and Civil Liability and/or Disciplinary Action**

1. **Liability for Insider Trading**. Any director, officer or employee who engages in a transaction in the Company’s securities at a time when they have knowledge of Material Nonpublic Information may be subject to penalties and sanctions, including:

- up to 20 years in jail;
- a criminal fine of up to \$5,000,000;
- a civil penalty of up to 3 times the profit gained or the loss avoided; and
- SEC civil enforcement injunctions.

2. **Liability for Tippling**. Any director, officer or employee who tips (“**tippers**”) a third party (commonly referred to as a “**tippee**”) may also be liable for improper transactions by tippees to whom they have tipped Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company’s securities. Tippers and tippees would be subject to the same penalties and sanctions as described above, and the SEC has imposed large penalties even when the tipper or tippee did not profit from the trading. The SEC, the stock exchanges, the Financial Industry Regulatory Authority (FINRA) and NASDAQ use sophisticated electronic surveillance techniques to uncover insider trading.

3. **Control Persons**. The Company and its supervisory personnel, if they fail to take appropriate steps to prevent illegal insider trading, may in certain circumstances, be subject to the following penalties:

- a civil penalty of up to \$1,000,000 or, if greater, 3 times the profit gained or loss avoided as a result of the unlawful action; and
- a criminal penalty of up to \$25,000,000.

4. **Possible Company-Imposed Disciplinary Actions**. Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company’s equity incentive plans or termination of employment.

## Mandatory Guidelines

1. **Trading Blackout Period.** To ensure compliance with this Policy and applicable federal securities laws, and to avoid even the appearance of trading on the basis of inside information, the Company requires that directors, officers and all employees designated by the Company's Insider Trading Compliance Officer (collectively, "**Designated Insiders**"), and Family Members of the foregoing, because of their potential access to Material Nonpublic Information regarding the Company's performance towards the end of annual and quarterly fiscal periods, must refrain from conducting transactions involving the purchase or sale of the Company's securities during the Blackout Periods established below (other than pursuant to a Rule 10b5-1 Trading Plan (defined below)). The following periods will constitute the "**Blackout Periods**" unless otherwise notified in advance by the Company:

Each period commencing on the date below and ending on the applicable Blackout End Date,

- (i) 2 weeks before the end of the first fiscal quarter;
- (ii) 3 weeks before the end of the second fiscal quarter;
- (iii) 3 weeks before the end of the third fiscal quarter; and
- (iv) 5 weeks before the end of the fourth fiscal quarter.

The Blackout End Date shall be the close of business on the second Trading Day following the date of public disclosure of the Company's financial results for the fiscal quarter in question, if such public disclosure occurs before the markets open on that day. If such public disclosure occurs on a Trading Day after the markets open, the Blackout End Date shall be the close of business on the third Trading Day following the date of such public disclosure.

In addition to the Blackout Periods described above, the Company may announce "special" Blackout Periods from time to time. Typically, this will occur when there are nonpublic developments that would be considered material for insider trading law purposes, such as, among other things, developments relating to regulatory proceedings or a major corporate transaction. The Company may also institute a temporary blackout period related to the public announcement of a share repurchase plan or program or an increase of an existing share repurchase plan or program. Depending on the circumstances, a "special" Blackout Period may apply to all Designated Insiders or only a specific group of Designated Insiders. The Insider Trading Compliance Officer will provide written notice to Designated Insiders subject to a "special" Blackout Period. Any person made aware of the existence of a "special" Blackout Period should not disclose the existence of the Blackout Period to any other person. The failure of the Company to designate a person as being subject to a "special" Blackout Period will not relieve that person of the obligation not to trade while aware of Material Nonpublic Information. As used in this Policy, the term "Blackout Period" shall mean all periodic Blackout Periods and all "special" Blackout Periods announced by the Company.

The purpose behind the Blackout Period is to help establish a diligent effort to avoid any improper transactions. Trading in the Company's securities outside a Blackout Period should not be considered a "safe harbor," and all directors, officers, employees and other persons subject to this Policy should use good judgment at all times. Even outside a Blackout Period, any person possessing Material Nonpublic Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two Trading Days after the date of announcement. Although the Company may from time to time impose "special" Blackout Periods, because of developments known to the Company and not yet disclosed to the public, each person is individually responsible at all times for compliance with the prohibitions against insider trading.

