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 May 2, 2020
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 o Non-accelerated filer o Smaller reporting company o Emerging growth company o

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 5, 2020, was 39,231,076.

BIG LOTS, INC.
FORM 10-Q
FOR THE FISCAL QUARTER ENDED MAY 2, 2020

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	
	May 2, 2020	**May 4, 2019**
Net sales	$ 1,439,149	$ 1,295,796
Cost of sales (exclusive of depreciation expense shown separately below)	868,393	776,749
Gross margin	570,756	519,047
Selling and administrative expenses	458,631	460,605
Depreciation expense	37,690	32,797
Operating profit	74,435	25,645
Interest expense	(3,322)	(3,733)
Other income (expense)	(3,317)	910
Income before income taxes	67,796	22,822
Income tax expense	18,473	7,282
Net income and comprehensive income	$ 49,323	$ 15,540
Earnings per common share		
Basic	$ 1.26	$ 0.39
Diluted	$ 1.26	$ 0.39
Weighted-average common shares outstanding		
Basic	39,129	39,922
Dilutive effect of share-based awards	111	80
Diluted	39,240	40,002
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)

	May 2, 2020	February 1, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 311,872	$ 52,721
Inventories	806,559	921,266
Other current assets	75,978	89,962
Total current assets	1,194,409	1,063,949
Operating lease right-of-use assets	1,206,133	1,202,252
Property and equipment - net	849,857	849,147
Deferred income taxes	6,161	4,762
Other assets	65,226	69,171
Total assets	$ 3,321,786	$ 3,189,281
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 275,461	$ 378,241
Current operating lease liabilities	207,899	212,144
Property, payroll, and other taxes	96,248	82,109
Accrued operating expenses	138,212	118,973
Insurance reserves	35,572	36,131
Accrued salaries and wages	34,622	39,292
Income taxes payable	16,903	3,930
Total current liabilities	804,917	870,820
Long-term debt	436,684	279,464
Noncurrent operating lease liabilities	1,046,711	1,035,377
Deferred income taxes	41,171	48,610
Insurance reserves	56,759	57,567
Unrecognized tax benefits	10,279	10,722
Other liabilities	41,332	41,257
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 39,223 shares and 39,037 shares, respectively	1,175	1,175
Treasury shares - 78,272 shares and 78,458 shares, respectively, at cost	(2,538,276)	(2,546,232)
Additional paid-in capital	613,823	620,728
Retained earnings	2,807,211	2,769,793
Total shareholders' equity	883,933	845,464
Total liabilities and shareholders' equity	$ 3,321,786	$ 3,189,281

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 4, 2019							
Balance - February 2, 2019	40,042	$ 1,175	77,453	$ (2,506,086)	$ 622,685	$ 2,575,267	$ 693,041
Comprehensive income	—	—	—	—	—	15,540	15,540
Dividends declared ($0.30 per share)	—	—	—	—	—	(12,206)	(12,206)
Adjustment for ASU 2016-02	—	—	—	—	—	348	348
Purchases of common shares	(1,403)	—	1,403	(52,925)	—	—	(52,925)
Exercise of stock options	6	—	(6)	202	(2)	—	200
Restricted shares vested	142	—	(142)	4,589	(4,589)	—	—
Performance shares vested	255	—	(255)	8,255	(8,255)	—	—
Other	—	—	—	(2)	—	—	(2)
Share-based employee compensation expense	—	—	—	—	4,335	—	4,335
Balance - May 4, 2019	39,042	$ 1,175	78,453	$ (2,545,967)	$ 614,174	$ 2,578,949	$ 648,331
Thirteen Weeks Ended May 2, 2020							
Balance - February 1, 2020	39,037	1,175	78,458	(2,546,232)	620,728	2,769,793	845,464
Comprehensive income	—	—	—	—	—	49,323	49,323
Dividends declared ($0.30 per share)	—	—	—	—	—	(11,905)	(11,905)
Purchases of common shares	(119)	—	119	(1,940)	—	—	(1,940)
Exercise of stock options	—	—	—	—	—	—	—
Restricted shares vested	240	—	(240)	7,782	(7,782)	—	—
Performance shares vested	65	—	(65)	2,107	(2,107)	—	—
Other	—	—	—	7	(1)	—	6
Share-based employee compensation expense	—	—	—	—	2,985	—	2,985
Balance - May 2, 2020	39,223	$ 1,175	78,272	$ (2,538,276)	$ 613,823	$ 2,807,211	$ 883,933

