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

FORM 10-Q

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

For the quarterly period ended April 30, 2022
or

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

For the transition period from __________ to __________

Commission File Number 001-08897

BIG LOTS, INC.

(Exact name of registrant as specified in its charter)

Ohio	06-1119097
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

4900 E. Dublin-Granville Road, Columbus, Ohio	43081
(Address of Principal Executive Offices)	(Zip Code)

(614) 278-6800
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares	BIG	New York Stock Exchange

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☑ Noo

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☑ Noo

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☑

The number of the registrant's common shares, $0.01 par value, outstanding as of June 3, 2022, was 28,917,471.

BIG LOTS, INC.
FORM 10-Q
FOR THE FISCAL QUARTER ENDED APRIL 30, 2022

TABLE OF CONTENTS

Part I. Financial Information

Item 1. Financial Statements

BIG LOTS, INC. AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income (Unaudited)
(In thousands, except per share amounts)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Net sales	$ 1,374,714	$ 1,625,552
Cost of sales (exclusive of depreciation expense shown separately below)	870,120	971,605
Gross margin	504,594	653,947
Selling and administrative expenses	480,779	497,418
Depreciation expense	37,356	33,977
Operating (loss) profit	(13,541)	122,552
Interest expense	(2,750)	(2,568)
Other income (expense)	1,040	960
(Loss) income before income taxes	(15,251)	120,944
Income tax (benefit) expense	(4,169)	26,381
Net (loss) income and comprehensive (loss) income	$ (11,082)	$ 94,563
Earnings (loss) per common share		
Basic	$ (0.39)	$ 2.68
Diluted	$ (0.39)	$ 2.62
Weighted-average common shares outstanding		
Basic	28,621	35,349
Dilutive effect of share-based awards	—	693
Diluted	28,621	36,042
Cash dividends declared per common share	$ 0.30	$ 0.30

The accompanying notes are an integral part of these consolidated financial statements.

BIG LOTS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets (Unaudited)
(In thousands, except par value)

	April 30, 2022	January 29, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 61,707	$ 53,722
Inventories	1,338,737	1,237,797
Other current assets	125,362	119,449
Total current assets	1,525,806	1,410,968
Operating lease right-of-use assets	1,729,053	1,731,995
Property and equipment - net	749,416	735,826
Deferred income taxes	10,199	10,973
Other assets	37,283	37,491
Total assets	$ 4,051,757	$ 3,927,253
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 488,524	$ 587,496
Current operating lease liabilities	233,683	242,275
Property, payroll, and other taxes	95,920	90,728
Accrued operating expenses	121,977	120,684
Insurance reserves	36,227	36,748
Accrued salaries and wages	24,745	45,762
Income taxes payable	1,325	894
Total current liabilities	1,002,401	1,124,587
Long-term debt	270,800	3,500
Noncurrent operating lease liabilities	1,577,932	1,569,713
Deferred income taxes	22,854	21,413
Insurance reserves	59,847	62,591
Unrecognized tax benefits	10,623	10,557
Other liabilities	126,972	127,529
Shareholders' equity:		
Preferred shares - authorized 2,000 shares; $0.01 par value; none issued	—	—
Common shares - authorized 298,000 shares; $0.01 par value; issued 117,495 shares; outstanding 28,893 shares and 28,476, respectively	1,175	1,175
Treasury shares - 88,602 shares and 89,019 shares, respectively, at cost	(3,107,806)	(3,121,602)
Additional paid-in capital	619,754	640,522
Retained earnings	3,467,205	3,487,268
Total shareholders' equity	980,328	1,007,363
Total liabilities and shareholders' equity	$ 4,051,757	$ 3,927,253

The accompanying notes are an integral part of these consolidated financial statements.

BIG LOTS, INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity (Unaudited)
(In thousands)

	Common		Treasury		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Thirteen Weeks Ended May 1, 2021							
Balance - January 30, 2021	35,535	$ 1,175	81,960	$ (2,709,259)	$ 634,813	$ 3,351,002	$ 1,277,731
Comprehensive income	—	—	—	—	—	94,563	94,563
Dividends declared ($0.30 per share)	—	—	—	—	—	(11,206)	(11,206)
Purchases of common shares	(1,538)	—	1,538	(104,491)	—	—	(104,491)
Restricted shares vested	390	—	(390)	12,995	(12,995)	—	—
Performance shares vested	533	—	(533)	17,770	(17,770)	—	—
Other	—	—	—	(2)	—	—	(2)
Share-based employee compensation expense	—	—	—	—	11,907	—	11,907
Balance - May 1, 2021	34,920	$ 1,175	82,575	$ (2,782,987)	$ 615,955	$ 3,434,359	$ 1,268,502
Thirteen Weeks Ended April 30, 2022							
Balance - January 29, 2022	28,476	1,175	89,019	(3,121,602)	640,522	3,487,268	1,007,363
Comprehensive income	—	—	—	—	—	(11,082)	(11,082)
Dividends declared ($0.30 per share)	—	—	—	—	—	(8,981)	(8,981)
Purchases of common shares	(280)	—	281	(10,639)	—	—	(10,639)
Restricted shares vested	356	—	(356)	12,483	(12,483)	—	—
Performance shares vested	341	—	(342)	11,952	(11,952)	—	—
Share-based employee compensation expense	—	—	—	—	3,667	—	3,667
Balance - April 30, 2022	28,893	1,175	88,602	(3,107,806)	619,754	3,467,205	980,328

The accompanying notes are an integral part of these consolidated financial statements.

BIG LOTS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	Thirteen Weeks Ended	
	April 30, 2022	**May 1, 2021**
Operating activities:		
Net (loss) income	$ (11,082)	$ 94,563
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	37,631	34,116
Non-cash lease expense	68,473	64,457
Deferred income taxes	2,215	(5,369)
Non-cash impairment charge	222	194
(Gain) loss on disposition of property and equipment	(1,568)	780
Non-cash share-based compensation expense	3,667	11,907
Unrealized gain on fuel derivatives	(699)	(1,005)
Change in assets and liabilities:		
Inventories	(100,940)	38,813
Accounts payable	(98,972)	(17,492)
Operating lease liabilities	(66,127)	(53,511)
Current income taxes	(8,856)	29,435
Other current assets	3,908	1,294
Other current liabilities	(20,432)	2,703
Other assets	107	389
Other liabilities	(3,780)	3,019
Net cash (used in) provided by operating activities	(196,233)	204,293
Investing activities:		
Capital expenditures	(43,741)	(32,160)
Cash proceeds from sale of property and equipment	2,505	7
Other	(5)	(17)
Net cash used in investing activities	(41,241)	(32,170)
Financing activities:		
Net proceeds from (repayments of) long-term debt	267,300	(3,580)
Payment of finance lease obligations	(497)	(1,293)
Dividends paid	(10,705)	(12,460)
Payment for treasury shares acquired	(10,639)	(101,016)
Other	—	(1)
Net cash provided by (used in) financing activities	245,459	(118,350)
Increase in cash and cash equivalents	7,985	53,773
Cash and cash equivalents:		
Beginning of period	53,722	559,556
End of period	$ 61,707	$ 613,329

The accompanying notes are an integral part of these consolidated financial statements.

BIG LOTS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All references in this report to “we,” “us,” or “our” are to Big Lots, Inc. and its subsidiaries. We are a home discount retailer in the United States (“U.S.”). At April 30, 2022, we operated 1,434 stores in 47 states and an e-commerce platform. We make available, free of charge, through the “Investor Relations” section of our website (www.biglots.com) under the “SEC Filings” caption, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), as soon as reasonably practicable after we file such material with, or furnish it to, the Securities and Exchange Commission (“SEC”). The contents of our websites are not part of this report.

The accompanying consolidated financial statements and these notes have been prepared in accordance with the rules and regulations of the SEC for interim financial information. The consolidated financial statements reflect all normal recurring adjustments which management believes are necessary to present fairly our financial condition, results of operations, and cash flows for all periods presented. The consolidated financial statements, however, do not include all information necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Interim results may not necessarily be indicative of results that may be expected for, or actually result during, any other interim period or for the year as a whole. We have historically experienced seasonal fluctuations, with a larger percentage of our net sales and operating profit realized in our fourth fiscal quarter. The accompanying consolidated financial statements and these notes should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022 (“2021 Form 10-K”).

Fiscal Periods

Our fiscal year ends on the Saturday nearest to January 31, which results in fiscal years consisting of 52 or 53 weeks. Unless otherwise stated, references to years in this report relate to fiscal years rather than calendar years. Fiscal year 2022 (“2022”) is comprised of the 52 weeks that began on January 30, 2022 and will end on January 28, 2023. Fiscal year 2021 (“2021”) was comprised of the 52 weeks that began on January 31, 2021 and ended on January 29, 2022. The fiscal quarters ended April 30, 2022 (“first quarter of 2022”) and May 1, 2021 (“first quarter of 2021”) were both comprised of 13 weeks.

Selling and Administrative Expenses

Selling and administrative expenses include store expenses (such as payroll and occupancy costs) and costs related to warehousing, distribution, outbound transportation to our stores, advertising, purchasing, insurance, non-income taxes, accepting credit/debit cards, and overhead. Our selling and administrative expense rates may not be comparable to those of other retailers that include warehousing, distribution, and outbound transportation costs to stores in cost of sales. Distribution and outbound transportation costs included in selling and administrative expenses were $82.0 million and $66.2 million for the first quarter of 2022 and the first quarter of 2021, respectively.

Advertising Expense

Advertising costs, which are expensed as incurred, consist primarily of television and print advertising, digital, social media, internet and e-mail marketing and advertising, payment card-linked marketing and in-store point-of-purchase signage and presentations. Advertising expenses are included in selling and administrative expenses. Advertising expenses were $21.4 million and $21.8 million for the first quarter of 2022 and the first quarter of 2021, respectively.

