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

Form 10-Q

(Mark One)

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

For the quarterly period ended May 1, 2021
OR

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

Commission File Number 000-51315

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

Delaware (State or other jurisdiction of incorporation or organization)	**52-2150697** (I.R.S. Employer Identification No.)
104 Coleman Boulevard **Savannah, Georgia** (Address of principal executive offices)	**31408** (Zip Code)

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

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

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

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

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

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

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

Smaller Reporting Company ☐ Emerging Growth Company ☐

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

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

As of May 17, 2021, the registrant had 9,287,006 outstanding shares of common stock, $0.01 par value per share.

CITI TRENDS, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	May 1, 2021	January 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 131,276	$ 123,177
Inventory	101,803	103,845
Prepaid and other current assets	19,290	17,420
Total current assets	252,369	244,442
Property and equipment, net of accumulated depreciation of $281,842 and $279,080 as of May 1, 2021 and January 31, 2021, respectively	65,532	63,514
Operating lease right of use assets	184,694	179,673
Deferred income taxes	5,141	6,195
Other assets	1,441	769
Total assets	$ 509,177	$ 494,593
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 109,723	$ 84,832
Operating lease liabilities	48,908	46,983
Accrued expenses	21,247	16,592
Accrued compensation	18,067	29,315
Income tax payable	11,603	4,623
Layaway deposits	807	500
Total current liabilities	210,355	182,845
Noncurrent operating lease liabilities	148,596	145,828
Other long-term liabilities	2,233	2,286
Total liabilities	361,184	330,959
Stockholders' equity:		
Common stock, $0.01 par value. Authorized 32,000,000 shares; 15,973,001 shares issued as of May 1, 2021 and 15,981,394 shares issued as of January 30, 2021; 9,331,012 shares outstanding as of May 1, 2021 and 9,876,901 shares outstanding as of January 30, 2021	158	158
Paid in capital	94,416	95,484
Retained earnings	240,815	209,918
Treasury stock, at cost; 6,641,989 shares held as of May 1, 2021 and 6,104,493 shares held as of January 30, 2021	(187,396)	(141,926)
Total stockholders' equity	147,993	163,634
Commitments and contingencies (Note 8)		
Total liabilities and stockholders' equity	$ 509,177	$ 494,593

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)

	Thirteen Weeks Ended	
	May 1, 2021	May 2, 2020
Net sales	$ 285,381	$ 116,124
Cost of sales (exclusive of depreciation)	(163,791)	(84,370)
Selling, general and administrative expenses	(77,892)	(54,076)
Depreciation	(4,697)	(4,946)
Asset impairment	—	(286)
Income (loss) from operations	39,001	(27,554)
Interest income	4	217
Interest expense	(47)	(163)
Income (loss) before income taxes	38,958	(27,500)
Income tax (provision) benefit	(8,061)	6,608
Net income (loss)	$ 30,897	$ (20,892)
Basic net income (loss) per common share	$ 3.27	$ (2.00)
Diluted net income (loss) per common share	$ 3.23	$ (2.00)
Weighted average number of shares outstanding		
Basic	9,450	10,443
Diluted	9,571	10,443

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

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

	Thirteen Weeks Ended	
	May 1, 2021	May 2, 2020
Operating activities:		
Net income (loss)	$ 30,897	$ (20,892)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,697	4,946
Non-cash operating lease costs	12,210	11,756
Asset impairment	—	286
Loss on disposal of property and equipment	53	4
Deferred income taxes	1,054	(7,665)
Insurance proceeds related to operating activities	451	—
Non-cash stock-based compensation expense	1,087	469
Changes in assets and liabilities:		
Inventory	1,653	16,373
Prepaid and other current assets	(1,932)	4,201
Other assets	(402)	1
Accounts payable	24,530	14,030
Accrued expenses and other long-term liabilities	(8,598)	(6,795)
Accrued compensation	(11,248)	(5,490)
Income tax payable	6,980	1,101
Layaway deposits	307	495
Net cash provided by operating activities	61,739	12,820
Investing activities:		
Sales/redemptions of investment securities	—	43,754
Purchases of investment securities	—	(522)
Purchases of property and equipment	(5,936)	(3,981)
Insurance proceeds related to investing activities	191	—
Net cash (used in) provided by investing activities	(5,745)	39,251
Financing activities:		
Borrowings under revolving credit facility	—	43,700
Payments of debt issuance costs	(270)	—
Cash used to settle withholding taxes on the vesting of nonvested restricted stock	(2,155)	(479)
Dividends paid to stockholders	—	(831)
Repurchases of common stock	(45,470)	(6,254)
Net cash (used in) provided by financing activities	(47,895)	36,136
Net increase in cash and cash equivalents	8,099	88,207
Cash and cash equivalents:		
Beginning of period	123,177	19,923
End of period	$ 131,276	$ 108,130
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 32	$ 163
Cash payments (refunds) of income taxes	$ 27	$ (45)
Supplemental disclosures of non-cash investing activities:		
Accrual for purchases of property and equipment	$ 1,023	$ 936