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	
	May 2, 2020	**May 4, 2019**
Operating activities:		
Net income	$ 49,323	$ 15,540
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	37,819	33,104
Non-cash lease expense	57,766	57,093
Deferred income taxes	(8,838)	(6,891)
Non-cash impairment charge	362	234
Loss on disposition of equipment	129	110
Non-cash share-based compensation expense	2,985	4,335
Unrealized loss (gain) on fuel derivatives	3,144	(971)
Change in assets and liabilities:		
Inventories	114,707	42,573
Accounts payable	(102,779)	(82,264)
Operating lease liabilities	(54,919)	(45,688)
Current income taxes	27,077	13,411
Other current assets	(486)	(7,237)
Other current liabilities	16,315	37,587
Other assets	4,395	(3,817)
Other liabilities	(879)	316
Net cash provided by operating activities	146,121	57,435
Investing activities:		
Capital expenditures	(28,928)	(76,834)
Cash proceeds from sale of property and equipment	26	80
Other	(11)	(12)
Net cash used in investing activities	(28,913)	(76,766)
Financing activities:		
Net proceeds from long-term debt	157,337	96,300
Payment of finance lease obligations	(982)	(967)
Dividends paid	(12,478)	(13,197)
Proceeds from the exercise of stock options	—	200
Payment for treasury shares acquired	(1,940)	(45,465)
Other	6	(2)
Net cash provided by financing activities	141,943	36,869
Increase in cash and cash equivalents	259,151	17,538
Cash and cash equivalents:		
Beginning of period	52,721	46,034
End of period	$ 311,872	$ 63,572

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 discount retailer operating in the United States ("U.S."). At May 2, 2020, we operated 1,404 stores in 47 states. 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, including as a result of the COVID-19 coronavirus pandemic, which has disrupted and may continue to disrupt our business. We have historically experienced seasonal fluctuations, with a larger percentage of our net sales and operating profit realized in our fourth fiscal quarter. However, due to demand volatility we have experienced during the COVID-19 coronavirus pandemic, the seasonality of our 2020 results may differ from our historical experience. 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 February 1, 2020 ("2019 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 2020 ("2020") is comprised of the 52 weeks that began on February 2, 2020 and will end on January 30, 2021. Fiscal year 2019 ("2019") was comprised of the 52 weeks that began on February 3, 2019 and ended on February 1, 2020. The fiscal quarters ended May 2, 2020 ("first quarter of 2020") and May 4, 2019 ("first quarter of 2019") 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 in cost of sales. Warehousing, distribution, and outbound transportation costs included in selling and administrative expenses were $52.3 million and $45.1 million for the first quarter of 2020 and the first quarter of 2019, respectively.

Advertising Expense
Advertising costs, which are expensed as incurred, consist primarily of television and print advertising, digital, internet and e-mail marketing and advertising, and in-store point-of-purchase signage and presentations. Advertising expenses are included in selling and administrative expenses. Advertising expenses were $23.0 million and $22.4 million for the first quarter of 2020 and the first quarter of 2019, respectively.

Derivative Instruments
We use derivative instruments to mitigate the risk of market fluctuations in the price of diesel fuel that we expect to consume to support our outbound transportation of inventory to our stores. We do not enter into derivative instruments for speculative purposes. Our derivative instruments may consist of collar or swap contracts. Our current derivative instruments do not meet the requirements for cash flow hedge accounting. Instead, our derivative instruments are marked-to-market to determine their fair value and any gains or losses are recognized currently in other income (expense) on our consolidated statements of operations and comprehensive income.

