

2015

I am pleased to write you about another successful year for Hibbett Sports. The Company rallied like a true competitor as fiscal 2015 came to a close, with growing momentum in sales and earnings. We look to maintain this momentum in fiscal 2016 as we continue to make progress on major initiatives that will sharpen our game on the fundamentals that have historically delivered exceptional long-term returns. Our model of convenience, brands, and service continues to be the core of what we do, and we will continue to enhance this model as we focus on improving the customer experience. Our competitive spirit is as strong as ever, and we look forward to the opportunities that lie ahead.

Net sales for fiscal 2015 rose 7% to \$913.5 million, while comparable store sales for the year increased 2.9%. Full year earnings per diluted share increased 6% to \$2.87. The final quarter of fiscal 2015 reflected the strongest year-over-year increases in sales and earnings, as we took advantage of increased consumer demand through excellent customer service, product assortments, operational excellence, and support from the entire Hibbett team and all of our suppliers.

Reflecting this performance, our balance sheet remained as strong as ever, as we ended the year with a cash position exceeding \$88 million, no debt, and credit availability totaling \$80 million under our lines of credit. Our capital allocation strategy continues to drive impressive shareholder returns, and we continue to invest in our future earnings potential through continued store growth, investment in major initiatives, and the repurchase of our common shares. During fiscal 2015, we repurchased more than 1.2 million common shares, representing an expenditure of approximately \$61 million.

Our small-box strategy, with stores of approximately 5,000 square feet, remains at the core of our business model and continues to serve us well. This approach allows us to be nimble as we enter smaller areas that cannot effectively support big-box competition. Even as some markets become viable for larger sporting goods stores, we differentiate through greater convenience, excellent customer service, and the unique product focus we offer our customers. For fiscal 2015, we delivered a record year of store growth, opening 80 new stores, closing 19 under-performing stores, and expanding 9 high-performing stores. We ended the year at 988 stores and expect to open our 1,000th store in the spring of fiscal 2016. For

fiscal 2016, we expect to open 80-85 stores, close 15-20 under-performing stores, and expand 10-15 existing stores. We are confident that we can reach our goal of 1,300 stores by fiscal 2019.

We made significant progress on our major initiatives in fiscal 2015 and are starting to see early positive results. We completed the rollout of our labor management system, and our stores are using this capability to service our customers more effectively than ever. Our markdown optimization system has been fully deployed across all major categories, and we are starting to see the long-term benefit this system can provide. This system uses a highly predictive and proven approach to quickly address slow selling and aged inventory and helps instill discipline in

our merchandising efforts. As it continues to accumulate more and more product history, we expect the system will further smooth markdown trends and boost gross margin. Our new wholesale and logistics facility continues to exceed our expectations, and we have been impressed with the productivity this facility provides. We are especially excited about the ability to hold back quantities of new product releases, which can be shipped later to specific stores as demand trends emerge, rather than experience store-by-store overstocks or shortages. We also recently completed the first phase of our business intelligence system, which will give us better insight into the business and will allow us to make more timely adjustments to better serve our customers.

We will continue to drive value from our existing initiatives and are excited to begin our journey on our next major initiative of enabling a true omni-channel experience for our customers. The initiative begins with the implementation of a new point-of-sale system, which will give us real-time inventory visibility across the chain, allowing stores to quickly locate items and improve our sales conversion rate. As part of this phase, we will also implement a customer relationship management tool, which will allow us to communicate with our customers in a more meaningful way. Longer term, with those pieces in place, we will commence the last phase of our omni-channel strategy with the development of a true e-commerce site, enabling our customers to purchase directly from Hibbett Sports online.

Our floor plans are designed with multiple aisle ways that allow the stores to be user friendly, feature more product, and implement seasonal initiatives throughout the year.

Hibbett Sports continues to target the core footwear, apparel and equipment interests of our customers. We've successfully executed this strategy for almost 20 years as a public company, and we have teamed with leading brands like Nike, Under Armour and adidas to offer our customers premium products backed by convenient locations and unmatched customer service. Our brand message, embodied in our corporate slogan "A Constant State of Game" continues to resonate increasingly with customers, as indicated by our MVP loyalty program that increased 23% to more than 4.6 million members last year.

All of these factors encourage a strong sense of optimism and confidence of our team regarding the long-term performance potential of our company. I would like to thank over 8,000 employees in our stores, wholesale and

logistics facility, and store support center for making this possible and for their continued dedication and commitment. On behalf of the Board of Directors, management and our employees, please accept our gratitude for your continued support and investment with us.