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	Retained	Treasury Stock		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balances — January 30, 2021	15,981,394	$ 158	$ 95,484	$ 209,918	6,104,493	$ (141,926)	$ 163,634
Issuance of nonvested shares under incentive plan	17,278	—	—	—	—	—	—
Forfeiture of nonvested shares	(3,005)	—	—	—	—	—	—
Stock-based compensation expense	—	—	1,087	—	—	—	1,087
Net share settlement of nonvested shares	(22,666)	—	(2,155)	—	—	—	(2,155)
Repurchase of common stock	—	—	—	—	537,496	(45,470)	(45,470)
Net income	—	—	—	30,897	—	—	30,897
Balances — May 1, 2021	15,973,001	$ 158	$ 94,416	$ 240,815	6,641,989	$ (187,396)	$ 147,993

	Common Stock		Paid in	Retained	Treasury Stock		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balances — February 1, 2020	15,907,666	$ 157	$ 93,180	$ 186,772	5,073,532	$ (109,065)	$ 171,044
Vesting of nonvested restricted stock units	—	1	—	—	—	—	1
Issuance of nonvested shares under incentive plan	86,025	—	—	—	—	—	—
Stock-based compensation expense	—	—	469	—	—	—	469
Net share settlement of nonvested shares	(34,487)	—	(479)	—	—	—	(479)
Repurchase of common stock	—	—	—	—	260,254	(6,254)	(6,254)
Dividends paid to stockholders ($0.08 per common share)	—	—	—	(831)	—	—	(831)
Net loss	—	—	—	(20,892)	—	—	(20,892)
Balances — May 2, 2020	15,950,332	$ 158	$ 93,170	$ 165,049	5,333,786	$ (115,319)	$ 143,058

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

Citi Trends, Inc.
Notes to the Condensed Consolidated Financial Statements (unaudited)
May 1, 2021

1. Significant Accounting Policies

Basis of Presentation
Citi Trends, Inc. and its subsidiary (the "Company") is a growing specialty value retailer of apparel, accessories and home trends primarily for African American and Latinx families. As of May 1, 2021, the Company operated 584 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 January 30, 2021 is derived from the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2021 (the "2020 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 2020 Form 10-K. Operating results for the first quarter of 2021 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 uncertainty surrounding the economic impact of the novel coronavirus ("COVID-19") pandemic and the duration and extent of any economic stimulus programs.

Fiscal Year
The following contains references to fiscal years 2021 and 2020, which represent fiscal years ending or ended on January 29, 2022 and January 30, 2021, respectively. Fiscal 2021 and 2020 both have 52-week accounting periods.

Recently Adopted Accounting Standards
Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASUs") to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740), which removes certain exceptions in the application of Topic 740 for franchise taxes, investments, intra-period allocations and interim calculations, and also adds guidance to reduce complexity in accounting for income taxes. The Company adopted ASU 2019-12 on January 31, 2021.The adoption of the new standard did not have a material impact to the Company's consolidated financial position, results of operations or cash flows.

2. COVID-19 Update

In March 2020, the World Health Organization declared the spread of the coronavirus ("COVID-19") a global pandemic. During 2020 and continuing into 2021, the global economy has been, and continues to be, affected by COVID-19. The pandemic has caused and may continue to cause significant disruptions in the U.S. economy as the virus continues to spread or has a resurgence in certain jurisdictions. Measures have been implemented by the U.S. government in an effort to contain the virus, including lockdowns, physical distancing, travel restrictions, limitations on public gatherings, work from home and restrictions on nonessential businesses.

The COVID-19 pandemic has resulted in periods of disruption for the Company, including the temporary closure of stores and limited store operating hours, reduced customer traffic and consumer spending, and delays in the manufacturing and shipping of products. The Company saw improvement in its financial results and positive trends during the latter half of fiscal 2020 and into the first quarter of 2021 as certain governments began to gradually ease restrictions and provide economic stimulus and vaccine distribution accelerated, leading to an increase in spending and increased customer demand. The Company expects continued uncertainty in its business and the global economy, although the extent and duration is unknown, by the COVID-19 pandemic and its effects on the economy in a variety of ways, potentially including volatility in employment trends and consumer confidence, the direction or extent of current or future restrictive actions that may be imposed by governments or public health authorities, timing and effectiveness of vaccines, the duration and extent of any economic stimulus programs, supply chain interruptions, increased distribution and transportation costs, increased payroll expenses, and increased costs in an effort to maintain safe work and shopping environments. The impacts of the pandemic have had, and may continue to have, an adverse impact on the Company's financial condition, results of operations and liquidity. The Company will continue to monitor the effects of COVID-19 and take the necessary actions to serve our associates, customers, communities and shareholders.