Supplemental Cash Flow Disclosures

The following table provides supplemental cash flow information for the first quarter of 2020 and the first quarter of 2019:

	Thirteen Weeks Ended	
(In thousands)	**May 2, 2020**	**May 4, 2019**
Supplemental disclosure of cash flow information:		
Cash paid for interest, including finance leases	$ 3,211	$ 4,097
Cash paid for income taxes, excluding impact of refunds	122	1,141
Gross proceeds from long-term debt	514,500	470,400
Gross payments of long-term debt	357,163	374,100
Cash paid for operating lease liabilities	75,317	70,947
Non-cash activity:		
Assets acquired under finance leases	—	11
Accrued property and equipment	27,213	46,503
Share repurchases payable	—	7,460
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 62,641	$ 1,213,777

Reclassification of Merchandise Categories

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.

Recently Adopted Accounting Standards

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2018-15 *Intangibles - Goodwill and Other - Internal-Use Software*. This update evaluates the accounting for costs paid by a customer to implement a cloud computing arrangement. The new guidance aligns cloud computing arrangement implementation cost accounting with the capitalization requirements for internal-use software development, while leaving the accounting for service elements unchanged. On February 2, 2020, we adopted ASU 2018-15 on a prospective basis. The impact of the adoption was immaterial to the consolidated financial statements.

NOTE 2 – DEBT

Bank Credit Facility

On August 31, 2018, we entered into a $700 million five-year unsecured credit facility ("2018 Credit Agreement"). The 2018 Credit Agreement expires on August 31, 2023. In connection with our entry into the 2018 Credit Agreement, we paid bank fees and other expenses in the aggregate amount of $1.5 million, which are being amortized over the term of the 2018 Credit Agreement.

Borrowings under the 2018 Credit Agreement are available for general corporate purposes, working capital, and to repay certain indebtedness. The 2018 Credit Agreement includes a $30 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 interest rates, pricing and fees under the 2018 Credit Agreement fluctuate based on our debt rating. The 2018 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. We may prepay revolving loans made under the 2018 Credit Agreement. The 2018 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 2018 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, California. A violation of any of the covenants could result in a default under the 2018 Credit Agreement that would permit the lenders to restrict our ability to further access the 2018 Credit Agreement for loans and letters of credit and require the immediate repayment of any outstanding loans under the 2018 Credit Agreement. At May 2, 2020, we had $390.0 million of borrowings outstanding under the 2018 Credit Agreement, while $9.5 million was committed to outstanding letters of credit, leaving $300.5 million available under the 2018 Credit Agreement.

Secured Equipment Term Note

On August 7, 2019, we entered into a $70.0 million term note agreement ("2019 Term Note"), which is secured by the equipment at our Apple Valley, California distribution center. The 2019 Term Note matures on May 7, 2024. We are required to make monthly payments over the term of the 2019 Term Note and are permitted to prepay, subject to penalties, at any time. The interest rate on the 2019 Term Note is 3.3%. In connection with our entry into the 2019 Term Note, we paid debt issuance costs of $0.2 million.

Debt was recorded in our consolidated balance sheets as follows:

Instrument *(In thousands)*	**May 2, 2020**	**February 1, 2020**
2019 Term Note	$ 60,828	$ 64,291
2018 Credit Agreement	390,000	229,200
Total debt	$ 450,828	$ 293,491
Less current portion of long-term debt (included in Accrued operating expenses)	$ (14,144)	$ (14,027)
Long-term debt	$ 436,684	$ 279,464

NOTE 3 – FAIR VALUE MEASUREMENTS

In connection with our nonqualified deferred compensation plan, we had mutual fund investments of $28.7 million and $33.7 million at May 2, 2020 and February 1, 2020, respectively, which were recorded in other assets. These investments were classified as trading securities and were recorded at their fair value. The fair values of mutual fund investments were Level 1 valuations under the fair value hierarchy because each fund's quoted market value per share was available in an active market.

The fair values of our long-term obligations under the 2018 Credit Agreement are estimated based on quoted market prices for the 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 the 2018 Credit Agreement, the carrying value of these instruments approximates their fair value.