Supplemental Cash Flow Disclosures

The following table provides supplemental cash flow information for the first quarter of 2022 and the first quarter of 2021:

	Thirteen Weeks Ended	
(In thousands)	**April 30, 2022**	**May 1, 2021**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,326	$ 468
Cash paid for income taxes, excluding impact of refunds	2,933	2,303
Gross proceeds from long-term debt	648,200	—
Gross payments of long-term debt	380,900	3,580
Cash paid for operating lease liabilities	90,725	76,727
Non-cash activity:		
Share repurchases payable	—	3,476
Assets acquired under finance leases	1,377	—
Accrued property and equipment	26,073	26,306
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	65,753	47,661

Reclassifications

We periodically assess, and make minor adjustments to, our product hierarchy, which can impact the roll-up of our merchandise categories. Our financial reporting process utilizes the most current product hierarchy in reporting net sales by merchandise category for all periods presented. Therefore, there may be minor reclassifications of net sales by merchandise category compared to previously reported amounts.

Recent Accounting Pronouncements

There are currently no new accounting pronouncements with a future effective date that are of significance, or potential significance, to us.

NOTE 2 – DEBT

Bank Credit Facility
On September 22, 2021, we entered into a $600 million five-year unsecured credit facility (“Credit Agreement”) that expires on September 22, 2026. In connection with our entry into the Credit Agreement, we paid bank fees and other expenses in the aggregate amount of $1.2 million, which are being amortized over the term of the Credit Agreement.

Borrowings under the Credit Agreement are available for general corporate purposes, working capital, and to repay certain indebtedness. The Credit Agreement includes a $50 million swing loan sublimit, a $75 million letter of credit sublimit, a $75 million sublimit for loans to foreign borrowers, and a $200 million optional currency sublimit. The Credit Agreement also contains an environmental, social and governance (“ESG”) provision, which may provide favorable pricing and fee adjustments if we meet ESG performance criteria to be established by a future amendment to the Credit Agreement. Under the Credit Agreement, we have the option to establish incremental term loans and/or increases in the revolving credit limits in an aggregate amount of up to $300 million, subject to the lenders agreeing to increase their commitments. Additionally, the Credit Agreement includes two options to extend the maturity date of the Credit Agreement by one year each, subject to each lender agreeing to extend the maturity date of its respective loans. The interest rates, pricing and fees under the Credit Agreement fluctuate based on our debt rating or leverage ratio, whichever results in more favorable pricing to us. The Credit Agreement allows us to select our interest rate for each borrowing from multiple interest rate options. The interest rate options are generally derived from the prime rate or LIBOR. The Credit Agreement updated the LIBOR fallback language to implement fallback provisions, pursuant to which the interest rate on the loans will transition to an alternative rate upon the occurrence of certain LIBOR cessation events. Loans made under the Credit Agreement may be prepaid without penalty. The Credit Agreement contains financial and other covenants, including, but not limited to, limitations on indebtedness, liens and investments, as well as the maintenance of two financial ratios – a leverage ratio and a fixed charge coverage ratio. The covenants of the Credit Agreement do not restrict our ability to pay dividends. Additionally, we are subject to cross-default provisions associated with the synthetic lease for our distribution center in Apple Valley, CA, which was amended concurrent with our entry into the Credit Agreement to conform with the covenants of the Credit Agreement. A violation of any of the covenants could result in a default under the Credit Agreement that would permit the lenders to restrict our ability to further access the Credit Agreement for loans and letters of credit and require the immediate repayment of any outstanding loans under the Credit Agreement. At April 30, 2022, we had $270.8 million in outstanding borrowings under the Credit Agreement and $5.0 million committed to outstanding letters of credit, leaving $324.2 million available under the Credit Agreement.

The fair value of our long-term debt is estimated based on the quoted market prices for same or similar issues and the current interest rates offered for similar instruments. These fair value measurements are classified as Level 2 within the fair value hierarchy. Given the variable rate features and relatively short maturity of the instruments underlying our long-term debt, the carrying value of these instruments approximates their fair value.

NOTE 3 – SHAREHOLDERS’ EQUITY

Earnings per Share
There were no adjustments required to be made to the weighted-average common shares outstanding for purposes of computing basic and diluted earnings per share for all periods presented. At May 1, 2021, all outstanding awards were included in our computation of earnings per share because the minimum applicable performance conditions had been attained. At April 30, 2022, performance share units that vest based on relative total shareholder return (“TSR PSUs” - see Note 4 for a more detailed description of these awards), were excluded from our computation of earnings per share because the minimum applicable performance conditions had not been attained. Antidilutive restricted stock units (“RSUs”), performance share units (“PSUs”), performance restricted share units (“PRSUs”), and TSR PSUs are excluded from the calculation because they decrease the number of diluted shares outstanding under the treasury stock method. The RSUs, PSUs, PRSUs, and TSR PSUs that were antidilutive, as determined under the treasury stock method, were 0.4 million and 0.1 million for the first quarter of 2022 and the first quarter of 2021, respectively. Due to the net loss in first quarter of 2022, any potentially dilutive shares were excluded from the denominator in computing diluted earnings (loss) per common share for the first quarter of 2022.

Share Repurchase Programs
On December 1, 2021, our Board of Directors authorized the repurchase of up to $250 million of our common shares (“2021 Repurchase Authorization”). Pursuant to the 2021 Repurchase Authorization, we may repurchase shares in the open market and/or in privately negotiated transactions at our discretion, subject to market conditions and other factors. The 2021 Repurchase Authorization has no scheduled termination date. In the first quarter of 2022, no shares were repurchased under the 2021 Repurchase Authorization. As of April 30, 2022, we had $159.4 million available for future repurchases under the 2021 Repurchase Authorization.

Purchases of common shares reported in the consolidated statements of shareholders' equity include shares acquired to satisfy income tax withholdings associated with the vesting of share-based awards.

Dividends
We declared and paid cash dividends per common share during the first quarter of 2022 as follows:

	Dividends Per Share	Amount Declared	Amount Paid
2022:		*(In thousands)*	*(In thousands)*
First quarter	$ 0.30	$ 8,981	$ 10,705
Total	**$ 0.30**	**$ 8,981**	**$ 10,705**

The amount of dividends declared may vary from the amount of dividends paid in a period due to the vesting of RSUs and PSUs. The payment of future dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, compliance with applicable laws and agreements and any other factors deemed relevant by our Board of Directors.

NOTE 4 – SHARE-BASED PLANS

We have issued RSUs, PSUs, PRSUs, and TSR PSUs under our shareholder-approved equity compensation plans. We recognized share-based compensation expense of $3.7 million and $11.9 million in the first quarter of 2022 and the first quarter of 2021, respectively. As of April 30, 2022, there were no PRSUs outstanding.

Non-vested Restricted Stock Units
The following table summarizes the non-vested RSU activity for the first quarter of 2022:

	Number of Shares	Weighted Average Grant-Date Fair Value Per Share
Outstanding non-vested RSUs at January 29, 2022	909,287	$ 33.87
Granted	418,247	38.13
Vested	(355,911)	29.29
Forfeited	(23,271)	29.59
Outstanding non-vested RSUs at April 30, 2022	948,352	$ 37.52

The non-vested RSUs granted in the first quarter of 2022 generally vest and are expensed on a ratable basis over three years from the grant date of the award, if a threshold financial performance objective is achieved and the grantee remains employed by us through the vesting dates.

Performance Share Units
Prior to 2020, in 2021, and in the first quarter of 2022, we issued PSUs to certain members of management, which will vest if certain financial performance objectives are achieved over a three-year performance period and the grantee remains employed by us during the performance period. The financial performance objectives for each fiscal year within the three-year performance period will be approved by the Compensation Committee of our Board of Directors during the first quarter of the respective fiscal year.

As a result of the process used to establish the financial performance objectives, we will only meet the requirements for establishing a grant date for PSUs when we communicate the financial performance objectives for the third fiscal year of the award to the award recipients, which will then trigger the service inception date, the fair value of the awards, and the associated expense recognition period. If we meet the applicable threshold financial performance objectives over the three-year performance period and the grantee remains employed by us through the end of the performance period, the PSUs will vest on the first trading day after we file our Annual Report on Form 10-K for the last fiscal year in the performance period.

The number of shares to be distributed upon vesting of the PSUs depends on the average performance attained during the three-year performance period compared to the performance targets established by the Compensation Committee, and may result in the distribution of an amount of shares that is greater or less than the number of PSUs granted, as defined in the award agreement.

In the first quarter of 2022, we also awarded TSR PSUs to certain members of management, which vest based on the achievement of total shareholder return ("TSR") targets relative to a peer group over a three-year performance period and require the grantee to remain employed by us through the end of the performance period. If we meet the applicable performance thresholds over the three-year performance period and the grantee remains employed by us through the end of the performance period, the TSR PSUs will vest on the first trading day after we file our Annual Report on Form 10-K for the last fiscal year in the performance period. We use a Monte Carlo simulation to estimate the fair value of the TSR PSUs on the grant date and recognize expense over the service period. The TSR PSUs have a contractual period of three years.

We have begun or expect to begin recognizing expense related to PSUs and TSR PSUs as follows:

Issue Year	Measurement Basis	Outstanding PSUs and TSR PSUs at April 30, 2022	Actual Grant Date	Expected Valuation (Grant) Date	Actual or Expected Expense Period
2019	ROIC/EPS	6,109	March 2021		Fiscal 2021
2021	ROIC/EPS	170,426		March 2023	Fiscal 2023
2022	Relative TSR	68,231	March 2022		Fiscal 2022 - 2024
2022	ROIC/EPS	272,951		March 2024	Fiscal 2024
Total		**517,717**			

During the first quarter of 2022, the PSUs issued in 2019 vested with an average performance attainment higher than the targets established. During the first quarters of 2022 and 2021, we recognized $0.1 million and $8.6 million in share-based compensation expense related to PSUs and TSR PSUs, respectively.