3. Cash and Cash Equivalents/Concentration of Credit Risk

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

4. Earnings per Share

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

The dilutive effect of stock-based compensation arrangements is accounted for using the treasury stock method. The Company includes as assumed proceeds the amount of compensation cost attributed to future services and not yet recognized. For the first quarters of 2021 and 2020, there were 38,000 and 179,000 shares of nonvested restricted stock, respectively, excluded from the calculation of diluted earnings per share because of antidilution.

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

	Thirteen Weeks Ended	
	May 1, 2021	**May 2, 2020**
Weighted average number of common shares outstanding	9,449,792	10,442,636
Incremental shares from assumed vesting of nonvested restricted stock	121,044	—
Weighted average number of common shares and common stock equivalents outstanding	9,570,836	10,442,636

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. There was no impairment expense recorded in the first quarter of 2021. In the first quarter of 2020, non-cash impairment charges related to an underperforming store totaled $0.3 million, comprised of $0.2 million for an operating lease right-of-use asset and $0.1 million for leasehold improvements and fixtures and equipment.

6. 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 and May 2020 to extend the maturity dates. The facility was amended again on April 15, 2021 to modify terms and extend the maturity date to April 15, 2026. 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 0.20% and permits the payment of cash dividends subject to certain limitations. Borrowings under the credit facility bear interest (a) for

Eurodollar Loans, at a rate equal to the Eurodollar Rate 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.

7. Income Taxes

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

For the first quarter of 2021, the Company utilized the annual effective tax rate method to calculate income taxes. For the first quarter of 2020, the Company utilized the discrete effective tax rate method based on the determination that the full-year tax rate was not reliably predictable. The tax rate was 20.7% for the first quarter of 2021, compared to 24.0% (benefit) for the first quarter of 2020. The difference in the tax rate was due to pretax income for the first quarter of 2021 compared to a pretax loss in the prior year.

8. 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.

9. Stock Repurchases and Cash Dividends

Repurchases of Common Stock
In November 2019, the Company's board of directors approved a program that authorized the repurchase of up to $25.0 million in shares of the Company's common stock. During the first quarter of 2020, the Company repurchased 260,254 shares of its common stock at an aggregate cost of $6.3 million.

In March 2020, the Company's board of directors approved another program that authorized the repurchase of up to $30.0 million in shares of the Company's common stock. Shortly thereafter, due to the economic uncertainty stemming from the COVID-19 pandemic, the Company temporarily suspended any repurchases. In September 2020, the Company announced the reinstatement of this program. In December 2020, the Company announced that its board of directors approved an additional $30.0 million stock repurchase program. In the first quarter of 2021, the Company repurchased 287,496 shares of its common stock under this program at an aggregate cost of $23.6 million. In addition, on March 23, 2021, the Company completed a block repurchase of 250,000 shares of its common stock at an aggregate cost of $21.9 million.

On June 2, 2021, the Company announced that its board of directors approved another program that authorized the repurchase of up to $30.0 million in shares of the Company's common stock.

Dividends
On February 18, 2020, the Company's board of directors declared a dividend of $0.08 per common share, which was paid on March 17, 2020 to stockholders of record as of March 3, 2020. On April 28, 2020, the Company announced the suspension of future cash dividends due to the current economic uncertainty stemming from the COVID-19 pandemic. Any determination to declare and pay cash dividends for future quarters will be made by the Company's board of directors.

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 thirty 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 major product line. The percentage of net sales related to each classification of its merchandise assortment was approximately:

	Thirteen Weeks Ended	
	May 1, 2021	May 2, 2020
Ladies	29 %	28 %
Kids	20 %	22 %
Mens	18 %	16 %
Accessories & Beauty	17 %	16 %
Home & Lifestyle	8 %	8 %
Footwear	8 %	10 %

11. Leases

The Company leases its retail store locations 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	
	May 1, 2021	May 2, 2020
Operating lease cost	$ 12,953	$ 12,553
Variable lease cost	2,981	1,793
Short term lease cost	316	364
Total lease cost	$ 16,250	$ 14,710

In response to the impact of the COVID-19 pandemic on the Company’s operations, the Company suspended certain lease payments in 2020 under its existing lease agreements. During the suspension of payments, the Company continued to recognize expenses and liabilities for lease obligations and corresponding right-of-use assets on the balance sheet in accordance with the applicable accounting guidance. The Company is engaging in ongoing discussions with landlords regarding the potential restructuring of lease payments and rent concessions. As of May 1, 2021, the Company negotiated contractual rent concessions on many leases in the form of early renewals, rent deferrals and rent abatements. The Company elected to account for qualifying COVID-19 related rent concessions as if they were part of the enforceable rights and obligations under the existing lease agreements, as permitted by the updated guidance provided by the FASB in April 2020. As a result of this election, the Company recognized rent abatement credits of approximately $0.1 million during the first quarter of 2021.