Sincerely,
Jeffry O. Rosenthal
Chief Executive Officer and President

2016

During Fiscal 2016, Hibbett Sports continued to make progress with a number of key strategies that will strengthen our business over the long term and better position us to capitalize on significant opportunities ahead. Our core strategic pillars of convenience, brands and service continued to serve us very well as we grew our store base during the year to reach even more customers in the small markets we serve. Expanding our store base will remain a key component of our growth in the future, and we are excited to take this strategy to the next level with the ongoing development of a full omni-channel capability. Our store base will ultimately play a key role in our omni-channel strategy, and we feel we are still in the early stages of realizing the chain's full potential. Just as in a marathon, where success depends on planning, training and endurance, we are pleased by the way Hibbett Sports competed this past year and are encouraged by the Company's pace for the future.

Our sales performance in Fiscal 2016 was driven by broad-based strength in our footwear business, as we continued to offer the latest styles and technology that drive consumer demand. Our apparel business was weaker, however, and we see this as a significant opportunity as we enter Fiscal 2017. Overall, we experienced weaker-than-expected sales for the year and a related deleveraging impact on margins and expenses. Net sales for Fiscal 2016 rose 3% to \$943.1 million, while comparable store sales for the year declined 0.4%. Earnings per diluted share for Fiscal 2016 increased 2% to \$2.92. Looking forward, we are encouraged by the significant progress we are making on our assortments

and in-stock position, and feel we are well positioned to capitalize on these improvements in Fiscal 2017.

Hibbett Sports again ended the year with a strong balance sheet, highlighted by \$32.3 million of available cash and cash equivalents. Additionally, at year's end, we had no bank debt outstanding and had full availability under our \$80.0 million unsecured credit facilities. This financial strength continues to support our store expansion program, the investments in major initiatives, and a robust share buyback plan. During Fiscal 2016, we repurchased 2.2 million shares of our common stock for approximately \$91 million, which helped drive our earnings per share growth. Late in the year, our Board of Directors approved a new stock repurchase authorization of \$300 million, and the entire authorization was available for future stock repurchases as of January 30, 2016.

A central and successful aspect of our business model continues to be our small-box strategy, which is based on stores of approximately 5,000 square feet. It allows us

to focus on a limited, but more profitable selection and provides us with increased agility to expand to smaller towns that big-box competitors find unworkable or impractical. Even as some markets become viable for larger sporting goods stores, we have remained successful in counterbalancing that impact with even more small-town stores, as we continue to deliver greater convenience, excellent customer service, and a more premium product focus.

In terms of physical expansion, Fiscal 2016 was historic in many respects. In May, we opened our 1,000th store. We also entered two new states during the year, New York and New Jersey, on the way to opening a total of 71 new stores for the year. Finally, we expanded 16 high-performing stores and closed 15 under-performing stores

for net growth of 56 stores for the year. As a result, our chain stood at a total of 1,044 stores at year's end, spanning 33 states.

Looking ahead, we expect to assume a slightly more conservative posture regarding site selection and expansion, and as a result, we are targeting the opening of approximately 40 to 50 net new stores during Fiscal 2017 – or more depending on the opportunities that come our way. Our primary goal is to ensure that we are opening good, quality stores that can execute well on our strategies. We still feel very confident that we can expand to more than 1,500 stores over time.

As mentioned at the outset, we are pleased with the progress being made with many of our key initiatives. Foremost among these is our omni-channel initiative, which throughout the year came increasingly in focus as greater visibility on requirements, components and timelines

emerged. Phase one of this initiative, which is expected to be operational in the third quarter of Fiscal 2017, will be the rollout of our new point-of-sale system. This will provide inventory visibility across the chain, and will facilitate store- to-store transfers in order to complete a customer sale.

This phase will also include a new customer relationship management capability, which will allow us to more effectively communicate and market to our database of more than five million MVP loyalty members. Phase two, which will allow us to use our chain-wide inventory for a store-to- home shipping capability, is expected to be in pilot by the end of Fiscal 2017. Phase three, which is expected to launch in the back half of Fiscal 2018, will enable digital commerce and, once implemented, will be fully integrated with our brick-and-mortar stores to provide a seamless omni-channel experience for our customers.

Moving forward with this initiative, we recently announced that Bill Quinn has joined the Company as Vice President of Digital Commerce. Bill has approximately 20 years of diverse work experience including digital, marketing, merchandising, sales, customer service, and process improvement. In addition, he brings more than 11 years of experience in growing omni-channel businesses across a wide variety of industries and platforms.

As a brand, Hibbett Sports continues to focus on a refined and premium offering of footwear, apparel and equipment that meets the needs of our customers. We salute our vendor partners, like Nike, Under Armour, Adidas and others, who continue to support us in our efforts to bring premium products, backed by convenient locations and unmatched customer service, to more than a thousand communities across most of the United States. At Hibbett Sports, we don't just proclaim a corporate slogan, "A Constant State of Game," we live it every day, as do the more than 8,000 employees in our stores, wholesale and logistics facility, and store support center. Their success drives our success.

On behalf of the Board of Directors, management and our employees, please know that your continued support and investment with us are greatly appreciated.

Sincerely,

Jeffry O. Rosenthal
Chief Executive Officer and President

2017

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 omni-channel 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 long-term 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