2. **Pre-Clearance of Trades.** The Company has determined that all directors, Section 16 Filers and such other employees as are designated from time to time by the Board of Directors, the Chief Executive Officer or the Chief Financial Officer of the Company (a “**Pre-Clearance Person**”), as well as the Family Members of the Pre-Clearance Persons, must refrain from trading in the Company’s securities, without first complying with the Company’s “pre-clearance” process. Each Pre-Clearance Person must contact the Company’s Insider Trading Compliance Officer not less than two business days prior to commencing any trade in the Company’s securities. This pre-clearance requirement applies to any transaction or transfer involving the Company’s securities, including in connection with a stock plan transaction such as an option exercise, or a gift, transfer to a trust or any other transfer.

The Insider Trading Compliance Officer must pre-clear each proposed trade or transfer. The Insider Trading Compliance Officer is not under any obligation to approve a trade submitted for pre-clearance and may determine not to permit a trade.

To facilitate the process, the Company has prepared a pre-clearance form, attached hereto as Exhibit A, to be completed and provided to the Insider Trading Compliance Officer. The Insider Trading Compliance Officer will assist with the approval process. No trade or transfer may be effected until the requesting Pre-Clearance Person (or Family Member) has received the approved Pre-Clearance Request Form, even if two business days have passed since the Pre-Clearance Request Form was submitted.

Any director, officer or employee who wishes to implement a pre-planned trading program under SEC Rule 10b5-1 (a “**Rule 10b5-1 Trading Plan**”) must first pre-clear the plan with the Insider Trading Compliance Officer. See Section 4 under “Certain Exceptions” below for more information regarding Rule 10b5-1 Trading Plans. Transactions effected pursuant to a Rule 10b5-1 Trading Plan will not require further pre-clearance at the time of the transaction; however, the third party effecting transactions pursuant to such plan should be directed to send duplicate confirmations of all such transactions to the Insider Trading Compliance Officer.

3. **Individual Responsibility.** Every director, officer and employee has the individual responsibility to comply with this Policy against insider trading, regardless of whether a transaction is executed outside a Blackout Period or is pre-cleared by the Company. The restrictions and procedures are intended to help avoid inadvertent instances of improper insider trading, but appropriate judgment should always be exercised by each director, officer and employee in connection with any trade in the Company’s securities.

A director, officer or employee may, from time to time, have to forego a proposed transaction in the Company’s securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

#### **Certain Exceptions**

1. **Stock Options Exercises.** For purposes of this Policy, the Company considers that the exercise of stock options under the Company’s stock option plans (but not the sale of the underlying stock) to be exempt from this Policy. This Policy does apply, however, to any sale of stock as part of a broker-assisted “cashless” exercise of an option, or any market sale for the purpose of generating the cash needed to pay the exercise price of an option or to satisfy any tax withholding obligations.

2. **Restricted Stock and Restricted Stock Unit Awards.** This Policy does not apply to the vesting or conversion of restricted stock, restricted stock units, or performance share units, or to the

Company withholding shares of restricted stock, or shares underlying restricted stock units or performance share units, to satisfy tax withholding requirements; however, the open market sale of any stock acquired upon such vesting or conversion, or the sale of any stock in order to satisfy tax withholding obligations, is subject to this Policy.

3. **401(k) Plan.** This Policy does not apply to purchases of Company stock in the Company's 401(k) plan resulting from periodic contributions of money to the plan pursuant to payroll deduction elections. This Policy does apply, however, to certain elections that may be made under the 401(k) plan, including (a) an election to increase or decrease the percentage of periodic contributions that will be allocated to the Company stock fund, if any, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against a 401(k) plan account if the loan will result in a liquidation of some or all of a participant's Company stock fund balance, and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

4. **Rule 10b5-1 Trading Plans.** This Policy does not apply to transactions involving Company securities that are made pursuant to a pre-approved Rule 10b5-1 Trading Plan. Generally speaking, Rule Trading 10b5-1 Plans are non-discretionary plans for purchases or sales of Company stock. Insiders may sell or purchase the Company's securities under a Rule 10b5-1 Trading Plan that complies with Rule 10b5-1.

To comply with this Policy, a Rule 10b5-1 Trading Plan must be entered into at a time when the director, officer or employee entering into the plan is not aware of material non-public information and is not otherwise subject to a Black-Out Period and must comply with all of the requirements of Rule 10b5-1. Once a Rule 10b5-1 Trading Plan is adopted, the director, officer or employee must not exercise any subsequent influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The Rule 10b5-1 Trading Plan must either specify the amount, pricing and timing of transactions in advance, include a formula or algorithm for determining the amount, pricing and timing, or delegate discretion on these matters to an independent third party.