The following table summarizes the activity related to PSUs and TSR PSUs for the first quarter of 2022:

	Number of Units	Weighted Average Grant-Date Fair Value Per Share
Outstanding PSUs and TSR PSUs at January 29, 2022	240,110	$ 70.24
Granted	68,231	58.09
Vested	(234,001)	70.24
Forfeited	—	—
Outstanding PSUs and TSR PSUs at April 30, 2022	74,340	$ 59.09

The following activity occurred under our share-based plans during the respective periods shown:

	First Quarter	
(In thousands)	**2022**	**2021**
Total fair value of restricted stock vested	$ 12,631	$ 26,901
Total fair value of performance shares vested	$ 13,753	$ 37,168

The total unearned compensation expense related to all share-based awards outstanding, excluding PSUs issued in 2021 and 2022, at April 30, 2022 was approximately $32.9 million. This compensation cost is expected to be recognized through March 2025 based on existing vesting terms with the weighted-average remaining expense recognition period being approximately 2.4 years from April 30, 2022.

NOTE 5 – INCOME TAXES
In 2021, the provision for income taxes was based on a current estimate of the annual effective tax rate, adjusted to reflect the effect of discrete items.

For 2022, the Company's estimated annual effective tax rate has fluctuated with changes in estimated full-year pre-tax earnings due to uncertainty in our forecasted earnings resulting from an unpredictable retail landscape due to macroeconomic pressures, including cost inflation, and a decline in consumer discretionary spending. Differences between pre-tax and taxable income, such as non-deductible executive compensation, cause the effective income rate to vary significantly. Accordingly, the Company does not believe that it can estimate the annual effective tax rate for 2022 with sufficient precision and, as permitted by GAAP, has determined the income tax benefit for the first quarter of 2022 based upon the year-to-date pre-tax loss and the effect of differences between book and taxable loss.

We have estimated the reasonably possible expected net change in unrecognized tax benefits through April 29, 2023, based on (1) expected cash and noncash settlements or payments of uncertain tax positions, and (2) lapses of the applicable statutes of limitations for unrecognized tax benefits. The estimated net decrease in unrecognized tax benefits for the next 12 months is approximately $4.0 million. Actual results may differ materially from this estimate.

NOTE 6 – CONTINGENCIES

Legal Proceedings
We are involved in legal actions and claims arising in the ordinary course of business. We currently believe that each such action and claim will be resolved without a material effect on our financial condition, results of operations, or liquidity. However, litigation involves an element of uncertainty. Future developments could cause these actions or claims to have a material effect on our financial condition, results of operations, and liquidity.

NOTE 7 – BUSINESS SEGMENT DATA

We use the following seven merchandise categories, which are consistent with our internal management and reporting of merchandise net sales: Food; Consumables; Soft Home; Hard Home; Furniture; Seasonal; and Apparel, Electronics, & Other. The Food category includes our beverage & grocery; specialty foods; and pet departments. The Consumables category includes our health, beauty and cosmetics; plastics; paper; and chemical departments. The Soft Home category includes our home décor; frames; fashion bedding; utility bedding; bath; window; decorative textile; and area rugs departments. The Hard Home category includes our small appliances; table top; food preparation; stationery; home maintenance; home organization; and toys departments. The Furniture category includes our upholstery; mattress; ready-to-assemble; and case goods departments. The Seasonal category includes our lawn & garden; summer; Christmas; and other holiday departments. The Apparel, Electronics, & Other department includes our apparel; electronics; jewelry; hosiery; and candy & snacks departments, as well as the assortments for The Lot, our cross-category presentation solution, and the Queue Line, our streamlined checkout experience.

We periodically assess, and make minor adjustments to, our product hierarchy, which can impact the roll-up of our merchandise categories. Our financial reporting process utilizes the most current product hierarchy in reporting net sales by merchandise category for all periods presented. Therefore, there may be minor reclassifications of net sales by merchandise category compared to previously reported amounts.

The following table presents net sales data by merchandise category:

	First Quarter	
(In thousands)	**2022**	**2021**
Furniture	$ 390,386	$ 481,431
Seasonal	234,171	303,918
Food	176,620	180,297
Soft Home	166,295	223,854
Consumables	155,310	162,388
Hard Home	129,284	152,198
Apparel, Electronics, & Other	122,648	121,466
Net sales	$ 1,374,714	$ 1,625,552

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

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS FOR PURPOSES OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Private Securities Litigation Reform Act of 1995 ("Act") provides a safe harbor for forward-looking statements to encourage companies to provide prospective information, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statements. We wish to take advantage of the "safe harbor" provisions of the Act.

Certain statements in this report are forward-looking statements within the meaning of the Act, and such statements are intended to qualify for the protection of the safe harbor provided by the Act. The words "anticipate," "estimate," "approximate," "expect," "objective," "goal," "project," "intend," "plan," "believe," "will," "should," "may," "target," "forecast," "guidance," "outlook," and similar expressions generally identify forward-looking statements. Similarly, descriptions of our objectives, strategies, plans, goals or targets are also forward-looking statements. Forward-looking statements relate to the expectations of management as to future occurrences and trends, including statements expressing optimism or pessimism about future operating results or events and projected sales, earnings, capital expenditures and business strategy. Forward-looking statements are based upon a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Forward-looking statements are and will be based upon management's then-current views and assumptions regarding future events and operating performance, and are applicable only as of the dates of such statements. Although we believe the expectations expressed in forward-looking statements are based on reasonable assumptions within the bounds of our knowledge, forward-looking statements, by their nature, involve risks, uncertainties and other factors, any one or a combination of which could materially affect our business, financial condition, results of operations or liquidity.

Forward-looking statements that we make herein and in other reports and releases are not guarantees of future performance and actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including, but not limited to, developments related to the COVID-19 pandemic, the current economic and credit conditions, inflation, the cost of goods, our inability to successfully execute strategic initiatives, competitive pressures, economic pressures on our customers and us, the availability of brand name closeout merchandise, trade restrictions, freight costs, the risks discussed in the Risk Factors section of our most recent Annual Report on Form 10-K, and other factors discussed from time to time in our other filings with the SEC, including Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. This report should be read in conjunction with such filings, and you should consider all of these risks, uncertainties and other factors carefully in evaluating forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements whether as a result of new information, future events or otherwise. Readers are advised, however, to consult any further disclosures we make on related subjects in our public announcements and SEC filings.

OVERVIEW

The discussion and analysis presented below should be read in conjunction with the accompanying consolidated financial statements and related notes. Each term defined in the notes to the accompanying consolidated financial statements has the same meaning in this item and the balance of this report.

The following are the results from the first quarter of 2022 that we believe are key indicators of our operating performance when compared to our operating performance from the first quarter of 2021:

- Net sales decreased $250.8 million, or 15.4%.
- Comparable sales for stores open at least fifteen months, plus our e-commerce operations, decreased $268.3 million, or 17.0%.
- Gross margin dollars decreased $149.3 million, while gross margin rate decreased 350 basis points to 36.7% of sales.
- Selling and administrative expenses decreased $16.6 million. As a percentage of net sales, selling and administrative expenses increased 440 basis points to 35.0% of net sales.
- Operating (loss) profit rate decreased 850 basis points to (1.0)%.
- Diluted earnings (loss) per share decreased to $(0.39) per share from $2.62 per share.
- Cash and cash equivalents decreased $551.6 million, from $613.3 million at the end of the first quarter of 2021 to $61.7 million at the end of the first quarter of 2022.
- Inventory increased by 48.5% or $437.2 million, from $901.5 million at the end of the first quarter 2021 to $1,338.7 million at the end of the first quarter 2022.
- We declared and paid a quarterly cash dividend in the amount of $0.30 per common share in the first quarter of 2022, which was consistent with the quarterly cash dividend of $0.30 per common share paid in the first quarter of 2021.

See the discussion and analysis below for additional details regarding our operating results.

STORES

The following table presents stores opened and closed during the first quarter of 2022 and the first quarter of 2021:

	2022	2021
Stores open at the beginning of the fiscal year	1,431	1,408
Stores opened during the period	7	13
Stores closed during the period	(4)	(8)
Stores open at the end of the period	1,434	1,413

We expect our store count at the end of 2022 to increase by approximately 30 stores compared to our store count at the end of 2021.

RESULTS OF OPERATIONS

The following table compares components of our consolidated statements of operations and comprehensive income as a percentage of net sales at the end of each period:

	First Quarter	
	2022	2021
Net sales	100.0 %	100.0 %
Cost of sales (exclusive of depreciation expense shown separately below)	63.3	59.8
Gross margin	36.7	40.2
Selling and administrative expenses	35.0	30.6
Depreciation expense	2.7	2.1
Operating (loss) profit	(1.0)	7.5
Interest expense	(0.2)	(0.2)
Other income (expense)	0.1	0.1
(Loss) income before income taxes	(1.1)	7.4
Income tax (benefit) expense	(0.3)	1.6
Net (loss) income and comprehensive (loss) income	(0.8)%	5.8 %

FIRST QUARTER OF 2022 COMPARED TO FIRST QUARTER OF 2021

Net Sales

Net sales by merchandise category (in dollars and as a percentage of total net sales), net sales change (in dollars and percentage), and comparable sales (“comp” or “comps”) in the first quarter of 2022 compared to the first quarter of 2021 were as follows:

	First Quarter						
($ in thousands)	2022		2021		Change		Comps
Furniture	$ 390,386	28.4 %	$ 481,431	29.6 %	$ (91,045)	(18.9)%	(20.8)%
Seasonal	234,171	17.0	303,918	18.7	(69,747)	(22.9)	(24.0)
Food	176,620	12.9	180,297	11.1	(3,677)	(2.0)	(3.2)
Soft Home	166,295	12.1	223,854	13.8	(57,559)	(25.7)	(27.1)
Consumables	155,310	11.3	162,388	10.0	(7,078)	(4.4)	(5.5)
Hard Home	129,284	9.4	152,198	9.4	(22,914)	(15.1)	(16.7)
Apparel, Electronics, & Other	122,648	8.9	121,466	7.4	1,182	1.0	(1.1)
Net sales	$ 1,374,714	100.0 %	$ 1,625,552	100.0 %	$ (250,838)	(15.4)%	(17.0)%

We periodically assess, and make minor adjustments to, our product hierarchy, which can impact the roll-up of our merchandise categories. Our financial reporting process utilizes the most current product hierarchy in reporting net sales by merchandise category for all periods presented. Therefore, there may be minor reclassifications of net sales by merchandise category compared to previously reported amounts.