Future minimum lease payments as of May 1, 2021 are as follows (in thousands):

Fiscal Year	Lease Costs	
Remainder of 2021	$ 38,533	
2022	48,529	
2023	40,631	
2024	32,395	
2025	22,253	
Thereafter	32,418	
Total future minimum lease payments	214,759	
Less: imputed interest	(17,255)	(1)
Total present value of lease liabilities	$ 197,504	(2)

(1) Calculated using the discount 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):

	Thirteen Weeks Ended	
	May 1, 2021	May 2, 2020
Cash paid for operating leases	$ 13,919	$ 4,032
Right of use assets obtained in exchange for new operating lease liabilities	$ 17,529	$ 8,962
Weighted average remaining lease term (years) - operating leases	5.17	5.20
Weighted average discount rate - operating leases	3.07%	3.45%

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

Forward-Looking Statements

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

The factors that may result in actual results differing from such forward-looking information include, but are not limited to: uncertainties relating to general economic conditions, including any deterioration whether caused by acts of war, terrorism, political or social unrest (including any resulting store closures, damage or loss of inventory); the ongoing COVID-19 pandemic and associated containment and remediation efforts; the potential negative impacts of COVID-19 on the global economy and foreign sourcing; the impacts of COVID-19 on the Company's financial condition, business operation and liquidity, including the re-closure of any or all of the Company's retail stores and distribution centers, growth risks, consumer spending patterns; competition within the industry; competition in our markets; the ability to anticipate and respond to fashion trends; the duration and extent of any economic stimulus programs; transportation and distribution delays or interruptions; changes in freight rates; the Company's ability to negotiate effectively the cost and purchase of merchandise; inventory risks due to shifts in market demand; the Company's ability to gauge fashion trends and changing consumer preferences; changes in consumer spending on apparel; changes in product mix; interruptions in suppliers' businesses; the results of pending or threatened litigation; temporary changes in demand due to weather patterns; seasonality of the Company's business; delays associated with building, opening and operating new stores; delays associated with building, opening or expanding new or existing distribution centers; and other factors described in the section titled "Item 1A. Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2021 and in Part II, "Item 1A. Risk Factors" and elsewhere in the Company's Quarterly Reports on Form 10-Q and any amendments thereto and in the other documents the Company files with the SEC, including reports on Form 8-K.

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

Overview

We are a growing specialty value retailer of apparel, accessories and home trends primarily for African American and Latinx 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 May 1, 2021, we operated 584 stores in urban, suburban and rural markets in 33 states.

COVID-19 Pandemic

In March 2020, the World Health Organization declared COVID-19 a global pandemic. Since that time, the global economy has been, and continues to be, affected by COVID-19. The pandemic has caused and may continue to cause significant disruptions in the U.S. economy as the virus continues to spread or has a resurgence in certain jurisdictions. Effective March 20, 2020, we temporarily closed all of our retail store locations and distribution centers as governments implemented measures in an effort to contain the virus, including lockdowns, physical distancing, travel restrictions, limitations on public gatherings, work from home and restrictions on nonessential businesses. At the end of April 2020, we started to reopen stores in select states in accordance with government guidelines. As of July 18, 2020, we safely reopened all of our stores. The COVID-19 pandemic has resulted in a period of disruption, including the temporary closure of our stores and limited store operating hours, reduced customer traffic and consumer spending, and delays in the manufacturing and shipping of products. We saw improvement in our financial results and positive trends during the latter half of fiscal 2020 and into the first quarter of 2021 as certain governments began to gradually ease restrictions and provide economic stimulus and vaccine distribution accelerated, leading to an increase in spending and increased customer demand.

We took numerous actions beginning in the first quarter of fiscal 2020 in light of the uncertainties resulting from the pandemic, including: (i) the drawdown of $43.7 million in principal amount under the revolving credit facility on March 20, 2020, which we fully repaid on September 11, 2020; (ii) an amendment to the revolving credit facility to extend the term to August 2021; (iii) temporary furloughs of substantially all store and distribution center personnel and a significant portion of the corporate staff, with employee benefits for eligible employees continued through the temporary furloughs; (iv) temporary tiered salary reductions for management level corporate employees and a reduction to the cash portion of non-employee director fees; (v) extensions of payment terms with vendors and suppliers; (vi) the suspension of share repurchases; (vii) negotiations of rent concessions with landlords, some of which are ongoing; and (viii) a substantial reduction in operating expenses, store occupancy costs, capital expenditures and other costs.