Rule 10b5-1 Trading Plans entered into by individuals who are subject to Section 16 (a "**Section 16 Filer**") of the Exchange Act must include a mandatory cooling-off period of the later of (1) 90 days following plan adoption or modification or (2) two business days following disclosure in a periodic report of the Company's financial results for that fiscal quarter; in any event, the required cooling-off period need not exceed 120 days. Should a Section 16 Filer adopt or modify a Rule 10b5-1 Trading Plan, he or she must provide a certification in the Rule 10b5-1 Trading Plan that he or she was unaware of any material nonpublic information about the Company at the time of adoption or modification and that the Rule 10b5-1 Trading Plan was made in good faith. For any individual other than a Section 16 Filer, a Rule 10b5-1 Trading Plan must include a mandatory cooling-off period of at least 30 days after the adoption of the plan.

Any Rule 10b5-1 Trading Plan of a director or officer who is subject to Section 16 of the Exchange Act must also include a requirement that the director or officer's broker notify the Company before the close of business on the day after the execution of any transaction. No person may have more than one Rule 10b5-1 Trading Plan or overlapping Rule 10b5-1 Trading Plans, except to the extent permitted by Rule 10b5-1, and no person may have more than one single-trade Rule 10b5-1 Trading Plan during any 12-month period. Modifications to or terminations of Rule 10b5-1 Trading Plans must be carefully considered and generally are discouraged absent compelling circumstances. In all cases, any modification to or termination of a Rule 10b5-1 Trading Plan must also comply with all of the requirements set forth in this Policy, including pre-clearance, occurrence outside of a Black-Out Period and compliance with any required waiting period under Rule 10b5-1.

## **Applicability of Policy to Inside Information Regarding Other Companies**

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, vendors or suppliers ("business partners"), when that information is obtained in the course of employment with, or other services performed on behalf of, the Company. Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Company's business partners. All employees should treat Material Nonpublic Information about the Company's business partners with the same care required with respect to information related directly to the Company.

### **Section 16 Liability – Directors and Officers**

Directors and certain officers of the Company must also comply with the reporting obligations and limitations on short-swing profit transactions set forth in Section 16 of the Exchange Act. The practical effect of these provisions is that these officers and directors who purchase and sell the Company's securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any Material Nonpublic Information. Under these provisions, and so long as certain other criteria are met, neither the receipt of stock or stock options under the Company's stock plans, nor the exercise of options nor the receipt of stock under the Company's 401(k) retirement plan is deemed a purchase that can be matched against a sale for Section 16(b) short swing profit disgorgement purposes; however, the sale of any such shares so obtained is a sale for these purposes. Moreover, no such director or officer may ever make a short sale of the Company's common stock which is unlawful under Section 16(c) of the Exchange Act. The Company will provide separate memoranda and other appropriate materials to the affected officers and directors regarding compliance with Section 16 and its related rules.

To facilitate public reporting requirements, each director and officer subject to Section 16 requirements shall notify the Company of the occurrence of any purchase, sale or other acquisition or disposition of the Company's securities as soon as possible following the transaction, but in any event within one business day after the transaction. Such notification may be oral or in writing (including by email) and should include the identity of the director or officer, the type of transaction, the date of the transaction, the amount of securities involved and the purchase or sale price.

**The rules on recovery of short swing profits are absolute and do not depend on whether a person has knowledge of any Material Nonpublic Information.**

### **Publicly Traded Options**

A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the director or employee is trading based on inside information. Transactions in options also may focus the trader's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, any person subject to this Policy is prohibited from engaging in any transactions in puts, calls or other derivative securities, on an exchange or in any other organized market. Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging or Monetization Transactions."

### **Hedging or Monetization Transactions**

Hedging or monetization transactions are devices that allow a director, officer or employee (or other investor in Company securities) to lock in much of the value of his or her stock holdings, often in

exchange for all or part of the potential for upside appreciation in the stock. These transactions would allow them to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, their interests and the interests of the Company and its shareholders may be misaligned and may signal a message to the trading market that may not be in the best interests of the Company and its shareholders at the time it is conveyed. Therefore, any person subject to this Policy is prohibited from engaging in any purchases or sales of puts, calls, options or other derivative securities based on the Company's securities, or any transactions which are intended as a hedging or monetization transaction.

#### **Margin Accounts and Pledges**

Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure sale may occur at a time when the pledgor is aware of Material Nonpublic Information or otherwise is not permitted to trade in Company securities pursuant to a Blackout Period restriction. Thus, any person subject to this Policy is prohibited from holding Company securities in a margin account to cover a margin call, or pledging Company Securities as collateral for a loan.

#### **Standing Orders**

A standing order leaves the seller with no control over the timing of the transaction. A standing order transaction executed by the broker when the seller is aware of Material Nonpublic Information or inside information may result in unlawful insider trading. The Company therefore discourages placing standing orders on the Company's securities. Standing orders placed with a broker to sell or purchase stock at a specified price should be used only for a very brief period of time (i.e., no longer than one (1) week unless done within a Rule 10b5-1 Trading Plan and should otherwise comply with the restrictions and procedures outlined in this Policy.