Net sales decreased $250.8 million, or 15.4%, to $1,374.7 million in the first quarter of 2022, compared to $1,625.6 million in the first quarter of 2021. The decrease in net sales was primarily driven by a 17.0% decrease in our comps, which decreased net sales by $268.3 million, partially offset by our non-comparable sales, which increased net sales by $17.5 million, driven by the net increase of 21 stores since the first quarter of 2021 and increased sales of our new and relocated stores compared to closed stores. Our comps are calculated based on the results of all stores that were open at least fifteen months plus the results of our e-commerce net sales.

Our net sales and comps decreased in the first quarter of 2022 due to the absence of government sponsored relief packages that were present in the first quarter of 2021, which included government stimulus payments and enhanced unemployment benefits, and resulted in increased net sales and comps in the first quarter of 2021. Additionally, we experienced decreased demand in the first quarter of 2022 as a result of general economic pressures on our customers caused by inflation and other macroeconomic impacts, including rising fuel and food prices, which we believe impacted the discretionary spending of our customers.

In the first quarter of 2022, we experienced decreased comps and net sales in all of our merchandise categories except our Apparel, Electronics, & Other category where net sales increased slightly. Our home products categories - Furniture, Seasonal, Soft Home, and Hard Home - were most impacted, as purchases from these categories are generally more discretionary. As discussed above, the absence of stimulus and enhanced unemployment benefits and a challenging macroeconomic environment reduced our customer's discretionary spending. Furthermore, our Seasonal category was negatively impacted in the first quarter of 2022 by cooler weather stretching into March and April in much of the country, which led to a slow start to the lawn & garden and summer selling season, both weather-sensitive departments. Accordingly, we experienced lower net sales and comps in our Seasonal category in the first quarter of 2022 in the northern parts of the U.S. compared to the southern U.S., particularly the southeastern U.S.

While our Food and Consumables categories experienced decreased comps and net sales in the first quarter of 2022, these categories performed relatively better than our home products categories in the first quarter of 2022 as they are less sensitive to changes in discretionary spending.

Our Apparel, Electronics, & Other category experienced a slight decrease in comps as a result of the decreased discretionary spending in the first quarter of 2022 discussed above.

Gross Margin

Gross margin dollars decreased $149.3 million, or 22.8%, to $504.6 million for the first quarter of 2022, compared to $653.9 million for the first quarter of 2021. The decrease in gross margin dollars was primarily due to a decrease in net sales and gross margin rate. Gross margin as a percentage of net sales decreased 350 basis points to 36.7% in the first quarter of 2022 compared to 40.2% in the first quarter of 2021. The gross margin rate decrease was primarily due to higher markdowns, higher inbound freight costs, and a higher shrink rate. The higher markdowns were a result of our being more promotional in the first quarter of 2022 compared to the first quarter of 2021. Inbound freight costs increased due to higher ocean carriage rates, detention and demurrage charges related to supply chain delays, and higher fuel costs. The higher shrink rate was driven by a higher rate of theft and other loss in our stores during 2021, which has led to unfavorable physical inventory counts in the 2022 physical inventory cycle and a higher shrink accrual rate in the fourth quarter of 2021 and first quarter of 2022.

Selling and Administrative Expenses

Selling and administrative expenses were $480.8 million for the first quarter of 2022, compared to $497.4 million for the first quarter of 2021. The decrease of $16.6 million in selling and administrative expenses was driven by decreases in accrued bonus expense of $19.1 million, share-based compensation expense of $8.2 million, and self-insurance expense of $3.6 million, partially offset by increases in distribution and transportation expense of $15.8 million. The decrease in accrued bonus expense was due to lower performance in the first quarter of 2022 relative to our quarterly and annual operating plans as compared to the first quarter of 2021. Our share-based compensation expense decreased due to the 2019 PSUs granted in the first quarter of 2021, which carried a higher grant date fair value and for which substantially more awards were granted than the 2022 TSR PSUs granted in the first quarter of 2022. The decrease in self-insurance expense was primarily driven by favorable workers' compensation, general liability, and healthcare claims experience, which led to lower incurred expense in the first quarter of 2022. The increase in distribution and transportation expenses was driven by increased fuel costs and outbound transportation rates.

As a percentage of net sales, selling and administrative expenses increased 440 basis points to 35.0% for the first quarter of 2022 compared to 30.6% for the first quarter of 2021.

Depreciation Expense

Depreciation expense increased $3.4 million to $37.4 million in the first quarter of 2022, compared to $34.0 million for the first quarter of 2021. Depreciation expense as a percentage of sales increased 60 basis points compared to the first quarter of 2021. The increase was primarily driven by investments in our strategic initiatives, new stores, and supply chain improvements.

Interest Expense

Interest expense was $2.8 million in the first quarter of 2022, compared to $2.6 million in the first quarter of 2021. The increase in interest expense was driven by an increase in total average borrowings. We had total average borrowings (including finance leases and the financing liability related to the sale and leaseback transactions for four of our distribution centers) of $301.1 million in the first quarter of 2022 compared to total average borrowings of $180.7 million in the first quarter of 2021. The increase in total average borrowings was driven by our borrowings under the Credit Agreement throughout the first quarter of 2022, while we had no borrowings under our revolving credit facility in the first quarter of 2021, partially offset by the repayment of the balance of a term note agreement in the second quarter of 2021.

Other Income (Expense)

Other income (expense) was $1.0 million in the first quarter of 2022 and in the first quarter of 2021. The income in both years was driven by unrealized gains on our diesel fuel derivatives.

Income Taxes

The effective income tax rate for the first quarter of 2022 and the first quarter of 2021 was 27.3% and 21.8%, respectively. The increase in the effective income tax rate was primarily attributable to audit settlements and a net deficiency associated with vesting of share-based payment awards in 2022 compared to a net benefit in the first quarter of 2021, partially offset by an increase in employment-related tax credits in 2022. Additionally, the increase in the effective income tax rate was impacted by the loss before income taxes in the first quarter of 2022 compared to the income before income taxes in the first quarter of 2021.

Known Trends and 2022 Guidance

In late 2021 and early 2022, the U.S. economy has experienced its highest inflationary period in decades, which has adversely impacted costs in our business and adversely impacted the buying power of our customers. We expect the inflationary environment to continue and negatively impact discretionary spending by our customers. At this time, the Company does not believe it has sufficient visibility to provide full year guidance for 2022.

Given a wider-than-usual range of potential outcomes, we are not currently providing earnings per share guidance for the second quarter of 2022. However, we do anticipate a loss in the second quarter of 2022. As of May 27, 2022, we expect the following in the second quarter of 2022:

- A comparable sales decrease in the mid-to-high single digits compared to the second quarter of 2021;
- Gross margin rate in the low 30s as result of increased promotional activity and inbound transportation costs; and
- Selling and administrative expenses slightly up compared to the second quarter of 2021.

Capital Resources and Liquidity
On September 22, 2021, we entered into the Credit Agreement which provides for a $600 million five-year unsecured credit facility that expires on September 22, 2026. Borrowings under the Credit Agreement are available for general corporate purposes, working capital, and to repay certain indebtedness. The Credit Agreement includes a $50 million swing loan sublimit, a $75 million letter of credit sublimit, a $75 million sublimit for loans to foreign borrowers, and a $200 million optional currency sublimit. The Credit Agreement also contains an environmental, social and governance ("ESG") provision, which may provide favorable pricing and fee adjustments if we meet ESG performance criteria to be established by a future amendment to the Credit Agreement. Under the Credit Agreement, we have the option to establish incremental term loans and/or increases in the revolving credit limits in an aggregate amount of up to $300 million, subject to the lenders agreeing to increase their commitments. Additionally, the Credit Agreement includes two options to extend the maturity date of the Credit Agreement by one year each, subject to each lender agreeing to extend the maturity date of its respective loans. The interest rates, pricing and fees under the Credit Agreement fluctuate based on our debt rating or leverage ratio, whichever results in more favorable pricing to us. The Credit Agreement allows us to select our interest rate for each borrowing from multiple interest rate options. The interest rate options are generally derived from the prime rate or LIBOR. The Credit Agreement updated the LIBOR fallback language to implement fallback provisions, pursuant to which the interest rate on the loans will transition to an alternative rate upon the occurrence of certain LIBOR cessation events. Loans made under the Credit Agreement may be prepaid without penalty. The Credit Agreement contains financial and other covenants, including, but not limited to, limitations on indebtedness, liens and investments, as well as the maintenance of two financial ratios – a leverage ratio and a fixed charge coverage ratio. The covenants of the Credit Agreement do not restrict our ability to pay dividends. Additionally, we are subject to cross-default provisions associated with the synthetic lease for our distribution center in Apple Valley, CA, which was amended concurrent with our entry into the Credit Agreement to conform with the covenants of the Credit Agreement. A violation of any of the covenants could result in a default under the Credit Agreement that would permit the lenders to restrict our ability to further access the Credit Agreement for loans and letters of credit and require the immediate repayment of any outstanding loans under the Credit Agreement. At April 30, 2022, we were in compliance with the covenants of the Credit Agreement.

At April 30, 2022, we had $270.8 million of borrowings under the Credit Agreement, and the borrowings available under the Credit Agreement were $324.2 million, after taking into account the reduction in availability resulting from outstanding letters of credit totaling $5.0 million.

The primarily source of our liquidity is cash flows from operations and borrowings under our credit facility as necessary. Our net income and, consequently, our cash provided by operations are impacted by net sales volume, seasonal sales patterns, and operating profit margins. Our cash provided by operations typically peaks in the fourth quarter of each fiscal year due to net sales generated during the holiday selling season. Generally, our working capital requirements peak late in our third fiscal quarter or early in our fourth fiscal quarter as we build our inventory levels prior to the holiday selling season. We have historically funded those requirements with cash provided by operations and borrowings under our credit facility. We expect to borrow under the Credit Agreement during 2022 to fund our cash requirements. However, we currently expect to reduce our borrowings under the Credit Agreement at the end of the second quarter of 2022 compared to the first quarter of 2022. Cash requirements include among other things, capital expenditures, working capital needs, interest payments, and other contractual commitments.