We expect continued uncertainty in our business and the global economy, although the extent and duration is unknown, by the COVID-19 pandemic and its effects on the economy in a variety of ways, potentially including volatility in employment trends and consumer confidence, the direction or extent of current or future restrictive actions that may be imposed by governments or public health authorities, timing and effectiveness of vaccines, the duration and extent of any economic stimulus programs, supply chain interruptions, increased distribution and transportation costs, increased payroll expenses, and increased costs in an effort to maintain safe work and shopping environments. Due to the significant uncertainty surrounding the COVID-19 pandemic and its effects, there may be consequences that we do not anticipate at this time or that develop in unexpected ways. The impacts of the pandemic have had, and may continue to have, an adverse impact on the Company's financial condition, results of operations and liquidity. We will continue to monitor the effects of COVID-19 and take the necessary actions to serve our associates, customers, communities and shareholders.

For a further discussion of trends, uncertainties and other factors that could affect our future operating results related to the effects of the COVID-19 pandemic, see the section entitled "RISK FACTORS" in ITEM 1A in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2021.

Accounting Periods

The following discussion contains references to fiscal years 2021 and 2020, which represent fiscal years ending or ended on January 29, 2022 and January 30, 2021, respectively. Fiscal 2021 and fiscal 2020 both have 52-week accounting periods. This discussion and analysis should be read with the unaudited condensed consolidated financial statements and the notes thereto contained in Part 1, Item 1 of this report.

Results of Operations

The following discussion of the Company's financial performance is based on the unaudited condensed consolidated financial statements set forth herein. The nature of the Company's business is seasonal. Historically, sales in the first and fourth quarters have been higher than sales achieved in the second and third quarters of the fiscal year. Expenses and, to a greater extent, operating income, vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year, particularly in light of the current uncertainty surrounding the economic impact of the COVID-19 pandemic. Furthermore, as a result of the closure of our stores for at least five weeks in fiscal 2020 related to the COVID-19 pandemic, comparisons of expense ratios and year-over-year trends are not a meaningful way to evaluate our operating results for the first quarter of 2021.

Key Operating Statistics

We measure performance using key operating statistics. One of the main performance measures we use is comparable store sales growth. We define a comparable store as a store that has been opened for an entire fiscal year. Therefore, a store will not be considered a comparable store until its 13th month of operation at the earliest or until its 24th month at the latest. As an example, stores opened in fiscal 2020 and fiscal 2021 are not considered comparable stores in fiscal 2021. Relocated and expanded stores are included in the comparable store sales results. Stores that are closed permanently or for an extended period are excluded from the comparable store sales results. We also use other operating statistics, most notably average sales per store, to measure our performance. As we typically occupy existing space in established shopping centers rather than sites built specifically for our stores, store square footage (and therefore sales per square foot) varies by store. We focus on overall store sales volume as the critical driver of profitability. In addition to sales, we measure cost of sales as a percentage of sales and store operating expenses, with a particular focus on labor, as a percentage of sales.

These results translate into store level contribution, which we use to evaluate overall performance of each individual store. Finally, we monitor corporate expenses against budgeted amounts.

Thirteen Weeks Ended May 1, 2021 and May 2, 2020

Net Sales. Net sales increased $169.3 million, or 145.8%, to $285.4 million in the first quarter of 2021 from $116.1 million in the first quarter of 2020. The increase in sales was due to a 142.0% increase in comparable store sales and the opening of 17 new stores since the end of the first quarter last year, partially offset by the impact of closing seven stores. The increase in comparable store sales was due primarily to the temporary closure in the first quarter of last year of all 574 of our stores as a result of the COVID-19 pandemic. Compared to the first quarter of 2019, comparable store sales in the first quarter of 2021 increased 35.0%, driven primarily by an increase in the average basket combined with a slight increase in the number of transactions.

Cost of sales (exclusive of depreciation). Cost of sales (exclusive of depreciation) increased $79.4 million, or 94.1%, to $163.8 million in the first quarter of 2021 from $84.4 million in the first quarter of 2020. Cost of sales as a percentage of sales decreased to 57.4% in the first quarter of 2021 from 72.7% in the first quarter of 2020, due primarily to a decrease of 1,330 basis points in merchandise markdowns, as more markdowns were taken in the first quarter last year on transitional or seasonal merchandise due to our temporary store closures. Compared to the first quarter of 2019, cost of sales decreased 510 basis points, due to an improvement of 490 basis points in the core merchandise margin (initial mark-up, net of markdowns) and an improvement of 100 basis points in shrinkage, partially offset by an increase of 80 basis points in freight costs as a result of pressures in the trucking industry.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $23.8 million, or 44.0%, to $77.9 million in the first quarter of 2021 from $54.1 million in the first quarter of 2020. The increase was due primarily to expense reductions in the first quarter of 2020 due to the pandemic, consisting of lower payroll costs as a result of associate furloughs and decreases in other variable costs such as credit card processing fees and travel expenses. As a percentage of sales, selling, general and administrative expenses decreased to 27.3% in the first quarter of 2021 from 46.6% in the first quarter of 2020 and 30.9% in the first quarter of 2019.

