

---

---

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

**Form 10-Q**

(Mark One)

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

For the quarterly period ended August 2, 2025

OR

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

Commission File Number 000-41886

**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.)

**17 Park of Commerce Boulevard, Suite 200**

**Savannah, Georgia**

(Address of principal executive offices)

**31405**

(Zip Code)

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

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

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

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

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

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

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

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

As of August 29, 2025, the registrant had 8,305,912 outstanding shares of common stock, \$0.01 par value per share.

---

---

**CITI TRENDS, INC.**  
**FORM 10-Q**  
**TABLE OF CONTENTS**

	<b><u>PAGE</u></b> <b><u>NUMBER</u></b>	
<b><u>PART I</u></b>	<b><u>FINANCIAL INFORMATION</u></b>	
<b><u>Item 1</u></b>	<b><u>Financial Statements (unaudited)</u></b>	
	<b><u>Condensed Consolidated Balance Sheets</u></b>	3
	<b><u>Condensed Consolidated Statements of Operations</u></b>	4
	<b><u>Condensed Consolidated Statements of Cash Flows</u></b>	5
	<b><u>Condensed Consolidated Statements of Stockholders' Equity</u></b>	6
	<b><u>Notes to the Condensed Consolidated Financial Statements</u></b>	7
<b><u>Item 2</u></b>	<b><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	12
<b><u>Item 3</u></b>	<b><u>Quantitative and Qualitative Disclosures About Market Risk</u></b>	17
<b><u>Item 4</u></b>	<b><u>Controls and Procedures</u></b>	17
<b><u>PART II</u></b>	<b><u>OTHER INFORMATION</u></b>	
<b><u>Item 1</u></b>	<b><u>Legal Proceedings</u></b>	18
<b><u>Item 1A</u></b>	<b><u>Risk Factors</u></b>	18
<b><u>Item 2</u></b>	<b><u>Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	18
<b><u>Item 3</u></b>	<b><u>Defaults Upon Senior Securities</u></b>	18
<b><u>Item 4</u></b>	<b><u>Mine Safety Disclosures</u></b>	18
<b><u>Item 5</u></b>	<b><u>Other Information</u></b>	18
<b><u>Item 6</u></b>	<b><u>Exhibits</u></b>	19
	<b><u>SIGNATURES</u></b>	20

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

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

	August 2, 2025	February 1, 2025
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 50,397	\$ 61,085
Inventory	117,566	122,640
Prepaid and other current assets	19,635	10,216
Income tax receivable	1,606	3,119
Total current assets	189,204	197,060
Property and equipment, net of accumulated depreciation of \$293,603 and \$297,396 as of August 2, 2025 and February 1, 2025, respectively.	50,522	50,715
Operating lease right of use assets	216,420	214,148
Other assets	1,262	846
Total assets	<u>\$ 457,408</u>	<u>\$ 462,769</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 96,245	\$ 102,456
Operating lease liabilities	43,344	47,724
Accrued expenses	17,285	16,647
Accrued compensation	9,172	7,176
Layaway deposits	1,330	388
Total current liabilities	167,376	174,391
Noncurrent operating lease liabilities	174,145	172,675
Deferred Tax Liability	142	142
Other long-term liabilities	2,505	2,385
Total liabilities	344,168	349,593
Stockholders' equity:		
Common stock, \$0.01 par value. Authorized 32,000,000 shares; 16,505,718 shares issued as of August 2, 2025 and 16,497,092 shares issued as of February 1, 2025; 8,305,912 shares outstanding as of August 2, 2025 and 8,547,841 shares outstanding as of February 1, 2025	162	162
Paid in capital	109,791	108,101
Retained earnings	280,590	275,901
Treasury stock, at cost; 8,199,806 shares held as of August 2, 2025 and 7,949,251 shares held as of February 1, 2025	(277,303)	(270,988)
Total stockholders' equity	113,240	113,176
Commitments and contingencies (Note 7)		
Total liabilities and stockholders' equity	<u>\$ 457,408</u>	<u>\$ 462,769</u>

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

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

	<b>Thirteen Weeks Ended</b>	
	<b>August 2, 2025</b>	<b>August 3, 2024</b>
Net sales	\$ 190,750	\$ 176,552
Cost of sales (exclusive of depreciation)	(114,477)	(121,624)
Selling, general and administrative expenses	(78,905)	(73,780)
Depreciation	(4,548)	(4,782)
Asset impairment	(263)	(1,261)
Gain on sale of building	10,960	—
Income (loss) from operations	3,517	(24,895)
Interest income	389	611
Interest expense	(88)	(80)
Income (loss) before income taxes	3,818	(24,364)
Income tax benefit	—	5,951
Net income (loss)	<u>\$ 3,818</u>	<u>\$ (18,413)</u>
Basic net earnings (loss) per common share	<u>\$ 0.48</u>	<u>\$ (2.21)</u>
Diluted net earnings (loss) per common share	<u>\$ 0.46</u>	<u>\$ (2.21)</u>
Weighted average number of shares outstanding		
Basic	<u>8,033</u>	<u>8,337</u>
Diluted	<u>8,314</u>	<u>8,337</u>