The fair value of our long-term obligations under the 2019 Term Note are based on quoted market prices and are classified as Level 2 within the fair value hierarchy. The carrying value of the instrument approximates its fair value.

The carrying value of accounts receivable and accounts payable approximates fair value because of the relatively short maturity of these items.

NOTE 4 – 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. At May 2, 2020 and May 4, 2019, we excluded from securities outstanding for the computation of earnings per share, antidilutive stock options, restricted stock units, and performance share units, for which the minimum applicable performance conditions had not been attained as of May 2, 2020 and May 4, 2019, respectively. For the first quarter of 2020, it was determined that an immaterial amount of stock options outstanding were antidilutive and excluded from the computation of diluted earnings, and for the first quarter of 2019, there were 0.1 million stock options outstanding that were antidilutive. Antidilutive stock options generally consist of outstanding stock options where the exercise price per share is greater than the weighted-average market price per share for our common shares for each period. Antidilutive stock options, restricted stock units and performance share units are excluded from the calculation because they decrease the number of diluted shares outstanding under the treasury stock method. The restricted stock units and performance share units that were antidilutive, as determined under the treasury stock method, were 0.3 million for the first quarter of 2020 and 0.4 million for the first quarter of 2019.

Dividends

We declared and paid cash dividends per common share during the first quarter of 2020 as follows:

	Dividends Per Share	Amount Declared	Amount Paid
2020:		*(In thousands)*	*(In thousands)*
First quarter	$ 0.30	$ 11,905	$ 12,478
Total	**$ 0.30**	**$ 11,905**	**$ 12,478**

The amount of dividends declared may vary from the amount of dividends paid in a period due to the vesting of restricted stock units and performance share units. 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 5 – SHARE-BASED PLANS

We have issued nonqualified stock options, restricted stock units, and performance share units under our shareholder-approved equity compensation plans. At May 2, 2020, the number of nonqualified stock options outstanding was immaterial. Our restricted stock units and performance share units, as described below, are expensed and reported as non-vested shares. We recognized share-based compensation expense of $3.0 million and $4.3 million in the first quarter of 2020 and the first quarter of 2019, respectively.

Non-vested Restricted Stock Units
The following table summarizes the non-vested restricted stock units activity for the first quarter of 2020:

	Number of Shares	Weighted Average Grant-Date Fair Value Per Share
Outstanding non-vested restricted stock units at February 1, 2020	648,510	$ 38.52
Granted	921,309	15.82
Vested	(239,856)	43.07
Forfeited	(1,511)	38.60
Outstanding non-vested restricted stock units at May 2, 2020	1,328,452	$ 21.95

The non-vested restricted stock units granted in the first quarter of 2020 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
In the first quarter of 2020, we awarded performance share units ("RPSUs") to certain members of senior management, which vest based on the achievement of share price performance goals and a minimum service requirement of one year. The RPSUs have a contractual term of three years. We use a Monte Carlo simulation to estimate the fair value of the RPSUs on the grant date and recognize expense over the derived service period. If the share price performance goals applicable to the RPSUs are not achieved prior to expiration, the unvested portion of the awards will be forfeited. Shares issued in connection with vested RPSUs are generally restricted from sale, transfer, or other disposition prior to the third anniversary of the grant date except under certain circumstances, such as death, disability, or change in control.

Prior to 2020, we issued performance share units ("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. Typically, the financial performance objectives for each fiscal year within the three-year performance period are approved by the Compensation Committee of our Board of Directors during the first quarter of the respective fiscal year. For the first quarter of 2020, due to the lack of business visibility resulting from the COVID-19 pandemic, the Compensation Committee chose to defer establishment of the 2020 performance objectives until later in the 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.

As a result of the Compensation Committee's decision to defer establishment of the 2020 performance objectives for PSUs, the financial performance objectives for the third fiscal year of the PSUs issued in 2018 were not established in the first quarter of 2020 and the grant date for the 2018 PSUs has not been established. We expect the grant date for the 2018 PSUs to be established when the Compensation Committee establishes the 2020 PSU performance objectives.