On December 1, 2021, our Board of Directors authorized the repurchase of up to $250 million of our common shares under the 2021 Repurchase Authorization. Pursuant to the 2021 Repurchase Authorization, we may repurchase shares in the open market and/or in privately negotiated transactions at our discretion, subject to market conditions and other factors. The 2021 Repurchase Authorization has no scheduled termination date. In the first quarter of 2022, we did not repurchase shares under the 2021 Repurchase Authorization. As of April 30, 2022, we had $159.4 million available for future repurchases under the 2021 Repurchase Authorization.

In March 2022, our Board of Directors declared a quarterly cash dividend of $0.30 per common share payable on April 1, 2022 to shareholders of record as of the close of business on March 18, 2022. The cash dividend of $0.30 per common share is consistent with our quarterly dividends declared in 2021. In the first quarter of 2022, we paid approximately $10.7 million in dividends, compared to the dividends paid of $12.5 million in the first quarter of 2021.

In May 2022, our Board of Directors declared a quarterly cash dividend of $0.30 per common share payable on June 24, 2022 to shareholders of record as of the close of business on June 10, 2022.

The following table compares the primary components of our cash flows from the first quarter 2022 compared to the first quarter 2021:

(In thousands)	2022	2021	Change
Net cash (used in) provided by operating activities	$ (196,233)	$ 204,293	$ (400,526)
Net cash used in investing activities	(41,241)	(32,170)	(9,071)
Net cash provided by (used in) financing activities	$ 245,459	$ (118,350)	$ 363,809

Cash (used in) provided by operating activities decreased by $400.5 million to cash used in operating activities of $196.2 million in the first quarter of 2022 compared to cash provided by operating activities of $204.3 million in the first quarter of 2021. The decrease was driven by the combined increase in cash outflows from inventories and accounts payable, which were driven by increased inventory levels at the end of the first quarter of 2022, a lower net (loss) income after adjusting for non-cash activities such as non-cash share-based compensation expense and non-cash lease expense, and an increase in cash outflows from current income taxes, which was driven by our lower (loss) income before income taxes in the year-to-date 2022.

Cash used in investing activities increased by $9.1 million to $41.2 million in the first quarter of 2022 compared to $32.2 million in the first quarter of 2021. The increase was principally driven by an increase in capital expenditures, which was primarily due to increased investments in new stores.

Cash provided by (used in) financing activities increased by $363.8 million to cash provided by financing activities of $245.5 million in the first quarter of 2022 compared to cash used in financing activities of $118.4 million in the first quarter of 2021. The increase was driven by net proceeds from long-term debt due to borrowings under the Credit Agreement to fund working capital requirements, and a decrease in payment for treasury shares acquired. The decrease in payment for treasury shares acquired was due to shares repurchased under a share repurchase authorization in first quarter of 2021, whereas there were no shares repurchased in the first quarter of 2022 under the 2021 Repurchase Authorization.

Based on historical and expected financial results, we believe that we have or, if necessary, have the ability to obtain, adequate resources to fund our cash requirements, including ongoing and seasonal working capital requirements, proposed capital expenditures, new projects, and currently maturing obligations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, as well as the related disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, management evaluates its estimates, judgments, and assumptions, and bases its estimates, judgments, and assumptions on historical experience, current trends, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. See note 1 to our consolidated financial statements included in our 2021 Form 10-K for additional information about our accounting policies.

The estimates, judgments, and assumptions that have a higher degree of inherent uncertainty and require the most significant judgments are outlined in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 2021 Form 10-K. Had we used estimates, judgments, and assumptions different from any of those discussed in our 2021 Form 10-K, our financial condition, results of operations, and liquidity for the current period could have been materially different from those presented.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risk from exposure to changes in interest rates on investments that we make from time to time and on borrowings under the Credit Agreement. We had $270.8 million in borrowings under the Credit Agreement at April 30, 2022. An increase of 1% in our variable interest rate on our expected future borrowings could affect our financial condition, results of operations, or liquidity through higher interest expense by approximately $2.7 million.

We are subject to market risk from exposure to changes in our derivative instruments associated with diesel fuel. At April 30, 2022, we had outstanding derivative instruments, in the form of collars, covering 0.9 million gallons of diesel fuel. The below table provides further detail related to our current derivative instruments, associated with diesel fuel.

Calendar Year of Maturity	Diesel Fuel Derivatives		Fair Value
	Puts	Calls	Asset (Liability)
	(Gallons, in thousands)		*(In thousands)*
2022	900	900	$ 1,555
Total	900	900	$ 1,555

Additionally, at April 30, 2022, a 10% difference in the forward curve for diesel fuel prices could affect unrealized gains (losses) in other income (expense) by approximately $0.4 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer have each concluded that such disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter 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

For information regarding certain legal proceedings to which we have been named a party or are subject, see note 6 to the accompanying consolidated financial statements.

Item 1A. Risk Factors

During the first quarter of 2022, there were no material changes to the risk factors previously disclosed in our 2021 Form 10-K.

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

(In thousands, except price per share data)				
Period	**(a) Total Number of Shares Purchased (1)(2)**	**(b) Average Price Paid per Share (1)(2)**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs**
January 30, 2022 - February 26, 2022	1	$ 42.09	—	$ 159,425
February 27, 2022 - March 26, 2022	49	36.58	—	159,425
March 27, 2022 - April 30, 2022	230	38.17	—	159,425
Total	280	$ 37.91	—	$ 159,425

(1) In February, March, and April 2022, in connection with the vesting of certain outstanding RSUs and PSUs, we acquired 1,340, 48,998 and 230,300 of our common shares, respectively, which were withheld to satisfy income tax withholdings.

(2) The 2021 Repurchase Authorization is comprised of a December 1, 2021 authorization by our Board of Directors for the repurchase of up to $250.0 million of our common shares. During the first quarter of 2022, we had no repurchases under the 2021 Repurchase Authorization. At April 30, 2022, the 2021 Repurchase Authorization has $159.4 million of remaining authorization. The 2021 Repurchase Authorization has no scheduled termination date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits marked with an asterisk (*) are filed herewith.

Exhibit No.	Document
10.1	Form of Big Lots 2020 Long-Term Incentive Plan Performance Share Units Award Agreement (incorporated herein by reference to Exhibit 10.14 to our Form 10-K dated March 29, 2022).
10.2	Big Lots, Inc. Executive Severance Agreement.
10.3	Big Lots, Inc. Senior Executive Severance Agreement.
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.Def*	XBRL Taxonomy Definition Linkbase Document
101.Pre*	XBRL Taxonomy Presentation Linkbase Document
101.Lab*	XBRL Taxonomy Labels Linkbase Document
101.Cal*	XBRL Taxonomy Calculation Linkbase Document
101.Sch	XBRL Taxonomy Schema Linkbase Document
101.Ins	XBRL Taxonomy Instance Document - the instance document does not appear in the Interactive Date File because its XBRL tags are embedded within the Inline XBRL document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Signature

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.

Dated: June 8, 2022

BIG LOTS, INC.

By: /s/ Jonathan E. Ramsden

Jonathan E. Ramsden
Executive Vice President, Chief Financial and Administrative Officer
(Principal Financial Officer, Principal Accounting Officer and Duly Authorized Officer)

EXHIBIT 10.2

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (this "Agreement") is entered into and made effective as of the __st day of _____, 202_ (the "Effective Date"), by and among BIG LOTS STORES, INC., an Ohio corporation ("BLSI"), BIG LOTS, INC., an Ohio corporation and the ultimate parent company of BLSI ("BLI"), and ________, an individual residing in the State of ______ ("Executive").

WHEREAS, the Board of Directors of BLSI (the "Board") believes it is in the best interests of BLSI and its shareholders to assure the continued services of Executive, undiminished by any actual or perceived threat to continued employment that may arise from an actual or threatened Change in Control (as defined herein) of BLSI or BLI;

WHEREAS, should BLSI or BLI receive any proposal that may result in a Change in Control, the Board believes it imperative that BLSI and the Board be able to rely upon Executive's continued employment in Executive's then current position, and that BLSI be able to receive and rely upon Executive's advice, if it requests it, as to the best interests of BLSI, BLI and their respective shareholders, without concern that Executive might be distracted by the personal uncertainties and risks created by such a proposal; and

WHEREAS, Executive wishes to continue to serve in Executive's then current capacity, subject to assurance that in the event of a Change in Control, Executive will have a reasonable degree of financial security;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, BLSI, BLI and Executive agree as follows:

1. If there is a Change in Control (as defined in Section 3 hereof) and Executive's employment is thereupon terminated or terminated within twenty four (24) months after the

effective date thereof, Executive shall be entitled to the termination benefits set forth in Section 2 hereof. For purposes of this Agreement, Executive's employment shall be deemed to have been terminated only if BLSI terminates such employment other than for Cause or if a Constructive Termination occurs. "Cause" shall mean Executive's conviction of a felony, or an act or acts of personal dishonesty on Executive's part intended to result and resulting in material harm to BLSI, or any refusal by Executive to perform his assigned duties for a period exceeding ten (10) consecutive business days, other than any such refusal arising from a Constructive Termination or by reason of temporary physical or mental disability or illness. "Constructive Termination" shall mean a resignation by Executive because of any material adverse change or material diminution in Executive's reporting relationships, job description, duties, responsibilities, compensation, perquisites, office or location of employment (as reasonably determined by Executive in his/her good faith discretion); *provided, however*, that Executive shall notify BLSI in writing at least forty-five (45) days in advance of any election by Executive to terminate his or her employment hereunder, specifying the nature of the alleged adverse change or diminution, and BLSI or BLI, as the case may be, shall have a period of ten (10) business days after the receipt of such notice to cure such alleged adverse change or diminution before Executive shall be entitled to exercise any such rights and remedies. Executive shall not be entitled to the benefits available hereunder unless such notice is timely given. For purposes of this Agreement, any reference to a "termination" (or any form thereof) shall mean a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) by Executive from BLSI, BLI, and any other entity that, along with BLI, would be considered a single employer for purposes of Sections 414(b) and 414(c) of the Internal Revenue Code of 1986, as amended (the "Code").