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

	<b>Twenty-Six Weeks Ended</b>	
	<b>August 2, 2025</b>	<b>August 3, 2024</b>
Net sales	\$ 392,478	\$ 362,841
Cost of sales (exclusive of depreciation)	(236,395)	(235,878)
Selling, general and administrative expenses	(153,792)	(147,991)
Depreciation	(8,918)	(9,576)
Asset impairment	(327)	(1,261)
Gain on sale of building	10,960	—
Income (loss) from operations	4,006	(31,865)
Interest income	847	1,460
Interest expense	(164)	(158)
Income (loss) before income taxes	4,689	(30,563)
Income tax benefit	—	8,724
Net income (loss)	<u>\$ 4,689</u>	<u>\$ (21,839)</u>
Basic net earnings (loss) per common share	<u>\$ 0.58</u>	<u>\$ (2.63)</u>
Diluted net earnings (loss) per common share	<u>\$ 0.57</u>	<u>\$ (2.63)</u>
Weighted average number of shares outstanding		
Basic	<u>8,033</u>	<u>8,295</u>
Diluted	<u>8,242</u>	<u>8,295</u>

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

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

	<b>Twenty-Six Weeks Ended</b>	
	<b>August 2, 2025</b>	<b>August 3, 2024</b>
<b>Operating activities:</b>		
Net income (loss)	\$ 4,689	\$ (21,839)
<b>Adjustments to reconcile net income (loss) to net cash used in operating activities:</b>		
Depreciation	8,918	9,576
Asset impairment	327	1,261
Non-cash operating lease costs	24,340	24,605
Loss on disposal of property and equipment	158	18
Deferred income taxes	—	(8,610)
Non-cash stock-based compensation expense	2,451	1,578
Gain on sale of building	(10,960)	—
<b>Changes in assets and liabilities:</b>		
Inventory	5,074	(4,564)
Prepaid and other current assets	(9,419)	(6,084)
Other assets	(416)	85
Accounts payable	(7,125)	10,030
Accrued expenses and other long-term liabilities	(29,602)	(21,865)
Accrued compensation	1,996	878
Income tax receivable/payable	1,513	227
Layaway deposits	942	708
Net cash used in operating activities	<u>(7,114)</u>	<u>(13,996)</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(7,705)	(5,552)
Proceeds from sale of building	11,206	—
Net cash provided by (used in) investing activities	<u>3,501</u>	<u>(5,552)</u>
<b>Financing activities:</b>		
Cash used to settle withholding taxes on the vesting of nonvested restricted stock	(760)	(856)
Repurchases of common stock	(6,315)	—
Net cash used in financing activities	<u>(7,075)</u>	<u>(856)</u>
Net decrease in cash and cash equivalents	<u>(10,688)</u>	<u>(20,404)</u>
<b>Cash and cash equivalents:</b>		
Beginning of period	61,085	79,706
End of period	<u>\$ 50,397</u>	<u>\$ 59,302</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	<u>\$ 98</u>	<u>\$ 83</u>
Cash refunds of income taxes	<u>\$ (1,453)</u>	<u>\$ (341)</u>
<b>Supplemental disclosures of non-cash investing activities:</b>		
Accrual for purchases of property and equipment	<u>\$ 1,688</u>	<u>\$ 214</u>

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

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

	Common Stock		Paid in Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balances — February 1, 2025	16,497,092	\$ 162	\$ 108,101	\$ 275,901	7,949,251	\$ (270,988)	\$ 113,176
Grant of restricted shares	2,089	—	—	—	—	—	—
Forfeiture of restricted shares	(19,398)	—	—	—	—	—	—
Stock-based compensation expense	—	—	968	—	—	—	968
Shares withheld for settlement of employee taxes on vesting	(6,939)	—	(141)	—	—	—	(141)
Repurchase of common stock	—	—	—	—	250,555	(6,315)	(6,315)
Net income (loss)	—	—	—	871	—	—	871
Balances — May 3, 2025	<u>16,472,844</u>	<u>\$ 162</u>	<u>\$ 108,928</u>	<u>\$ 276,772</u>	<u>8,199,806</u>	<u>\$ (277,303)</u>	<u>\$ 108,559</u>
Grant of restricted shares	60,357	—	—	—	—	—	—
Forfeiture of restricted shares	(2,620)	—	—	—	—	—	—
Stock-based compensation expense	—	—	1,483	—	—	—	1,483
Shares withheld for settlement of employee taxes on vesting	(24,863)	—	(620)	—	—	—	(620)
Net income (loss)	—	—	—	3,818	—	—	3,818
Balances — August 2, 2025	<u>16,505,718</u>	<u>\$ 162</u>	<u>\$ 109,791</u>	<u>\$ 280,590</u>	<u>8,199,806</u>	<u>\$ (277,303)</u>	<u>\$ 113,240</u>
	Common Stock		Paid in Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balances — February 3, 2024	16,354,714	\$ 160	\$ 105,686	\$ 319,071	7,804,013	\$ (267,211)	\$ 157,706
Grant of restricted shares	2,811	—	—	—	—	—	—
Forfeiture of restricted shares	(5,178)	—	—	—	—	—	—
Stock-based compensation expense	—	—	884	—	—	—	884
Shares withheld for settlement of employee taxes on vesting	(11,618)	—	(333)	—	—	—	(333)
Net income (loss)	—	—	—	(3,426)	—	—	(3,426)
Balances — May 4, 2024	<u>16,340,729</u>	<u>\$ 161</u>	<u>\$ 106,237</u>	<u>\$ 315,645</u>	<u>7,804,013</u>	<u>\$ (267,211)</u>	<u>\$ 154,832</u>
Vesting of nonvested restricted stock units	—	1	—	—	—	—	1
Grant of restricted shares	110,870	—	—	—	—	—	—
Grant of vested shares	16,373	—	—	—	—	—	—
Forfeiture of restricted shares	(24,845)	—	—	—	—	—	—
Stock-based compensation expense	—	—	694	—	—	—	694
Shares withheld for settlement of employee taxes on vesting	(23,771)	—	(524)	—	—	—	(524)
Net income (loss)	—	—	—	(18,413)	—	—	(18,413)
Balances — August 3, 2024	<u>16,419,356</u>	<u>\$ 162</u>	<u>\$ 106,407</u>	<u>\$ 297,232</u>	<u>7,804,013</u>	<u>\$ (267,211)</u>	<u>\$ 136,590</u>

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

**Citi Trends, Inc.**

**Notes to the Condensed Consolidated Financial Statements (unaudited)**

**August 2, 2025**

1. Significant Accounting Policies

*Basis of Presentation*

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 August 2, 2025, the Company operated 590 stores in urban, suburban and rural markets in 33 states.

The condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim reporting and are unaudited. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The condensed consolidated balance sheet as of February 1, 2025 is derived from the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2025 (the "2024 Form 10-K"). These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the 2024 Form 10-K. Operating results for the first half of 2025 are not necessarily indicative of the results that may be expected for the fiscal year as a result of the seasonality of the business, and the current economic uncertainty.

*Fiscal Year*

The following contains references to fiscal years 2025 and 2024, which represent fiscal years ending or ended on January 31, 2026 and February 1, 2025, respectively. Fiscal 2025 and fiscal 2024 both have 52-week accounting periods.

2. Cash and Cash Equivalents/Concentration of Credit Risk

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

3. Earnings per Share

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

The dilutive effect of stock-based compensation arrangements is accounted for using the treasury stock method. The Company includes the amount of compensation cost attributed to future services and not yet recognized as assumed proceeds. For the second quarter of 2025 and 2024, there were 0 and 178,000 shares of nonvested restricted stock, respectively, excluded from the calculation of diluted earnings per share because of antidilution. For the twenty-six weeks ended August 2, 2025 and August 3, 2024, there were 0 and 234,000 shares of nonvested restricted stock, respectively, excluded from the calculation of diluted earnings per share because of antidilution.

## [Table of Contents](#)

The following table provides the weighted average number of common shares outstanding used to calculate basic earnings per share to the number of common shares and common stock equivalents outstanding used in calculating diluted earnings per share:

	Thirteen Weeks Ended	
	August 2, 2025	August 3, 2024
Weighted average number of common shares outstanding (basic)	8,033,100	8,336,629
Incremental shares from assumed vesting of nonvested restricted stock	280,741	—
Weighted average number of common shares and common stock equivalents outstanding (diluted)	<u>8,313,841</u>	<u>8,336,629</u>

  

	Twenty-Six Weeks Ended	
	August 2, 2025	August 3, 2024
Weighted average number of common shares outstanding (basic)	8,033,361	8,294,593
Incremental shares from assumed vesting of nonvested restricted stock	208,787	—
Weighted average number of common shares and common stock equivalents outstanding (diluted)	<u>8,242,148</u>	<u>8,294,593</u>

#### 4. Revolving Credit Facility

In October 2011, the Company entered into a five-year, \$50 million credit facility with Bank of America. The facility was amended in August 2015, May 2020 and April 2021 to modify terms and extend the maturity dates. The facility was further amended on April 10, 2025 to extend the maturity date to April 10, 2030. The amended 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.

As of August 2, 2025, the Company had no borrowings under the credit facility and \$2.2 million of letters of credit outstanding.

#### 5. Impairment of Assets

If facts and circumstances indicate that a long-lived asset or operating lease right-of-use asset may be impaired, the carrying value is reviewed. If this review indicates that the carrying value of the asset 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. In the first half of 2025, non-cash impairment expense related to underperforming stores totaled \$0.3 million, comprised of \$0.2 million for leasehold improvements and fixtures and equipment, and \$0.1 million for operating lease right of use assets. In the first half of 2024, non-cash impairment expense related to underperforming stores totaled \$1.3 million, comprised of \$0.7 million for leasehold improvements and fixtures and equipment, and \$0.6 million for operating lease right of use assets.

#### 6. 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

## [Table of Contents](#)

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.

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.

On July 4, 2025, the President signed H.R. 1, the “One Big Beautiful Bill Act,” into law. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The legislation includes several changes to federal tax law that generally allow for more favorable deductibility of certain business expenses beginning in 2025, including the restoration of immediate expensing of domestic R&D expenditures, reinstatement of 100% bonus depreciation, and more favorable rules for determining the limitation on business interest expense. The Company expects to utilize the more favorable tax legislation in its corresponding tax filings.

### 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, landlords, 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, the Company establishes appropriate reserves.

While legal proceedings are subject to uncertainties and the outcome of any such matter is not predictable, the Company is not aware of any legal proceedings pending or threatened against it that it expects to have a material adverse effect on its financial condition, results of operations or liquidity.

### 8. Stock Repurchases

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 were as follows (in thousands, except per share data):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Total number of shares purchased	—	—	251	—
Average price paid per share (including commissions)	\$ —	\$ —	\$ 25	\$ —
Total investment	\$ —	\$ —	\$ 6,315	\$ —

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.

At August 2, 2025, \$40.0 million remained available under the Company’s stock repurchase authorization.

### 9. Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, “Improvement to Income Tax Disclosures (Topic 740)”, (“ASU 2023-09”) 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 this standard will have 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” 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 this standard will have on its disclosures.

[Table of Contents](#)

10. Revenue

*Revenue Recognition*

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

*Sales Returns*

The Company allows customers to return merchandise for up to 30 days after the date of sale. Expected refunds to customers are recorded based on estimated margin using historical return information.

*Disaggregation of Revenue*

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

In the following table, the Company's revenue from contracts with customers is disaggregated by Division or product category. It also provides the percentage of net sales for each Division within the merchandise assortment.