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

Issue Year	Outstanding PSUs and RPSUs at May 2, 2020	Actual Grant Date	Expected Valuation (Grant) Date	Actual or Expected Expense Period
2018	191,020		August 2020	Fiscal 2020
2019	338,528		March 2021	Fiscal 2021
2020	408,340	April 2020		Fiscal 2020 - 2021
Total	937,888			

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. During the first quarter of 2020, the PSUs issued in 2017 vested with an average performance attainment lower than the targets established. During the first quarters of 2020 and 2019, we recognized $0.4 million and $1.2 million in share-based compensation expense related to PSUs, respectively.

The following table summarizes the activity related to PSUs and RPSUs for the first quarter of 2020:

	Number of Units	Weighted Average Grant-Date Fair Value Per Share
Outstanding PSUs and RPSUs at February 1, 2020	181,922	$ 31.89
Granted	408,340	11.70
Vested	(181,062)	31.89
Forfeited	(860)	31.89
Outstanding PSUs and RPSUs at May 2, 2020	408,340	$ 11.70

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

	First Quarter	
(In thousands)	**2020**	**2019**
Total intrinsic value of stock options exercised	$ —	$ 42
Total fair value of restricted stock vested	4,040	5,042
Total fair value of performance shares vested	$ 924	$ 9,706

The total unearned compensation cost related to all share-based awards outstanding, excluding PSUs issued in 2018 and 2019, at May 2, 2020 was approximately $29.6 million. This compensation cost is expected to be recognized through April 2023 based on existing vesting terms with the weighted-average remaining expense recognition period being approximately 2.2 years from May 2, 2020.

NOTE 6 – INCOME TAXES

We have estimated the reasonably possible expected net change in unrecognized tax benefits through May 2, 2020, 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 7 – CONTINGENCIES

California Wage and Hour Matters
We currently are defending numerous purported wage and hour class actions in California. The cases were brought by various current and/or former California associates alleging various violations of California wage and hour laws. During the first quarter of 2019, upon consideration of these matters, including outcomes of cases against other retailers, we determined a loss from these matters was probable and we increased our accrual for litigation by recording a $7.3 million charge as our best estimate for these matters in aggregate. We intend to continue to defend ourselves vigorously against the allegations levied in these lawsuits.

Other Matters
We are involved in other 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 8 – 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 Electronics, Toys, & Accessories. The Food category includes our beverage & grocery, candy & snacks, and specialty foods departments. The Consumables category includes our health, beauty and cosmetics, plastics, paper, chemical, and pet departments. The Soft Home category includes the home décor, frames, fashion bedding, utility bedding, bath, window, decorative textile, home organization and area rugs departments. The Hard Home category includes our small appliances, table top, food preparation, stationery, greeting cards, and home maintenance 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 Electronics, Toys, & Accessories category includes our electronics, jewelry, hosiery, apparel, and toys departments.

We periodically assess, and potentially enact 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)	**2020**	**2019**
Furniture	$ 415,700	$ 383,897
Consumables	237,241	186,502
Soft Home	229,823	209,138
Food	203,819	181,125
Seasonal	196,321	183,491
Hard Home	81,167	81,860
Electronics, Toys, & Accessories	75,078	69,783
Net sales	$ 1,439,149	$ 1,295,796

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," "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 coronavirus pandemic, the current economic and credit conditions, 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 has the same meaning in this item and the balance of this report.

The following are the results from the first quarter of 2020 that we believe are key indicators of our operating performance when compared to our operating performance from the first quarter of 2019:

- Net sales increased $143.4 million, or 11.1%.
- Comparable sales, including stores open at least fifteen months and e-commerce, increased $126.3 million, or 10.3%.
- Gross margin dollars increased $51.8 million, while gross margin rate declined 40 basis points to 39.7% of sales.
- Selling and administrative expenses decreased $2.0 million. As a percentage of net sales, selling and administrative expenses decreased 360 basis points to 31.9% of net sales.
- Operating profit rate increased 320 basis points to 5.2%.
- Diluted earnings per share increased to $1.26 per share from $0.39 per share.
- Inventory decreased by 13.0% or $120.4 million to $806.6 million from the first quarter of 2019.
- We declared and paid a quarterly cash dividend in the amount of $0.30 per common share in the first quarter of 2020, which was consistent with the quarterly cash dividend of $0.30 per common share paid in the first quarter of 2019.