#### **Post-Termination Transactions**

The prohibitions related to insider trading contained in this Policy continue to apply to transactions in Company securities even after a director, officer or employee has resigned or terminated employment. If the person who resigns or separates from the Company is in possession of Material Nonpublic Information at that time, he or she should not trade in Company securities until that information has become public or is no longer material.

#### **Communications with the Public**

The Company is subject to the SEC's Regulation FD and must avoid selective disclosure of Material Nonpublic Information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. Pursuant to Company policy, only the executive officers who have been authorized to engage in communications with the public may disclose information to the public regarding the Company and its business activities and financial affairs. The public includes, without limitation, research analysts, portfolio managers, financial and business reporters, news media and investors. In addition, because of the risks associated with the exchange of information through such communications media, employees are strictly prohibited from posting or responding to messages containing information regarding the Company on social media, Internet "bulletin boards," Internet "chat rooms" or in similar online forums. Employees who inadvertently disclose any Material Nonpublic Information must

immediately advise the Insider Trading Compliance Officer so the Company can assess its obligations under Regulation FD and other applicable securities laws.

**Inquiries or Concerns**

Please direct questions as to any of the matters discussed in this Policy, or concerns about potential violations of this Policy, to the Company's Insider Trading Compliance Officer at the following address:

Chief Financial Officer Citi Trends, Inc.  
104 Coleman Boulevard  
Savannah, GA 31408  
Telephone: (912) 236-1561

**Certifications**

All directors, officers and other employees of the Company must certify their understanding of, and intent to comply with, this Policy through their annual Code of Business Conduct certification.

**CITI TRENDS, INC.  
PRE-CLEARANCE REQUEST FORM**

To: Citi Trends, Inc. (the "Company") Insider Trading Compliance Officer

From: \_\_\_\_\_

Re: Proposed transaction in the Company's Securities

This is to advise you that the undersigned intends to execute a transaction in the Company's securities on \_\_\_\_\_, and does hereby request that the Company pre-clear the transaction as required by the Company's Insider Trading Policy (the "**Policy**").

The general nature of the transaction is as follows (i.e., open market purchase of 10,000 shares of common stock through The NASDAQ Stock Market, privately negotiated sale of warrants for the purchase of 5,000 shares of common stock, etc.):

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The undersigned is not in possession of Material Nonpublic Information (as defined in the Policy) about the Company and will not enter into the transaction if the undersigned comes into possession of Material Nonpublic Information about the Company between the date hereof and the proposed trade execution date.

The undersigned has read and understands the Policy and certifies that the above proposed transaction will not violate the Policy.

The undersigned agrees to advise the Company promptly if, as a result of future developments, any of the foregoing information becomes inaccurate or incomplete in any respect. The undersigned understands that the Company may require additional information about the transaction, and agrees to provide such information upon request.

Very truly yours,

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

Approved:

\_\_\_\_\_  
Insider Trading Compliance Officer

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## Subsidiary of the Registrant

Name	State of Incorporation	Names Under Which Subsidiary Does Business
Citi Trends Marketing Solutions, Inc.	Idaho	Citi Trends Marketing Solutions, Inc.

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-280441 and 333-256946 on Form S-8 of our reports dated April 16, 2025, relating to the consolidated financial statements of Citi Trends, Inc. and the effectiveness of Citi Trends, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended February 1, 2025.

/s/ Deloitte & Touche LLP

Atlanta, Georgia  
April 16, 2025

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 17 CFR 240.13a-14  
PROMULGATED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth D. Seipel, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: April 16, 2025

/s/ Kenneth D. Seipel  
Kenneth D. Seipel  
Chief Executive Officer  
(Principal Executive Officer) and Chairman

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CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 17 CFR 240.13a-14 PROMULGATED  
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Heather Plutino, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: April 16, 2025

/s/ Heather Plutino

Heather Plutino  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of Citi Trends, Inc. (the "Company") on Form 10-K for the fiscal year ending February 1, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth D. Seipel, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: April 16, 2025

/s/ Kenneth D. Seipel

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Kenneth D. Seipel  
Chief Executive Officer  
(Principal Executive 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.

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CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of Citi Trends, Inc. (the "Company") on Form 10-K for the fiscal year ending February 1, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Heather Plutino, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: April 16, 2025

/s/ Heather Plutino

Heather Plutino  
Chief Financial Officer  
(Principal Financial 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.

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