Division	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 2,	August 3,	August 2,	August 3,
	2025	2024	2025	2024
Womens	27 %	27 %	28 %	29 %
Kids	22 %	22 %	22 %	22 %
Mens	18 %	17 %	17 %	16 %
Accessories & Beauty	17 %	18 %	16 %	17 %
Home & Lifestyle	9 %	9 %	10 %	9 %
Footwear	7 %	7 %	7 %	7 %

11. Leases

The Company leases its retail store locations, 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.

The Company analyzes all leases at inception to determine if a right-of-use asset and lease liability should be recognized. Leases with an initial term of 12 months or less and leases with mutual termination clauses are not included on the condensed consolidated balance sheets. The lease liability is measured at the present value of future lease payments as of the lease commencement date.

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):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Operating lease cost	\$ 15,219	\$ 14,400	\$ 30,386	\$ 29,790
Variable lease cost	3,205	3,541	5,815	6,163
Short term lease cost	422	381	998	1,094
Total lease cost	\$ 18,846	\$ 18,322	\$ 37,199	\$ 37,047

[Table of Contents](#)

Future minimum lease payments as of August 2, 2025 are as follows (in thousands):

<b>Fiscal Year</b>	<b>Lease Costs</b>	
Remainder of 2025	\$	36,175
2026		56,521
2027		45,081
2028		36,281
2029		27,541
Thereafter		93,552
Total future minimum lease payments		295,151
Less: imputed interest		(77,662) (1)
Total present value of lease liabilities	\$	217,489 (2)

(1) Calculated using the incremental borrowing rate for each lease.

(2) Includes short-term and long-term portions of operating lease liabilities.

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 flows and other information related to operating leases are as follows (in thousands, except for weighted average amounts):

	<b>Twenty-Six Weeks Ended</b>	
	<b>August 2, 2025</b>	<b>August 3, 2024</b>
Cash paid for operating leases	\$ 30,578	\$ 30,784
Right of use assets obtained in exchange for new operating lease liabilities	\$ 26,675	\$ 19,307
Weighted average remaining lease term (years) - operating leases	6.99	7.38
Weighted average discount rate - operating leases	5.87%	5.35%

## 12. 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.

## [Table of Contents](#)

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 (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 2, 2025	August 3, 2024	August 2, 2025	August 3, 2024
Net sales	\$ 190,750	\$ 176,552	\$ 392,478	\$ 362,841
Cost of sales (exclusive of depreciation shown separately below)				
Merchandising and other	(104,204)	(111,290)	(216,061)	(215,588)
Freight in and out	(10,273)	(10,334)	(20,334)	(20,290)
Selling, general, and administrative expenses				
Store expenses - payroll and related expenses	(23,548)	(22,269)	(46,033)	(44,404)
Store expenses - rent	(16,770)	(16,367)	(33,097)	(33,141)
Corporate expenses - payroll and related expenses	(7,273)	(7,226)	(14,556)	(15,458)
Distribution center expenses - payroll and related expenses	(4,766)	(4,225)	(9,321)	(8,172)
Other segment expenses <sup>(1)</sup>	(26,548)	(23,693)	(50,785)	(46,816)
Gain on sale of building	10,960	-	10,960	-
Depreciation	(4,548)	(4,782)	(8,918)	(9,576)
Asset impairment	(263)	(1,261)	(327)	(1,261)
Interest income	389	611	847	1,460
Interest expense	(88)	(80)	(164)	(158)
Income tax (provision) benefit	-	5,951	-	8,724
Net income (loss)	\$ 3,818	\$ (18,413)	\$ 4,689	\$ (21,839)

<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.

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

### Forward-Looking Statements

Except for specific historical information, many of the matters discussed in this Form 10-Q may express or imply projections of revenues or expenditures, statements of plans and objectives for future operations, growth or initiatives, statements of future economic performance, capital allocation expectations or statements regarding the outcome or impact of pending or threatened litigation. These, and similar statements, are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, concerning matters that involve risks, uncertainties and other factors that may cause the actual performance of the Company to differ materially from those expressed or implied by these statements. All forward-looking information should be evaluated in the context of these risks, uncertainties and other factors. The words "believe," "anticipate," "project," "plan," "expect," "estimate," "objective," "forecast," "goal," "intend," "could," "will likely result," or "will continue" and similar words and expressions generally identify forward-looking statements, although not all forward-looking statements contain such language. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in the forward-looking statements.

The factors that may result in actual results differing from such forward-looking information include, but are not limited to: uncertainties relating to 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; impact 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

## [Table of Contents](#)

changes in demand due to weather patterns; seasonality of the Company's business; the results of pending or threatened litigation; delays associated with building, opening, remodeling and operating new stores; delays associated with building, opening or expanding new or existing distribution centers; and other factors described in the section titled "Item 1A. Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2025 and in Part II, "Item 1A. Risk Factors" and elsewhere in the Company's Quarterly Reports on Form 10-Q and any amendments thereto and in the other documents the Company files with the SEC, including reports on Form 8-K.

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

### **Executive Overview**

We are 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 trends primarily for African American families in the United States. We curate a three-tiered mix of products featuring well-known brands, core products 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 products 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 the manufacturer's suggested retail price. 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.

As of August 2, 2025, we operated 590 stores in urban, suburban and rural markets in 33 states.

### **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 Patterns***

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 product, 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 following discussion contains references to fiscal years 2025 and 2024, which represent fiscal years ending or ended on January 31, 2026 and February 1, 2025, respectively. Fiscal 2025 and fiscal 2024 both have 52-week accounting periods. This discussion and analysis should be read with the unaudited condensed consolidated financial statements and the notes thereto contained in Part I, Item 1 of this Report.