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 2020 and the first quarter of 2019:

	2020	2019
Stores open at the beginning of the fiscal year	1,404	1,401
Stores opened during the period	6	9
Stores closed during the period	(6)	(6)
Stores open at the end of the period	1,404	1,404

We expect our store count at the end of 2020 to be consistent with our store count at the end of 2019.

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	
	2020	2019
Net sales	100.0 %	100.0 %
Cost of sales (exclusive of depreciation expense shown separately below)	60.3	59.9
Gross margin	39.7	40.1
Selling and administrative expenses	31.9	35.5
Depreciation expense	2.6	2.5
Operating profit	5.2	2.0
Interest expense	(0.2)	(0.3)
Other income (expense)	(0.2)	0.1
Income before income taxes	4.7	1.8
Income tax expense	1.3	0.6
Net income	3.4 %	1.2 %

FIRST QUARTER OF 2020 COMPARED TO FIRST QUARTER OF 2019

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 2020 compared to the first quarter of 2019 were as follows:

	First Quarter						
($ in thousands)	2020		2019		Change		Comps
Furniture	$ 415,700	28.9%	$ 383,897	29.6%	$ 31,803	8.3 %	6.2 %
Consumables	237,241	16.5	186,502	14.4	50,739	27.2	27.3
Soft Home	229,823	16.0	209,138	16.1	20,685	9.9	9.1
Food	203,819	14.2	181,125	14.0	22,694	12.5	12.4
Seasonal	196,321	13.6	183,491	14.2	12,830	7.0	6.4
Hard Home	81,167	5.6	81,860	6.3	(693)	(0.8)	(1.0)
Electronics, Toys, & Accessories	75,078	5.2	69,783	5.4	5,295	7.6	9.0
Net sales	$ 1,439,149	100.0%	$ 1,295,796	100.0%	$ 143,353	11.1 %	10.3 %

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 increased $143.4 million, or 11.1%, to $1,439.1 million in the first quarter of 2020, compared to $1,295.8 million in the first quarter of 2019. The increase in net sales was primarily driven by a 10.3% increase in our comps, which increased net sales by $126.3 million. Additionally, our non-comparable sales increased net sales by $17.1 million, driven by 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.

Overall, we experienced a favorable impact to net sales during the first quarter of 2020 due to our position as an "essential retailer" during the COVID-19 coronavirus pandemic. The first quarter of 2020 began with a slow start as net sales for February 2020 were below the prior year and we believe that much of that decrease was attributable to the timing of tax refunds. However, in March 2020, we experienced a significant increase in demand for "Essential Products," which we define as food, consumables, health products, and pet supplies, with the primary impact in our Food and Consumables merchandise categories, as concern over the COVID-19 coronavirus grew and customers began stocking up on Essential Products. Net sales in early April 2020 decreased compared to early April 2019 as a result of our decision to cancel a Friends and Family promotion and close our stores for the Easter holiday in response to the COVID-19 coronavirus pandemic. From the middle of April 2020 through the end of the first quarter of 2020, we experienced a surge in demand for products in our Furniture, Seasonal, and Soft Home merchandise categories, which corresponded with the release of government stimulus and unemployment funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, in addition to continued demand for Essential Products. Additionally, we believe our net sales in the first quarter of 2020 were favorably impacted by a decrease in competition compared to the first quarter of 2019, as certain of our competitors were closed due to the COVID-19 coronavirus pandemic.