Depreciation. Depreciation expense decreased $0.2 million, or 5.0%, to $4.7 million in the first quarter of 2021 from $4.9 million in the first quarter of 2020.

Asset Impairment. There was no impairment expense recorded in the first quarter of 2021. In the first quarter of 2020, impairment charges related to an underperforming store totaled $0.3 million, comprised of $0.2 million for an operating lease right-of-use asset and $0.1 million for leasehold improvements and fixtures and equipment.

Income Tax Expense/Benefit. Income tax expense was $8.1 million in the first quarter of 2021 compared to an income tax benefit of $6.6 million in the first quarter of 2020, as a result of pretax income this year versus the pretax loss in the first quarter of last year.

Net Income/Loss. Net income was $30.9 million in the first quarter of 2021 compared to a net loss of $20.9 million in the first quarter of 2020 due to the factors discussed above.

Liquidity and Capital Resources

Our principal sources of liquidity consist of: (i) cash and cash equivalents (which equaled $131.3 million as of May 1, 2021); (ii) short-term trade credit; (iii) cash generated from operations on an ongoing basis as we sell our merchandise inventory; and (iv) a revolving credit facility with a $75.0 million credit commitment (with no borrowings as of May 1, 2021). Trade credit represents a significant source of financing for inventory purchases and arises from customary payment terms and trade practices with our vendors.

Cash Flows From Operating Activities. Net cash provided by operating activities was $61.7 million in the thirteen weeks ended May 1, 2021 compared to $12.8 million in the same period of 2020. Sources of cash in the first quarter of 2021 included net income (adjusted for insurance proceeds and non-cash expenses) totaling $50.4 million (compared to a net loss in the first quarter of 2020). Other significant sources of cash in the first quarter of 2021 included (1) a $24.5 million increase in accounts payable (compared to a $14.0 million increase in the first quarter of 2020) due to a high volume of merchandise receipts during the final two months of the third quarter of 2020, with nearly all of such purchases still in accounts payable at the end of the quarter; and (2) a $7.0 million increase in income tax payable (compared to a $1.1 million decrease in income tax receivable in the first quarter of 2020).

Significant uses of cash during the first quarter of 2021 included (1) an $11.2 million decrease in accrued compensation (compared to a $5.5 million decrease in the first quarter of 2020) due to payment in the first quarter of 2021 of incentive compensation accrued in fiscal 2020; and (2) an $8.6 million decrease in accrued expenses and other long-term liabilities (compared with a $6.8 million decrease in the first quarter of 2020) due primarily to payments of operating lease liabilities.

Cash Flows From Investing Activities. Cash used in investing activities was $5.7 million in the first quarter of 2021 compared to cash provided of $39.3 million in the first quarter of 2020. Cash used in the first quarter of 2021 consisted primarily of purchases of property and equipment. Cash provided in the first quarter of 2020 was primarily from the sales of investment securities due to the pandemic, partially offset by $4.0 million used for purchases of property and equipment.

Cash Flows From Financing Activities. Cash used in financing activities was $47.9 million in the first quarter of 2021 compared to cash provided from financing activities of $36.1 million in the first quarter of 2020. The principal use of cash in the first quarter of 2021 was share repurchases of $45.5 million. Cash provided in the first quarter of 2020 was the result of a drawdown of $43.7 million on our revolving credit facility due to the pandemic, partially offset by $7.1 million of combined share repurchases and dividend payments.

Cash Requirements

Our cash requirements are primarily for working capital and capital expenditures for stores, distribution infrastructure and information systems. Historically, we have met these cash requirements using cash flow from operations and short-term trade credit. We have also used cash to repurchase stock under our stock repurchase program. In the first quarter of 2021, pursuant to our stock repurchase program, we repurchased 287,496 shares of our common stock at an aggregate cost of $23.6 million. In addition, we repurchased in a block trade 250,000 shares of our common stock at an aggregate cost of $21.9 million.

We believe that our existing sources of liquidity will be sufficient to fund our operations for at least the next 12 months as well as the foreseeable future. However, any significant reduction in customer willingness to visit shopping centers or levels of customer spending at our stores, or any future temporary closures of our stores or distribution centers, or any disruptions in the supply chains related to our merchandise could require us to take actions that could include material changes in our operations and seeking additional debt or equity capital. We will continue to monitor the situation and take action as necessary to reduce our expenses and preserve our financial flexibility.