2. The benefits payable to Executive pursuant to Section 1 hereof are as follows:

A. A lump sum cash payment, net of any applicable withholding taxes, in an amount equal to the annual salary paid or payable to Executive immediately prior to the effective date of such Change in Control (the "Lump Sum Payment"). The Lump Sum Payment shall be paid within ten (10) business days after the day of Executive's termination.

B. A lump sum cash payment, net of any applicable withholding taxes, in an amount equal to Executive's then current annual Target Bonus, as defined and determined annually by the Compensation Committee of the BLI Board of Directors (the "Lump Sum Bonus Payment"); *provided, however*, that in the event Executive's then current Target Bonus is undefined, Executive's annual Target Bonus shall be deemed to be 100% of Executive's then current base salary. Executive shall receive the Lump Sum Bonus Payment at the same time Executive receives the Lump Sum Payment described in Subsection 2.A. above.

C. A lump sum cash payment, net of any applicable withholding taxes, in an amount equal to (i) Executive's then current annual Target Bonus, as determined pursuant to the provisions of Subsection 2.B. above; multiplied by (ii) a fraction, the numerator of which is the number of days that have elapsed between the first day of the current annual bonus period and the date of Executive's termination and the denominator of which is three-hundred-sixty-five (365). Executive shall receive the payment determined under this Subsection 2.C. at the same time Executive receives the Lump Sum Payment described in Subsection 2.A. above.

D. For a period of twelve (12) months after the date of Executive's termination, Executive and his or her family (if their participation is permitted under the terms of the subject plan) shall be entitled to participate in any health, dental or vision plan that is generally available to similarly titled executive officers of BLSI; *provided, however*, that Executive's participation in the plans referred to in this Subsection 2.D. shall be terminated (other than as provided by law) when and to the extent that Executive is entitled to receive the same from another employer during such period. Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan. Notwithstanding the foregoing, with respect to any continued coverage or reimbursement pursuant to this Subsection 2.D., other than with respect to any continued coverage under a group health or hospitalization plan during the applicable COBRA health insurance benefit continuation period described in Section 4980B of the Code: (i) the amount of expenses eligible for reimbursement or benefits provided during any taxable year of Executive shall not affect the amount of expenses eligible for reimbursement or benefits to be provided in any other taxable year of Executive, (ii) any such reimbursement shall be made on or before the last day of Executive's taxable year following the taxable year of Executive in which the expense was incurred, and (iii) the right to such reimbursement or benefits may not be subject to liquidation or exchange for another benefit.

E. If all or any portion of the amount payable to Executive under this Agreement, either alone or together with other amounts that Executive is entitled to receive in connection with a Change in Control, constitutes "excess parachute payments" within the meaning of Section 280G of the Code, or any successor provision, that is subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), the amounts payable hereunder shall be either (i) delivered in full, or (ii) delivered to such lesser extent as will result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by Executive on an after-tax basis, of the greater amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Unless BLSI and Executive otherwise agree in writing, any determination required under this Subsection 2.E. shall be made in writing by the independent accounting firm employed by BLSI immediately prior to the applicable Change in Control (the "Accountants"), whose determination shall be conclusive and binding upon Executive and BLSI for all purposes. For purposes of making the calculations required by this Subsection 2.E., the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code. BLSI and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Subsection 2.E. BLSI shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Subsection 2.E.

3. As used herein, "Change in Control" means the first to occur of any of the following events: (i) the acquisition by any person (as defined under Section 409A of the Code), or more than one person acting as a group (as defined in Section 409A of the Code), of the stock of BLI that, together with the stock of BLI held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of all of the stock of BLI, (ii) the acquisition by any persons, or more than one person acting as a group, within any 12-month period, of the stock of BLI possessing thirty percent (30%) or more of the total voting power of all of the stock of BLI, (iii) a majority of the members of the Board of Directors of BLI is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors of BLI prior to the date of the

appointment or election, or (iv) the acquisition by any person, or more than one person acting as a group, within any 12-month period, of assets from BLI that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of BLI immediately prior to such acquisition or acquisitions. This definition of Change in Control under this Section 3 shall be interpreted in a manner that is consistent with the definition of “change in control event” under Section 409A of the Code and the Treasury Regulations promulgated thereunder. The effective date of any such Change in Control will be the date upon which the last event occurs or the last action is taken such that the definition of Change in Control (as set forth above) has been satisfied. For the purposes of this Agreement, the term “affiliate” means any person or entity that, along with BLI, constitutes a single employer under Sections 414(b) and 414(c) of the Code. Determination of affiliate will be tested as of the date immediately prior to any event constituting a Change in Control. Notwithstanding the other provisions in this Section 3, the term “Change in Control” will not mean any transaction, merger, consolidation or reorganization in which BLI exchanges or offers to exchange newly issued or treasury shares in an amount less than fifty percent (50%) of the then-outstanding equity securities of BLI entitled to vote for the election of directors, for fifty-one percent (51%) or more of the outstanding equity securities entitled to vote for the election of at least the majority of the directors of a corporation other than BLI or an affiliate thereof (the “Acquired Corporation”), or for all or substantially all of the assets of the Acquired Corporation.

4. If Executive hires legal counsel with respect to any alleged failure by BLSI or BLI to comply with any of the terms of this Agreement, or institutes any negotiation or institutes or responds to any legal action to assert or defend the validity of or to enforce Executive’s rights under, or to recover damages for breach of, this Agreement, BLSI shall pay Executive’s actual

expenses for attorneys' fees and disbursements; *provided, however*, that Executive shall be responsible for his or her own fees and expenses with respect to any lawsuit between Executive and BLSI to enforce rights or obligations under this Agreement in which BLSI is the prevailing party. The fees and expenses incurred by Executive in instituting or responding to any such negotiation or legal action shall be paid by BLSI as they are incurred, in advance of the final disposition of the action or proceeding, upon receipt of an undertaking by Executive to repay such amounts if BLSI is ultimately determined to be the prevailing party. Notwithstanding the foregoing, (i) any costs must relate to a claim arising from the alleged breach of any obligation of BLSI under this Agreement during the lifetime of Executive, (ii) the amount of expenses eligible for reimbursement or payment, or benefits provided, in any taxable year of Executive may not affect the amount of expenses eligible for reimbursement or payment, or benefits that may be provided, in any other taxable year of Executive, (iii) any payment or reimbursement must be made on or before the last day of Executive's taxable year following the taxable year of Executive in which the expense being paid or reimbursed is incurred; and (iv) the right to payment or reimbursement or benefits may not be subject to liquidation or exchange for another benefit.

5. If any amount due Executive hereunder is not paid when due, then BLSI shall pay interest on said amount at an annual rate equal to the base lending rate of PNC Bank, Pittsburgh, Pennsylvania, or its successor, as in effect from time to time, for the period between the date on which such payment is due and the date said amount is paid.

6. BLSI's obligation to pay Executive the compensation and to make the arrangements required hereunder shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, any setoff, counterclaim, recoupment, defense or

other right that BLSI may have against Executive or otherwise. All amounts payable by BLSI hereunder shall be paid without notice or demand. Subject to the proviso in Section 1 above, each and every payment made hereunder by BLSI shall be final and BLSI shall not seek to recover all or any part of such payment from Executive or from whosoever may be entitled thereto, for any reason whatsoever. Executive shall not be obligated to seek other employment or compensation or insurance in mitigation of any amount payable or arrangement made under any provision of this Agreement, and the obtaining of any such other employment or compensation or insurance, except as otherwise provided in this Agreement, shall in no event effect any reduction of BLSI's obligations to make the payments and arrangements required to be made under this Agreement.

7. From and after any termination of Executive's employment, Executive shall retain in confidence and not use for his or her own benefit or on behalf of any other person or entity any confidential information known to him or her concerning BLI, BLSI, their respective subsidiaries or their respective businesses so long as such information is not publicly disclosed by someone other than Executive.

8. In partial consideration of the benefits granted to Executive herein, Executive agrees that during the six-month period immediately following Executive's termination, if Executive shall have received benefits under Section 2 above, Executive shall not engage in any Competitive Activity. For purposes of this Agreement, "Competitive Activity" shall mean Executive's participation, without the approval of the Board or the written consent of the chief executive officer of BLSI, in the management of any business operation of any enterprise if such operation (a "Competitive Operation") engages in substantial and direct competition with BLSI's closeout business operation at the date of Executive's termination. For purposes of this

Agreement, a closeout business operation shall be considered in substantial and direct competition with BLSI's closeout business operation if such business operation's sales of closeout merchandise amount to ten percent (10%) or more of such business operation's total sales. Competitive Activity shall not include (i) the mere ownership of securities in any enterprise or (ii) participation in the management of any enterprise or of any business operation thereof, other than in connection with a Competitive Operation of such enterprise.

9. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10. Except as specifically set forth herein, this Agreement supersedes and replaces any and all prior Senior Executive Severance Agreements or Executive Severance Agreements between the parties, but shall not be deemed to negate, supersede or alter any other agreement or arrangement between Executive and BLSI or BLI or any other rights to which Executive may be entitled, and shall be and remain in effect in addition to any such other agreement or rights, whether now existing or later created.

11. This Agreement shall be effective for a one year period beginning with the Effective Date (the "Initial Term") and shall automatically be renewed for successive one year periods commencing on successive anniversaries of the Effective Date (each, a "Renewal Term"), subject to the following conditions:

A. this Agreement shall be deemed terminated upon any termination or other cessation whatsoever of Executive's employment for any reason prior to a Change in Control;

B. this Agreement may be terminated by the mutual agreement of Executive and BLSI;

C. BLSI may terminate this Agreement at any time effective upon thirty (30) days prior written notice being given; provided, however, that such notice shall be ineffective if a Change in Control shall occur prior to the effective date of such termination.

Notwithstanding anything to the contrary herein, this Agreement shall not be terminated or deemed terminated except by mutual agreement of Executive and BLSI (i) during the first twenty four (24) months after the effective date of a Change in Control or (ii) during any period when BLSI or BLI has knowledge that any third person has taken steps reasonably calculated to effect a Change in Control, until such third person has abandoned or terminated his or its efforts in connection therewith. Upon any termination hereof, Executive shall have no further rights hereunder, except to the extent that rights to any benefit have accrued hereunder because of a Change in Control occurring prior to such termination.