### **Results of Operations**

The following discussion of the Company's financial performance is based on the unaudited condensed consolidated financial statements set forth herein. Expenses and, to a greater extent, operating income, vary by quarter. Results of a period shorter than a full

year may not be indicative of results expected for the entire year as a result of the seasonality of our business, and the current economic uncertainty.

### 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 the overall performance of each individual store. Finally, we monitor corporate and distribution center expenses against budgeted amounts.

### Thirteen Weeks Ended August 2, 2025 and August 3, 2024

*Net Sales.* Net sales increased \$14.2 million, or 8.0%, to \$190.8 million in the second quarter of 2025 from \$176.6 million in the second quarter of 2024. Comparable store sales increased 9.2%, resulting in an increase of \$16.0 million in sales. Net store opening and closing activity resulted in a net decrease of \$1.9 million in sales.

*Cost of Sales (exclusive of depreciation).* Cost of sales (exclusive of depreciation) decreased \$7.1 million, or 5.8%, to \$114.5 million in the second quarter of 2025 from \$121.6 million in the second quarter of 2024. Cost of sales as a percentage of sales decreased to 60.0% in the second quarter of 2025 from 68.9% in the second quarter of 2024. The 890 basis-point decrease was primarily driven by a 580 basis points decrease in markdowns, a 190 basis points decrease in shrink, and a 120 basis points decrease in other cost of sales.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses increased \$5.1 million, or 6.9%, to \$78.9 million in the second quarter of 2025 from \$73.8 million in the second quarter of 2024. The increase was driven by corporate expense (primarily payroll and incremental incentive compensation) of \$3.9 million and occupancy expense of \$1.0 million. As a percentage of sales, Selling, general and administrative expenses decreased to 41.4% in the second quarter of 2025 from 41.8% in the second quarter of 2024, primarily driven by the aforementioned items.

*Depreciation.* Depreciation expense decreased \$0.2 million, or 4.9%, to \$4.5 million in the second quarter of 2025 from \$4.8 million in the second quarter of 2024 due to the sale of our corporate office building.

*Impairment.* Non-cash impairment expense related to underperforming stores totaled \$0.2 million in the second quarter of 2025, comprised of leasehold improvements and fixtures and equipment. Non-cash impairment expense related to underperforming stores totaled \$1.3 million in the second quarter of 2024, comprised of \$0.7 million for leasehold improvements and fixtures and equipment, and \$0.6 million for operating lease right of use assets.

*Gain on sale of building.* Gain on the sale of the corporate office building was \$11.0 million in the second quarter of 2025.

*Income Tax Benefit.* There was no income tax benefit in the second quarter of 2025 compared to a benefit of \$6.0 million in the second quarter of 2024. For the second quarter of 2025 and the second quarter of 2024, we used the annual effective tax rate to determine income tax benefit based upon interim period results.

*Net Income (Loss).* Net income was \$3.8 million in the second quarter of 2025 compared to net loss of \$18.4 million in the second quarter of 2024 due to the factors discussed above.

## **Twenty-Six Weeks Ended August 2, 2025 and August 3, 2024**

**Net Sales.** Net sales increased \$29.6 million, or 8.2%, to \$392.5 million in the first twenty-six weeks of 2025 from \$362.8 million in the same period of 2024. Comparable store sales increased 9.6%, resulting in an increase of \$34.1 million in sales. Net store opening and closing activity resulted in a net decrease of \$4.6 million in sales.

**Cost of Sales (exclusive of depreciation).** Cost of sales (exclusive of depreciation) increased \$0.5 million, or 0.2%, to \$236.4 million in the first twenty-six weeks of 2025 from \$235.9 million in the same period of 2024. Cost of sales as a percentage of sales decreased to 60.2% in the first twenty-six weeks of 2025 from 65.0% in the same period of 2024. The 480 basis-point decrease was driven by a 250 basis points decrease in markdowns, a 130 basis points decrease in shrink, and a 100 basis points decrease in other cost of sales.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses increased \$5.8 million, or 3.9%, to \$153.8 million in the first twenty-six weeks of 2025 from \$148.0 million in the same period of 2024. The increase was primarily driven by stores selling and advertising expenses of \$2.2 million, distribution center costs of \$2.2 million, and corporate expenses (primarily incentive compensation) of \$1.4 million. As a percentage of sales, Selling, general and administrative expenses decreased to 39.2% in the first twenty-six weeks of 2025 from 40.8% in the first twenty-six weeks of 2024, due to the aforementioned items.

**Depreciation.** Depreciation expense decreased \$0.7 million, or 6.9%, to \$8.9 million in the first twenty-six weeks of 2025 from \$9.6 million in the same period last year due to the sale of the corporate office building.

**Impairment.** Non-cash impairment expense related to underperforming stores totaled \$0.3 million in the first twenty-six weeks of 2025, comprised of \$0.2 million for leasehold improvements and fixtures and equipment, and \$0.1 million for operating lease right of use assets. Non-cash impairment expense related to underperforming stores totaled \$1.3 million in the first twenty-six weeks of 2024, comprised of \$0.7 million for leasehold improvements and fixtures and equipment, and \$0.6 million for operating lease right of use assets.

**Gain on sale of building.** Gain on sale of the corporate office building was \$11.0 million in the first twenty-six weeks of 2025.

**Income Tax Benefit.** There was no income tax benefit in the first twenty-six weeks of 2025 compared to \$8.7 million in the first twenty-six weeks of 2024. For the second half of 2025 and the second half of 2024, we used the annual effective tax rate to determine income tax benefit based upon interim period results.

**Net Income (Loss).** Net income was \$4.7 million in the first twenty-six weeks of 2025 compared to net loss of \$21.8 million in the same period of 2024 due to the factors discussed above.