Recent Accounting Pronouncements

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

Critical Accounting Policies

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

There have been no material changes to the Critical Accounting Policies outlined in the Company’s Annual Report on Form 10-K for the year ended January 30, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in our market risk during the thirteen weeks ended May 1, 2021 compared to the disclosures in Part II, Item 7A of our Annual Report on Form 10-K for the year ended January 30, 2021.

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 May 1, 2021 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 May 1, 2021 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 the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2021.

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

Information on Share Repurchases

The number of shares of common stock repurchased by the Company during the first quarter of fiscal 2021 and the average price paid per share are as follows:

Period	Total number of shares purchased	Average price paid per share (1)	Total number of shares purchased as part of publicly announced plans or programs (2)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs (2)
February (1/31/21 - 2/27/21)	103,353	$ 68.13	103,353	$ 26,377,613
March (2/28/21 - 04/03/21) (3)	349,576	$ 86.30	99,576	$ 18,062,197
April (4/4/21 - 5/1/21)	84,567	$ 97.68	84,567	$ 9,803,187
Total	537,496		287,496	

(1) Includes commissions for the shares repurchased under the stock repurchase program.

(2) On March 13, 2020 the Company announced that its board of directors approved a $30.0 million stock repurchase program. On December 22, 2020, the Company announced that its board of directors approved an additional $30.0 million stock repurchase program. Neither program has an expiration date.

(3) On March 23, 2021, the Company completed a block repurchase of 250,000 shares of its common stock at a per share price of $87.40 for an aggregate cost of $21.9 million.

On June 2, 2021, the Company announced that its board of directors approved another program that authorized the repurchase of up to $30.0 million in shares of the Company's common stock.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 7, 2018).
10.1	Third Amendment to Credit Agreement, dated as of April 15, 2021, 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 April 15, 2021).
10.2	Employment Non-Compete, Non-Solicit and Confidentiality Agreement, dated as of April 6, 2021, between Citi Trends, Inc. and Jessica G. Berkowitz.*
10.3	Severance Agreement, dated as of April 6, 2021, between Citi Trends, Inc. and Jessica G. Berkowitz.*
10.4	Form of Restricted Stock Unit Award Agreement for Employees under the Citi Trends, Inc. 2012 Incentive Plan (Performance Based Vesting – EBIT Target).*
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: June 9, 2021

By:	/s/ Pamela J. Edwards
Name:	Pamela J. Edwards
Title:	Chief Financial Officer

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 Jessica Berkowitz ("Employee"), as of the date signed by Employee below, to be effective as of April 2, 2021 (the "Effective Date").

This Agreement is intended to and shall supersede and replace that certain Employment Non-Compete, Non-Solicit and Confidentiality Agreement between the Company and Employee dated as of March 30, 2021 (the "Prior Confidentiality Agreement").

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

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

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

3. Confidentiality.

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

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

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

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

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

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

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

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

5. Covenant Not to Solicit. During Employee's employment with Company, and for a period of eighteen (18) months following the Separation Date, and regardless of the reason for separation, Employee agrees not to solicit any "Merchandise Vendors" (as defined below) for the purpose of obtaining merchandise and/or inventory for or on behalf of any "Competitor" (as defined in Section 4 of this Agreement). As used herein, "**Merchandise Vendors**" means and includes any person or entity who/that has been a vendor or supplier of merchandise and/or inventory to Company during the eighteen (18) months immediately preceding the Separation Date or to whom/which Company is actively soliciting for the provision of merchandise and/or inventory, and with whom/which Employee had "material contact." For purposes of this agreement, "**material contact**" means contact between Employee and an existing or prospective Merchandise Vendor: (a) with whom Employee dealt on behalf of Company within two years prior to the date of Employee's termination; (b) whose dealings with Company were coordinated or supervised by Employee within two years prior to the date of Employee's termination; (c) about whom Employee obtained Confidential Information in the ordinary course of business as a result of Employee's association with Company within two years prior to the date of Employee's termination; or, (d) who provides merchandise and/or inventory to Company, the provision of which results or resulted in compensation, commissions, or earnings for Employee within two years prior to the date of Employee's termination.

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

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

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

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

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

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

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

12. Acknowledgment of Reasonableness/Remedies/Enforcement.

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

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

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

13. Miscellaneous. This Agreement constitutes the entire agreement between the parties and supersedes any and all prior contracts, agreements, or understandings between the parties which may have been entered into by Company and Employee relating to the subject matter hereof (including, without limitation, the Prior Confidentiality Agreement), except for any severance

agreements or certain restricted stock award and stock option agreements, which are to remain in full force and effect. This Agreement may not be amended or modified in any manner except by an instrument in writing signed by both Company and Employee. The failure of either party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or the right of such party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies are cumulative, including the right of either party to seek equitable relief in addition to money damages.