12. In consideration of and as inducement to Executive to enter into this Agreement, BLI hereby absolutely and unconditionally guarantees to Executive the full, complete and timely payment and performance of all obligations of BLSI arising out of or in connection with this Agreement. This guaranty shall be enforceable against BLI without any suit or proceeding by Executive against BLSI and without any notice of nonpayment or nonperformance hereunder.

13. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns, heirs and legal representatives. BLSI shall

require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of BLSI, by agreement in form and substance satisfactory to Executive, expressly to assume and agree to perform and discharge all obligations of BLSI arising under this Agreement. All references herein to BLSI shall be deemed to include any such successor.

14. This Agreement shall in all respects be subject to, governed by and construed in accordance with the laws of the State of Ohio.

15. Notwithstanding the foregoing, if Executive is a “specified employee,” within the meaning of Treasury Regulation Section 1.409A-1(h) and as determined under BLI’s policy for determining specified employees, on Executive’s date of termination, and Executive is entitled to a payment and/or a benefit under this Agreement that is required to be delayed pursuant to Section 409A(a)(2) of the Code, then such payment or benefit shall not be paid or provided (or begin to be paid or provided) until the first business day of the seventh month following Executive’s date of termination (or, if earlier, Executive’s death). The first payment that can be made following such postponement period shall include the cumulative amount of any payments or benefits that could not be paid or provided during such postponement period due to the application of Section 409A(a)(2)(B)(i) of the Code.

16. This Agreement is intended to comply with, to the extent applicable, Section 409A of the Code and the Treasury Regulations promulgated thereunder, and this Agreement will be interpreted, administered and operated accordingly. For purposes of Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Any amounts payable solely on account of an involuntary termination shall be excludible from the requirements of Section 409A of the Code, either as

separation pay or as short-term deferrals to the maximum possible extent. Nothing herein shall be construed as an entitlement to or guarantee of any particular tax treatment to Executive and none of BLI, BLSI or their respective Board of Directors shall be liable to Executive for failure to comply with the requirements of Section 409A of the Code. Furthermore, BLSI may accelerate the time or schedule of a payment to Executive if at any time this Agreement fails to meet the requirements of Section 409A of the Code and the Treasury Regulations promulgated thereunder. Such payment may not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Section 409A of the Code and the Treasury Regulations promulgated thereunder.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

ATTEST:

BIG LOTS, INC.,
an Ohio corporation

____

By: ____
Ronald A. Robins, Jr.
Its: Executive Vice President, Chief Legal and Governance Officer

ATTEST:

BIG LOTS STORES, INC.,
an Ohio corporation

____

By: ____
Michael A. Schlonsky
Its: Executive Vice President, Chief Human Resources Officer

EXECUTIVE:

____
Name

EXHIBIT 10.3

SENIOR EXECUTIVE SEVERANCE AGREEMENT

This Senior Executive Severance Agreement (this "Agreement") is entered into and made effective as of the _th day of _______, 202_ (the "Effective Date"), by and among BIG LOTS STORES, INC., an Ohio corporation ("BLSI"), BIG LOTS, INC., an Ohio corporation and the ultimate parent company of BLSI ("BLI"), and ________________, an individual residing in the State of _______ ("Executive").

WHEREAS, the Board of Directors of BLSI (the "Board") believes it is in the best interests of BLSI and its shareholders to assure the continued services of Executive, undiminished by any actual or perceived threat to continued employment that may arise from an actual or threatened Change in Control (as defined herein) of BLSI or BLI;

WHEREAS, should BLSI or BLI receive any proposal that may result in a Change in Control, the Board believes it imperative that BLSI and the Board be able to rely upon Executive's continued employment in Executive's then current position, and that BLSI be able to receive and rely upon Executive's advice, if it requests it, as to the best interests of BLSI, BLI and their respective shareholders, without concern that Executive might be distracted by the personal uncertainties and risks created by such a proposal; and

WHEREAS, Executive wishes to continue to serve in Executive's then current capacity, subject to assurance that in the event of a Change in Control, Executive will have a reasonable degree of financial security;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, BLSI, BLI and Executive agree as follows:

1. If there is a Change in Control (as defined in Section 3 hereof) and Executive's employment is thereupon terminated or terminated within twenty four (24) months after the

effective date thereof, Executive shall be entitled to the termination benefits set forth in Section 2 hereof. For purposes of this Agreement, Executive's employment shall be deemed to have been terminated only if BLSI terminates such employment other than for Cause or if a Constructive Termination occurs. "Cause" shall mean Executive's conviction of a felony, or an act or acts of personal dishonesty on Executive's part intended to result and resulting in material harm to BLSI, or any refusal by Executive to perform his assigned duties for a period exceeding ten (10) consecutive business days, other than any such refusal arising from a Constructive Termination or by reason of temporary physical or mental disability or illness. "Constructive Termination" shall mean a resignation by Executive because of any material adverse change or material diminution in Executive's reporting relationships, job description, duties, responsibilities, compensation, perquisites, office or location of employment (as reasonably determined by Executive in his/her good faith discretion); *provided, however*, that Executive shall notify BLSI in writing at least forty-five (45) days in advance of any election by Executive to terminate his or her employment hereunder, specifying the nature of the alleged adverse change or diminution, and BLSI or BLI, as the case may be, shall have a period of ten (10) business days after the receipt of such notice to cure such alleged adverse change or diminution before Executive shall be entitled to exercise any such rights and remedies. Executive shall not be entitled to the benefits available hereunder unless such notice is timely given. For purposes of this Agreement, any reference to a "termination" (or any form thereof) shall mean a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h) by Executive from BLSI, BLI, and any other entity that, along with BLI, would be considered a single employer for purposes of Sections 414(b) and 414(c) of the Internal Revenue Code of 1986, as amended (the "Code").

2. The benefits payable to Executive pursuant to Section 1 hereof are as follows:

A. A lump sum cash payment, net of any applicable withholding taxes, in an amount equal to two times the annual salary paid or payable to Executive immediately prior to the effective date of such Change in Control (the "Lump Sum Payment"). The Lump Sum Payment shall be paid within ten (10) business days after the day of Executive's termination.

B. A lump sum cash payment, net of any applicable withholding taxes, in an amount equal to two times Executive's then current annual Target Bonus, as defined and determined annually by the Compensation Committee of the BLI Board of Directors (the "Lump Sum Bonus Payment"); *provided, however*, that in the event Executive's then current Target Bonus is undefined, Executive's annual Target Bonus shall be deemed to be 100% of Executive's then current base salary. Executive shall receive the Lump Sum Bonus Payment at the same time Executive receives the Lump Sum Payment described in Subsection 2.A. above.

C. A lump sum cash payment, net of any applicable withholding taxes, in an amount equal to (i) Executive's then current annual Target Bonus, as determined pursuant to the provisions of Subsection 2.B. above; multiplied by (ii) a fraction, the numerator of which is the number of days that have elapsed between the first day of the current annual bonus period and the date of Executive's termination and the denominator of which is three-hundred-sixty-five (365). Executive shall receive the payment determined under this Subsection 2.C. at the same time Executive receives the Lump Sum Payment described in Subsection 2.A. above.

D. For a period of twenty-four (24) months after the date of Executive's termination, Executive and his or her family (if their participation is permitted under the terms of the subject plan) shall be entitled to participate in any health, dental or vision plan that is generally available to similarly titled executive officers of BLSI; *provided, however*, that Executive's participation in the plans referred to in this Subsection 2.D. shall be terminated (other than as provided by law) when and to the extent that Executive is entitled to receive the same from another employer during such period. Executive's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan, including, but not limited to, reimbursement of one hundred percent (100%) of all medical and dental expenses incurred during the period of participation in the plans referred to above. Notwithstanding the foregoing, with respect to any continued coverage or reimbursement pursuant to this Subsection 2.D., other than with respect to any continued coverage under a group health or hospitalization plan during the applicable COBRA health insurance benefit continuation period described in Section 4980B of the Code: (i) the amount of expenses eligible for reimbursement or benefits provided during any taxable year of Executive shall not affect the amount of expenses eligible for reimbursement or benefits to be provided in any other taxable year of Executive, (ii) any such reimbursement shall be made on or before the last day of Executive's taxable year following the taxable year of Executive in which the expense was incurred, and (iii) the right to such reimbursement or benefits may not be subject to liquidation or exchange for another benefit.

E. If all or any portion of the amount payable to Executive under this Agreement, either alone or together with other amounts that Executive is entitled to receive in connection with a Change in Control, constitutes "excess parachute payments" within the meaning of Section 280G of the Code, or any successor provision, that is subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), the amounts payable hereunder shall be either (i) delivered in full, or (ii) delivered to such lesser extent as will result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by Executive on an after-tax basis, of the greater amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Unless BLSI and Executive otherwise agree in writing, any determination required under this Subsection 2.E. shall be made in writing by the independent accounting firm employed by BLSI immediately prior to the applicable Change in Control (the “Accountants”), whose determination shall be conclusive and binding upon Executive and BLSI for all purposes. For purposes of making the calculations required by this Subsection 2.E., the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code. BLSI and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Subsection 2.E. BLSI shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Subsection 2.E.