## **Liquidity and Capital Resources**

### **Capital Allocation**

Our capital allocation strategy is to maintain adequate liquidity to prioritize investments in opportunities to profitably grow our business and maintain current operations, then to return excess cash to stockholders through our repurchase programs. Our quarter-end cash and cash equivalents balance was \$50.4 million compared to cash and cash equivalents of \$59.3 million at the end of the second quarter 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 quarter-end inventory balance was \$117.6 million, down 12.9% compared to \$135.0 million at the end of the second quarter last year.

### **Capital Expenditures**

Capital expenditures in the first twenty-six weeks of 2025 were \$7.7 million, an increase of \$2.1 million over the first twenty-six weeks of 2024, as we increased our investments in new stores and remodels. We anticipate capital expenditures in fiscal 2025 to be in the range of \$22 million to \$25 million, primarily for the opening of three new stores and remodeling existing stores, combined with ongoing investments in our systems.

### **Share Repurchases**

In the first half of fiscal 2025, we returned \$6.3 million to stockholders through share repurchases. See Part II, Item 2 of this Report and Note 8 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 the second quarter of 2025, we had no borrowings under the credit facility and \$2.2 million in letters of credit outstanding.

### **Cash Flows**

*Cash Flows From Operating Activities.* Net cash used in operating activities was \$7.1 million in the first twenty-six weeks of 2025 compared to \$14.0 million in the same period of 2024. Significant sources of cash for the first twenty-six weeks of 2025 included net income adjusted for non-cash items totaling \$29.9 million (compared to net loss adjusted for non-cash items of \$6.6 million in the first twenty-six weeks of 2024) and a decrease in inventory of \$5.1 million in the first twenty-six weeks of 2025 (compared to an increase of \$4.6 million in the first twenty-six weeks of 2024).

Significant uses of cash from operating activities in the first twenty-six weeks of 2025 included (1) a \$29.6 million decrease in accrued expenses and other long-term liabilities (compared to a \$21.9 million decrease in the first twenty-six weeks of 2024) due primarily to payments of operating lease liabilities; (2) a \$9.4 million increase in prepaid and other current assets (compared to a \$6.1 million dollar increase in the first twenty-six weeks of 2024); and (3) a \$7.1 million decrease in accounts payable (compared to a \$10.0 million increase in the same period last year).

*Cash Flows From Investing Activities.* Cash provided by investing activities was \$3.5 million in the first twenty-six weeks of 2025 compared to cash used of \$5.6 million in the same period last year. Sources of cash of \$11.2 million in the first 26 weeks of 2025 was from the sale of a building. Cash used of \$7.7 million in the first twenty-six weeks of fiscal 2025 and \$5.6 million in the first twenty-six weeks of fiscal 2024 consisted of purchases of property and equipment.

*Cash Flows From Financing Activities.* Cash used in financing activities was \$7.1 million in the first twenty-six weeks of 2025 compared to \$0.9 million in the same period last year. Cash used in the first twenty-six weeks of fiscal 2025 was \$0.8 million to settle withholding taxes on the vesting of restricted stock and \$6.3 million for share repurchases, compared to \$0.9 million used in the first twenty-six weeks of fiscal 2024 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 infrastructure; and (3) operational needs, including salaries, occupancy costs, taxes and other operating costs. We may also use cash to fund any share repurchases, make any required debt payments and satisfy other contractual obligations. Historically, we have met these cash requirements using cash flow from operations and short-term trade credit. As of August 2, 2025, our contractual commitments for operating leases totaled \$217.5 million (with \$36.2 million due within 12 months). See Note 11 to the Financial Statements for more information regarding lease commitments.

### **Critical Accounting Policies**

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

There have been no material changes to the Critical Accounting Policies outlined in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no material changes in our market risk during the twenty-six weeks ended August 2, 2025 compared to the disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended February 1, 2025.

**Item 4. Controls and Procedures.**

We have 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 August 2, 2025 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 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.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended August 2, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II — OTHER INFORMATION**

**Item 1. Legal Proceedings.**

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

**Item 1A. Risk Factors.**

There have been no material changes to the Risk Factors described under the section “ITEM 1A. RISK FACTORS” in our Annual Report on Form 10-K for the fiscal year ended February 1, 2025.

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

*Information on Share Repurchases*

The Company did not repurchase any shares in the second quarter of 2025. At August 2, 2025, \$40.0 million remained under the Company’s stock repurchase authorization.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

Not applicable.

**Item 6. Exhibits.**

- 3.1 [Third Amended and Restated Certificate of Incorporation \(incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 7, 2018\).](#)
- 3.2 [Fourth Amended and Restated Bylaws \(incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on October 31, 2022\).](#)
- 10.1 [Citi Trends, Inc. Amended and Restated 2021 Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2025\).](#)
- 10.2 [Form of Restricted Stock Award Agreement for Employees \(2025\) under the Citi Trends, Inc. 2021 Incentive Plan.](#) +
- 10.3 [Form of Performance-Based Restricted Stock Unit Award Agreement for Employees \(2025\) under the Citi Trends, Inc. 2021 Incentive Plan.](#) +
- 31.1 [Certification of Principal Executive Officer, Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)+
- 31.2 [Certification of Principal Financial Officer, Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)+
- 32.1 [Certifications Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)†
- 101 Inline XBRL Document Set for the condensed consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q. +
- 104 Inline XBRL for the cover page of this Quarterly Report on Form 10-Q, included in the Exhibit 101 Inline XBRL Document Set. +

+ Included herewith.

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

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, and the undersigned also has signed this report in her capacity as the Registrant's Chief Financial Officer (Principal Financial Officer).

CITI TRENDS, INC.