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

(SIGNATURES TO FOLLOW ON NEXT PAGE)

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

Citi Trends, Inc.

By: /s/ David N. Makuen

David N. Makuen
Chief Executive Officer

Date: 4/6/21

/s/ Jessica Berkowitz
Employee Signature

Date: 4/6/21

Employee Residence Address:

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 Jessica Berkowitz, an individual (the "Executive"), as of the date signed by the Executive below, to be effective as of April 2, 2021.

WHEREAS, this Agreement is intended to and shall supersede and replace that certain Severance Agreement between the Company and Employee dated as of March 30, 2018 (the "Prior Severance Agreement").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. **Notice.** The Executive will send all communications to the Company in writing, to: Executive Vice President of Human Resources, Citi Trends, Inc., 104 Coleman Blvd., Savannah, Georgia 31408, Fax: (866) 231-8835. 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.

CITI TRENDS, INC.

By: /s/ David N. Makuen Name: David N. Makuen
Title: Chief Executive Officer

Dated: 4/6/21

/s/ Jessica Berkowitz
Employee Name

Dated: 4/6/21

Exhibit 10.4

PERFORMANCE-BASED
RESTRICTED STOCK UNIT AWARD AGREEMENT

Non-transferable Grant to

(“Grantee”)

by Citi Trends, Inc. (the “Company”) of

_______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 2012 Incentive Plan (the “Plan”), and to the terms and conditions set forth on the following page of this Agreement (the “Agreement”).

The target number of Shares subject to this award is _____ (the “Target Award”). Depending on the Company’s level of attainment of achievement Adjusted EBIT (as defined in Section 14 of the terms and conditions of this Agreement) for the fiscal year ended February 4, 2023 (“fiscal 2022”) as set forth on Exhibit A, and subject to Grantee’s remaining in Continuous Service with the Company through such date, Grantee may earn and vest in between 0% and 200% of the Target Award, subject to the terms and conditions of this Agreement.

By accepting the Units, Grantee shall be deemed to have agreed to the terms and conditions of this Agreement and the Plan. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan.

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: March 10, 2020

CITI TRENDS, INC.

By: ______________________________
David Makuen, 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) as to the number of Units earned based on the Company's level of attainment of achievement Adjusted EBIT fiscal 2022 as set forth on Exhibit A, on the date of the Company's earnings release for fiscal 2022, 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) as to the number of Units equal to the Target Award, on the occurrence of a Change in Control, unless the Units are assumed by the surviving entity or otherwise equitably converted or substituted in connection with the Change in Control, and subject to Grantee's Continuous Service on the date of the Change in Control; or

(c) as to the number of Units equal to the Target Award, if the Units are assumed by the surviving entity or otherwise equitably converted or substituted in connection with a Change in Control, on the termination of Grantee's employment by the Company without Cause (or Grantee's resignation for Good Reason as provided in any employment, severance or similar agreement between Grantee and the Company or an Affiliate) within twelve (12) months after the effective date of the 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. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

12. 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.

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 EBIT. For purposes of this Agreement, "Adjusted EBIT" means EBIT as adjusted for certain other unusual or non-recurring items (including, but not limited to, unplanned and significant costs related to litigation, claim judgements, 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 EBIT is being calculated for this Agreement.

<u>**EXHIBIT A**</u>

Performance Matrix for Determining Number of Earned Units

Adjusted EBIT for Fiscal 2022	Percentage of Target Award Earned (1)
Less than $29,757,000	0%
$29,757,000	50%
32,700,000	100%
$44,472,000	200%

(1) Payouts between performance levels will be determined based on straight line interpolation.

Exhibit 31.1

CERTIFICATION

I, David N. Makuen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended May 1, 2021 of Citi Trends, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: June 9, 2021

/s/ David N. Makuen
David N. Makuen
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Pamela J. Edwards, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended May 1, 2021 of Citi Trends, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: June 9, 2021

/s/ Pamela J. Edwards

Pamela J. Edwards
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

I, David N. Makuen, Chief Executive Officer of Citi Trends, Inc.,

and

I, Pamela J. Edwards, Chief Financial Officer of Citi Trends, Inc., certify that:

1. We have reviewed this quarterly report on Form 10-Q of Citi Trends, Inc. for the period ended May 1, 2021;

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

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

Date: June 9, 2021

/s/ David N. Makuen
David N. Makuen
Chief Executive Officer
(Principal Executive Officer)

Date: June 9, 2021

/s/ Pamela J. Edwards
Pamela J. Edwards
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.