3. As used herein, “Change in Control” means the first to occur of any of the following events: (i) the acquisition by any person (as defined under Section 409A of the Code), or more than one person acting as a group (as defined in Section 409A of the Code), of the stock of BLI that, together with the stock of BLI held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of all of the stock of BLI, (ii) the acquisition by any persons, or more than one person acting as a group, within any 12-month period, of the stock of BLI possessing thirty percent (30%) or more of the total voting power of all of the stock of BLI, (iii) a majority of the members of the Board of Directors of BLI is replaced during any 12-month period by directors whose appointment or election is not

endorsed by a majority of the members of the Board of Directors of BLI prior to the date of the appointment or election, or (iv) the acquisition by any person, or more than one person acting as a group, within any 12-month period, of assets from BLI that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of BLI immediately prior to such acquisition or acquisitions. This definition of Change in Control under this Section 3 shall be interpreted in a manner that is consistent with the definition of "change in control event" under Section 409A of the Code and the Treasury Regulations promulgated thereunder. The effective date of any such Change in Control will be the date upon which the last event occurs or the last action is taken such that the definition of Change in Control (as set forth above) has been satisfied. For the purposes of this Agreement, the term "affiliate" means any person or entity that, along with BLI, constitutes a single employer under Sections 414(b) and 414(c) of the Code. Determination of affiliate will be tested as of the date immediately prior to any event constituting a Change in Control. Notwithstanding the other provisions in this Section 3, the term "Change in Control" will not mean any transaction, merger, consolidation or reorganization in which BLI exchanges or offers to exchange newly issued or treasury shares in an amount less than fifty percent (50%) of the then-outstanding equity securities of BLI entitled to vote for the election of directors, for fifty-one percent (51%) or more of the outstanding equity securities entitled to vote for the election of at least the majority of the directors of a corporation other than BLI or an affiliate thereof (the "Acquired Corporation"), or for all or substantially all of the assets of the Acquired Corporation.

4. If Executive hires legal counsel with respect to any alleged failure by BLSI or BLI to comply with any of the terms of this Agreement, or institutes any negotiation or institutes or responds to any legal action to assert or defend the validity of or to enforce Executive's rights

under, or to recover damages for breach of, this Agreement, BLSI shall pay Executive's actual expenses for attorneys' fees and disbursements; *provided, however*, that Executive shall be responsible for his or her own fees and expenses with respect to any lawsuit between Executive and BLSI to enforce rights or obligations under this Agreement in which BLSI is the prevailing party. The fees and expenses incurred by Executive in instituting or responding to any such negotiation or legal action shall be paid by BLSI as they are incurred, in advance of the final disposition of the action or proceeding, upon receipt of an undertaking by Executive to repay such amounts if BLSI is ultimately determined to be the prevailing party. Notwithstanding the foregoing, (i) any costs must relate to a claim arising from the alleged breach of any obligation of BLSI under this Agreement during the lifetime of Executive, (ii) the amount of expenses eligible for reimbursement or payment, or benefits provided, in any taxable year of Executive may not affect the amount of expenses eligible for reimbursement or payment, or benefits that may be provided, in any other taxable year of Executive, (iii) any payment or reimbursement must be made on or before the last day of Executive's taxable year following the taxable year of Executive in which the expense being paid or reimbursed is incurred; and (iv) the right to payment or reimbursement or benefits may not be subject to liquidation or exchange for another benefit.

5. If any amount due Executive hereunder is not paid when due, then BLSI shall pay interest on said amount at an annual rate equal to the base lending rate of PNC Bank, Pittsburgh, Pennsylvania, or its successor, as in effect from time to time, for the period between the date on which such payment is due and the date said amount is paid.

6. BLSI's obligation to pay Executive the compensation and to make the arrangements required hereunder shall be absolute and unconditional and shall not be affected by

any circumstance, including, without limitation, any setoff, counterclaim, recoupment, defense or other right that BLSI may have against Executive or otherwise. All amounts payable by BLSI hereunder shall be paid without notice or demand. Subject to the proviso in Section 1 above, each and every payment made hereunder by BLSI shall be final and BLSI shall not seek to recover all or any part of such payment from Executive or from whosoever may be entitled thereto, for any reason whatsoever. Executive shall not be obligated to seek other employment or compensation or insurance in mitigation of any amount payable or arrangement made under any provision of this Agreement, and the obtaining of any such other employment or compensation or insurance, except as otherwise provided in this Agreement, shall in no event effect any reduction of BLSI's obligations to make the payments and arrangements required to be made under this Agreement.

7. From and after any termination of Executive's employment, Executive shall retain in confidence and not use for his or her own benefit or on behalf of any other person or entity any confidential information known to him or her concerning BLI, BLSI, their respective subsidiaries or their respective businesses so long as such information is not publicly disclosed by someone other than Executive.

8. In partial consideration of the benefits granted to Executive herein, Executive agrees that during the six-month period immediately following Executive's termination, if Executive shall have received benefits under Section 2 above, Executive shall not engage in any Competitive Activity. For purposes of this Agreement, "Competitive Activity" shall mean Executive's participation, without the approval of the Board or the written consent of the chief executive officer of BLSI, in the management of any business operation of any enterprise if such operation (a "Competitive Operation") engages in substantial and direct competition with BLSI's

closeout business operation at the date of Executive's termination. For purposes of this Agreement, a closeout business operation shall be considered in substantial and direct competition with BLSI's closeout business operation if such business operation's sales of closeout merchandise amount to ten percent (10%) or more of such business operation's total sales. Competitive Activity shall not include (i) the mere ownership of securities in any enterprise or (ii) participation in the management of any enterprise or of any business operation thereof, other than in connection with a Competitive Operation of such enterprise.

9. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10. Except as specifically set forth herein, this Agreement supersedes and replaces any and all prior Senior Executive Severance Agreements or Executive Severance Agreements between the parties, but shall not be deemed to negate, supersede or alter any other agreement or arrangement between Executive and BLSI or BLI or any other rights to which Executive may be entitled, and shall be and remain in effect in addition to any such other agreement or rights, whether now existing or later created.

11. This Agreement shall be effective for a one year period beginning with the Effective Date (the "Initial Term") and shall automatically be renewed for successive one year periods commencing on successive anniversaries of the Effective Date (each, a "Renewal Term"), subject to the following conditions:

A. this Agreement shall be deemed terminated upon any termination or other cessation whatsoever of Executive's employment for any reason prior to a Change in Control;

B. this Agreement may be terminated by the mutual agreement of Executive and BLSI;

C. BLSI may terminate this Agreement at any time effective upon thirty (30) days prior written notice being given; provided, however, that such notice shall be ineffective if a Change in Control shall occur prior to the effective date of such termination.

Notwithstanding anything to the contrary herein, this Agreement shall not be terminated or deemed terminated except by mutual agreement of Executive and BLSI (i) during the first twenty four (24) months after the effective date of a Change in Control or (ii) during any period when BLSI or BLI has knowledge that any third person has taken steps reasonably calculated to effect a Change in Control, until such third person has abandoned or terminated his or its efforts in connection therewith. Upon any termination hereof, Executive shall have no further rights hereunder, except to the extent that rights to any benefit have accrued hereunder because of a Change in Control occurring prior to such termination.

12. In consideration of and as inducement to Executive to enter into this Agreement, BLI hereby absolutely and unconditionally guarantees to Executive the full, complete and timely payment and performance of all obligations of BLSI arising out of or in connection with this Agreement. This guaranty shall be enforceable against BLI without any suit or proceeding by Executive against BLSI and without any notice of nonpayment or nonperformance hereunder.

13. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns, heirs and legal representatives. BLSI shall

require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of BLSI, by agreement in form and substance satisfactory to Executive, expressly to assume and agree to perform and discharge all obligations of BLSI arising under this Agreement. All references herein to BLSI shall be deemed to include any such successor.

14. This Agreement shall in all respects be subject to, governed by and construed in accordance with the laws of the State of Ohio.

15. Notwithstanding the foregoing, if Executive is a "specified employee," within the meaning of Treasury Regulation Section 1.409A-1(h) and as determined under BLI's policy for determining specified employees, on Executive's date of termination, and Executive is entitled to a payment and/or benefit under this Agreement that is required to be delayed pursuant to Section 409A(a)(2) of the Code, then such payment or benefit shall not be paid or provided (or begin to be paid or provided) until the first business day of the seventh month following Executive's date of termination (or, if earlier, Executive's death). The first payment that can be made following such postponement period shall include the cumulative amount of any payments or benefits that could not be paid or provided during such postponement period due to the application of Section 409A(a)(2)(B)(i) of the Code.

16. This Agreement is intended to comply with, to the extent applicable, Section 409A of the Code and the Treasury Regulations promulgated thereunder, and this Agreement will be interpreted, administered and operated accordingly. For purposes of Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. Any amounts payable solely on account of an involuntary termination shall be excludible from the requirements of Section 409A of the Code, either as

separation pay or as short-term deferrals to the maximum possible extent. Nothing herein shall be construed as an entitlement to or guarantee of any particular tax treatment to Executive and none of BLI, BLSI or their respective Board of Directors shall be liable to Executive for failure to comply with the requirements of Section 409A of the Code. Furthermore, BLSI may accelerate the time or schedule of a payment to Executive if at any time this Agreement fails to meet the requirements of Section 409A of the Code and the Treasury Regulations promulgated thereunder. Such payment may not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Section 409A of the Code and the Treasury Regulations promulgated thereunder.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

ATTEST:

BIG LOTS, INC.,
an Ohio corporation

____

By: _______________________________________
Ronald A. Robins, Jr.
Its: Executive Vice President, Chief Legal & Governance Officer

ATTEST:

BIG LOTS STORES, INC.,
an Ohio corporation

____

By: _______________________________________
Michael A. Schlonsky
Its: Executive Vice President, Chief Human Resources Officer

EXECUTIVE:

____
Name

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce K. Thorn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Big Lots, 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(s) 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(s) 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.

Dated: June 8, 2022

By: /s/ Bruce K. Thorn
Bruce K. Thorn
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan E. Ramsden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Big Lots, 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(s) 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(s) 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.

Dated: June 8, 2022

By: /s/ Jonathan E. Ramsden

Jonathan E. Ramsden
Executive Vice President, Chief Financial and Administrative Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the quarterly report on Form 10-Q (the “Report”) for the quarter ended April 30, 2022, of Big Lots, Inc. (the “Company”). I, Bruce K. Thorn, President and Chief Executive Officer of the Company, certify that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 8, 2022

By: /s/ Bruce K. Thorn

Bruce K. Thorn
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and accompanies the quarterly report on Form 10-Q (the “Report”) for the quarter ended April 30, 2022, of Big Lots, Inc. (the “Company”). I, Jonathan E. Ramsden, Executive Vice President, Chief Financial and Administrative Officer of the Company, certify that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 8, 2022

By: /s/ Jonathan E. Ramsden

Jonathan E. Ramsden
Executive Vice President, Chief Financial and Administrative Officer
(Principal Financial Officer)