Date: September 10, 2025

By: /s/ Heather Plutino

Name: Heather Plutino

Title: Chief Financial Officer

# RESTRICTED STOCK AWARD AGREEMENT

*Non-transferable Grant*

by Citi Trends, Inc. (the "Company")

This award for restricted shares of the Company's common stock, \$0.01 par value (the "Shares") is pursuant and subject to the provisions of the Citi Trends 2021 Incentive Plan (the "Plan") and to the terms and conditions set forth on the following page (the "Terms and Conditions"). By accepting the Shares, Grantee shall be deemed to have agreed to the terms and conditions set forth in this Agreement and the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

The Shares will vest (become non-forfeitable) as to the percentages of the Shares and on the respective dates specified in the following schedule, provided that Grantee is employed by the Company on such dates.

<b>Grant Type</b>	<b>Number of RSUs Granted</b>	<b>Vesting Criteria</b>
<b>Time-Based RSUs</b>	_____	Subject to the Grantee's continuous employment with the Company on each applicable vesting date, the RSUs shall vest in accordance with the following schedule:

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Agreement to be duly executed.

**Grant Date:** \_\_\_\_\_

CITI TRENDS, INC.

By: \_\_\_\_\_  
Ken Seipel, Chief Executive Officer

---

## TERMS AND CONDITIONS

1. Restrictions. The Shares are subject to each of the following restrictions. "Restricted Shares" mean those Shares that 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. If Grantee's employment with the Company or any Subsidiary terminates for any reason, then Grantee shall forfeit all of Grantee's right, title and interest in and to the Restricted Shares as of the date of employment termination, and such Restricted Shares shall revert to the Company immediately following the event of forfeiture. The restrictions imposed under this Section 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. Expiration and Termination of Restrictions. The restrictions imposed under Section 1 will expire on the earliest to occur of the following (the period prior to such expiration being referred to herein as the "Restricted Period"):

(a) as to the percentage of the Shares specified on the cover page hereof, on the respective date specified on the cover page hereof; provided Grantee is then employed by the Company; or

(b) upon Grantee's death or Disability, but only with respect to the number of Shares that would otherwise have vested within the 12 months following the death or Disability based on Grantee's continued employment with the Company; or

(c) upon a Change of Control of the Company.

3. Delivery of Shares. The Shares will be registered in the name of Grantee as of the Grant Date and may be held by the Company during the Restricted Period in certificated or uncertificated form. If a certificate for Restricted Shares is issued during the Restricted Period with respect to such Shares, such certificate shall be registered in the name of Grantee and shall bear a legend in substantially the following form (in addition to any legend required under applicable state securities laws): "This certificate and the shares of stock represented hereby are subject to

the terms and conditions (including forfeiture and restrictions against transfer) contained in a Restricted Stock Agreement between the registered owner of the shares represented hereby and Citi Trends, Inc. Release from such terms and conditions shall be made only in accordance with the provisions of such Agreement, copies of which are on file in the offices of Citi Trends, Inc." Stock certificates for the Shares, without the first above legend, shall be delivered to Grantee or Grantee's designee upon request of Grantee after the expiration of the Restricted Period, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply, if deemed advisable by the Company, with registration requirements under the Securities Act of 1933, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

4. Voting Rights. Grantee, as beneficial owner of the Shares, shall have full voting rights with respect to the Shares during and after the Restricted Period.

5. Dividend Rights. Grantee shall accrue cash and non-cash dividends, if any, paid with respect to the Restricted Shares, but the payment of such dividends shall be deferred and held (without interest) by the Company for the account of Grantee until the expiration of the Restricted Period. During the Restricted Period, such dividends shall be subject to the same vesting restrictions imposed under Section 1 as the Restricted Shares to which they relate. Accrued dividends deferred and held pursuant to the foregoing provision shall be paid by the Company to the Grantee promptly upon the expiration of the Restricted Period (and in any event within 30 days of the date of such expiration).

6. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company.

7. Payment of Taxes.

(a) Upon issuance of the Shares hereunder, Grantee may make an election to be taxed upon such award under Section 83(b) of the Internal Revenue Code. To effect such election, Grantee may file an appropriate election with Internal Revenue Service within thirty (30) days after award of the Shares and otherwise in accordance with applicable Treasury Regulations.

(b) Grantee will, no later than the date as of which any amount related to the Shares first becomes includable in Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind required by law to be withheld with respect to such amount, including without limitation the surrender of shares of Stock to the Company. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company will, to the extent permitted by law, have the right to deduct any such taxes from the award or any payment of any kind otherwise due to Grantee. Unless otherwise determined by the Committee, the withholding requirement shall be satisfied by withholding Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld in accordance with applicable tax requirements.

8. 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.

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

10. 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.

11. 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.

**PERFORMANCE-  
BASED RESTRICTED STOCK  
UNIT AWARD AGREEMENT**

*Non-transferable Grant to ("Grantee")*

[ ] restricted stock units (the "Units") representing the right to earn, on a one-for-one basis, shares of the Company's common stock ("Shares"), as provided herein, pursuant to and subject to the provisions of the Citi Trends 2021 Incentive Plan (the "Plan"), and to the terms and conditions set forth on the following page of this Agreement (the "Agreement").

The Units shall vest, if at all, as described in Section 2 hereof.

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has caused this Agreement to be duly executed.

**Grant Date of Award:** \_\_\_\_\_

CITI TRENDS, INC.

