

During the past year, the retail industry continued to evolve due to shifts in consumer preferences, product trends, and shopping preferences by channel. We continue to be focused on adapting to these changing trends and feel that our strategy is aligned to capitalize on these opportunities in the future. One of the most important components of this strategy is our omni-channel initiative, which will eventually give our customers the flexibility to shop when and how they want while providing them excellent customer service. We made significant progress on this initiative in Fiscal 2017 and are excited about the upcoming launch of our e-commerce website later this year. Along with our omni-channel capability, we are seeing some significant benefits from our store-typing initiative. We continue to refine our store assortments according to the preferences of our local customer base and are fully aligned with our key vendors to provide the merchandise that is in high demand for our customers. Our early positive results from this initiative give us confidence as we continue these enhancements across the chain.

Overall, we experienced weaker results for Fiscal 2017 as total sales increased 3% to \$973 million and comparable store sales increased 0.2%. These sales results, along with our continued investments in our omni-channel strategy, led to lower earnings for the year as earnings per diluted share declined 7% to \$2.72. At the end of Fiscal 2017, available cash and cash

equivalents rose to \$39 million from \$32 million last year, and we again ended the year with no outstanding bank debt and full availability of our \$80 million revolving credit facilities.

This balance sheet strength provides Hibbett Sports with crucial financial flexibility as we continue to grow our chain, make investments to transform our business, and support a significant and ongoing share repurchase program. For the year, we repurchased 1.2 million shares of our common stock for \$43 million. As of our most recent fiscal year end, we had approximately \$258 million remaining under the existing repurchase authorization for future stock repurchases.

As you may recall from last year's letter, our omni-channel initiative is set to fundamentally change the way we interface with our customers and leverage the existing capabilities of our brick-and-mortar stores and logistics facility. The first phase of this initiative, which involved the implementation of a new point-of-sale system, was to help ensure we could satisfy the needs of our customers shopping in our stores.

This phase is virtually complete and will connect our stores in a way that gives them access to inventory across our entire chain. This means that if a store does not have a particular size or style of an item desired by a customer, store personnel can locate the item in another store and have it sent directly to the customer's home. Additionally, we plan to launch our e-commerce site in the third quarter of Fiscal 2018, which will be fully integrated with our stores. A customer will be able

to shop online, see inventory availability in our stores, return online purchases to stores, and have seamless access to our customer loyalty program. Once implemented, we feel this initiative will provide a platform to ensure an outstanding customer experience regardless of channel. We are also in the process of enhancing our customer loyalty program, allowing customers to achieve rewards at a faster rate and establishing an additional tier with enhanced benefits for our most frequent customers.

One of our other major initiatives, store-typing, should continue to deliver benefits in Fiscal 2018 as we refine this strategy and make the needed merchandising adjustments in our stores. By typing a store as either fashion specialty, athletic specialty or sport specialty, we adjust the penetration of our merchandise categories to better align with local customer needs. All categories remain important to our business, but this strategy helps us ensure that selling space and assortments are better matched to demand. For Fiscal 2017, we experienced some early success in categories such as lifestyle footwear and fashion apparel, and we look forward to even more opportunities in Fiscal 2018.

Along with our major initiatives, we continue to see significant opportunity to expand our small-box strategy across the country in underserved markets. As an example, we recently opened our first three stores in relatively remote areas of California and are seeing very encouraging results so far. We

believe this state will provide significant expansion prospects in the future, along with many other opportunities in other states and in our existing geography. Our compelling line-up of fresh and innovative merchandise from leading brands helps us differentiate ourselves from the competition, and our strong vendor partnerships continue to provide us access to new, trend-relevant merchandise for our stores.

During Fiscal 2017, we opened 65 new stores and closed 31 underperforming stores, resulting in a net growth of 34 locations. This was in line with our previously expressed intention to become somewhat more conservative regarding site selection and expansion to ensure that new locations are positioned to execute well on our strategies. These new stores expanded our footprint to 1,078 locations across 35 states, including initial entry into Wyoming and California. We also expanded eight high-performing stores during the year.

In Fiscal 2018, we plan to open approximately 50-60 new stores and close 25 to 35 existing stores. Over time, our goal remains to have at least 1,500 stores across the country.

In closing, let me reiterate the confidence we have in our business and strategic direction. I believe the coming year will begin to reveal the importance and value of the significant investments we have made over the past several years – a new logistics facility, a new home office, various major system upgrades, a new POS system, and a fully integrated omnichannel platform. All of these investments were made to

ensure our continued success in the future and to provide a best-in-class shopping experience for our customers. I would like to thank all of our employees for their hard work in helping customers every day in our stores and for bringing our longterm vision to a reality. As always, we thank you for your continued support for the Company. All of us at Hibbett Sports appreciate your ongoing confidence as we strive to enhance shareholder value.

Sincerely,

Jeffry O. Rosenthal

Chief Executive Officer and President