By: \_\_\_\_\_

Ken Seipel, Chief Executive Officer

## TERMS AND CONDITIONS

1. **Grant of Units.** The Company hereby grants to Grantee, subject to the restrictions and the terms and conditions set forth in the Plan and in this Agreement, the number of Units indicated on page 1 hereof which represent the right to receive shares of the Company's Stock.
2. **Vesting of Units.** The Units have been credited to a bookkeeping account on behalf of Grantee. The Units will vest and become non-forfeitable on the earliest to occur of the following (each, a "Vesting Date"):
  - (a) \_\_\_% of the Units shall vest upon the Company achieving at any time during the Performance Period [\_\_\_\_\_], subject to either (i) Grantee's Continuous Service with the Company through such date, or (ii) termination of Grantee's Continuous Service prior to such date by reason of Grantee's death or Disability;
  - (b) Upon a Change in Control, if the Units are not assumed, converted, or substituted by the surviving entity, 100% of the Units shall vest, subject to Grantee's Continuous Service on the date of the Change in Control;
  - (c) If the Units are assumed, converted, or substituted by the surviving entity in connection with a Change in Control, 100% of the Units shall vest upon the termination of Grantee's employment by the Company without Cause or resignation by Grantee for Good Reason (as provided in any applicable agreement) within twelve (12) months following such Change in Control. Any Units that fail to vest in accordance with the terms of this Agreement will be forfeited and reconveyed to the Company without further consideration or any act or action by Grantee.
3. **Termination of Continuous Service.** If Grantee's employment is terminated for any reason other than death or Disability prior to the Vesting Date, then all of the Units will be forfeited and reconveyed to the Company on the date of termination without further consideration or any act or action by Grantee.
4. **Conversion to Stock.** Unless the Units are forfeited prior to the Vesting Date as provided in section 3 above, the Units will be converted on the Vesting Date to actual shares of Stock, and such Shares will be registered on the books of the Company in the name of Grantee (or in street name to Grantee's brokerage account) as of the Vesting Date in uncertificated (book-entry) form unless Grantee requests a stock certificate or certificates for the Shares.
5. **Dividend Rights.** Grantee shall accrue cash and non-cash dividends, if any, paid with respect to the Stock, but the payment of such dividends shall be deferred and held (without interest) by the Company for the account of Grantee until the expiration of the restrictions set forth in this award agreement. Such dividends shall be subject to the same vesting restrictions as the Stock to which they relate. Accrued dividends deferred and held pursuant to the foregoing provision shall be paid by the Company to the Grantee promptly upon the expiration of the restrictions set forth in this award agreement (and in any event within 30 days of the date of such expiration).
6. **Restrictions on Transfer.** No right or interest of Grantee in the Units may be pledged, hypothecated or otherwise encumbered to or in favor of any party other than the Company or an Affiliate, or be subjected to any lien, obligation or liability of Grantee to any other party other than the Company or an Affiliate. Units are not assignable or transferable by Grantee other than by will or the laws of descent and distribution.
7. **Limitation of Rights.** The Units do not confer to Grantee or Grantee's beneficiary any rights of a stockholder of the Company unless and until shares of Stock are in fact issued to such person in connection with the Units. Nothing in this Agreement shall interfere with or limit in any way the right of the Company to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in the employ of the Company.
8. **Payment of Taxes.** Grantee will, no later than the date as of which the Units first become includable in Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind required by law to be withheld with respect to such amount. To the extent not prohibited by applicable laws or regulations, Grantee may elect that any such withholding requirement be satisfied, in whole or in part, by having the Company withhold from the Units upon settlement a number of shares of Stock having a Fair Market Value on the date of withholding, equal to the minimum amount (and not any greater amount) required to be withheld for tax purposes, all in accordance with such procedures as the Committee establishes. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company will, to the extent permitted by law, have the right to deduct any such taxes from the award or any payment of any kind otherwise due to Grantee. Unless otherwise determined by the Committee, the withholding requirement shall be satisfied by withholding Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld in accordance with applicable tax requirements.
9. **Amendment.** The Committee may amend, modify or terminate this Certificate 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 Units hereunder had expired) on the date of such amendment or termination.
10. **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.
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. **Successors.** This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.
13. **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.
14. **Definition of Adjusted EBITDA.** For purposes of this Agreement, "Adjusted EBITDA" means EBITDA as adjusted for bonus and equity expense and certain other unusual or non-recurring items (including, but not limited to, unplanned and significant costs related to litigation, claim judgments, settlements or proxy contests). Such adjustments for unusual or non-recurring items must have also been approved as adjustments by the Committee for the calculation of bonuses under management's annual cash incentive program for the fiscal year under which Adjusted EBITDA is being calculated for this Agreement. For purposes of this Agreement, the "Performance Period" commences on May 5, 2025, and concludes on May 4, 2028.

## CERTIFICATION

I, Kenneth D. Seipel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended August 2, 2025 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: September 10, 2025

/s/ Kenneth D. Seipel

\_\_\_\_\_  
Kenneth D. Seipel

Chief Executive Officer

(Principal Executive Officer) and Chairman

---

## CERTIFICATION

I, Heather Plutino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended August 2, 2025 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: September 10, 2025

/s/ Heather Plutino

Heather Plutino

Chief Financial Officer

(Principal Financial Officer)

---

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

I, Kenneth D. Seipel, Chief Executive Officer of Citi Trends, Inc.,

and

I, Heather Plutino, Chief Financial officer of Citi Trends, Inc., certify that:

1. We have reviewed this quarterly report on Form 10-Q of Citi Trends, Inc. for the period ended August 2, 2025;
2. Based on our knowledge, this quarterly report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
3. Based on our knowledge, the financial statements, and other information included in this quarterly report, fairly present in all material respects the financial condition and results of operations of the registrant as of, and for, the periods presented in this quarterly report.

Date: September 10, 2025

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

Date: September 10, 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.

---