Throughout the COVID-19 coronavirus pandemic, our stores have remained open and operating, with the exception of a small number of temporary closures for cleaning. At May 2, 2020, approximately 171 of our stores were operating with shortened store hours due to local curfews, safety concerns, and/or adjusted shopping center hours. Additionally, at May 2, 2020, approximately 26 of our stores were subject to government-mandated selling restrictions that limit our sales to Essential Products. We believe the impact of shortened operating hours and selling restrictions was immaterial to our results for the first quarter of 2020 and that the impact of shortened operating hours and selling restrictions will be immaterial to the remainder of 2020.

The Furniture, Consumables, Soft Home, Food, Seasonal, and Electronics, Toys, & Accessories merchandise categories generated increased net sales and positive comps in the first quarter of 2020 compared to the first quarter of 2019:

- The ***Furniture*** category experienced increased net sales and comps during the first quarter of 2020, driven by a surge in demand following the release of government stimulus and unemployment funds in mid-April 2020. Additionally, our customers have continued to respond positively to our new brand-name mattress assortment launched in the third quarter of 2019 and our new Broyhill® furniture assortment, which we soft launched in the fourth quarter of 2019.
- The increased comps and net sales in the ***Consumables*** and ***Food*** categories were driven by high demand for Essential Products during the COVID-19 coronavirus pandemic.
- The ***Soft Home*** category experienced increased net sales and comps during the first quarter of 2020, driven by an increase in demand following the mid-April 2020 release of government stimulus and unemployment funds. Additionally, our Soft Home category benefited from a favorable response to our new Broyhill® assortment.
- The ***Seasonal*** category experienced increased net sales and comps during the first quarter of 2020, primarily driven by our summer and lawn & garden departments as the release of government stimulus and unemployment funds in mid-April 2020 fueled sales of high-ticket items such as patio furniture. Additionally, our lawn & garden department benefited from our new Broyhill® patio assortment introduced in the first quarter of 2020.
- The increased net sales and positive comps in ***Electronics, Toys, & Accessories*** was primarily driven by our apparel and toys departments. The increased sales and comps in apparel were driven by graphic tees, which were introduced to our stores late in the fourth quarter of 2019. The increased sales and comps in toys were primarily driven by promotional activity during the first quarter of 2020.

The increase in net sales and positive comps in our Furniture, Consumables, Soft Home, Food, Seasonal, and Electronics, Toys, & Accessories merchandise categories were slightly offset by negative net sales and comps in our Hard Home merchandise category. ***Hard Home*** experienced decreased net sales and negative comps as a result of space reductions and an intentionally narrowed assortment, and the exit from our greeting card offering during the second quarter of 2019.

Gross Margin

Gross margin dollars increased $51.8 million, or 10.0%, to $570.8 million for the first quarter of 2020, compared to $519.0 million for the first quarter of 2019. The increase in gross margin dollars was primarily due to an increase in net sales, which increased gross margin dollars by $57.4 million. Gross margin as a percentage of net sales decreased 40 basis points to 39.7% in the first quarter of 2020 as compared to 40.1% in the first quarter of 2019. The gross margin rate decrease was primarily due to product mix resulting from increased sales of Essential Products, which have a lower average gross margin rate, and a higher shrink rate during the first quarter of 2020, partially offset by the absence of a $6.0 million impairment of inventory in our greeting cards department recorded in the first quarter of 2019.

Selling and Administrative Expenses

Selling and administrative expenses were $458.6 million for the first quarter of 2020, compared to $460.6 million for the first quarter of 2019. The decrease of $2.0 million in selling and administrative expenses was driven by the absence of $15.3 million in costs incurred for our transformational restructuring initiative in the first quarter of 2019 and the absence of a $7.3 million loss contingency recorded in the first quarter of 2019 associated with wage and hour claims in the State of California, partially offset by an increase of $7.2 million in distribution and transportation costs, store-related payroll of $4.0 million, store occupancy costs of $4.0 million, employee retirement and separation costs of $3.9 million, and proxy contest related costs of $3.7 million in the first quarter of 2020. The costs associated with our transformational restructuring initiative consisted of consulting expenses and employee separation costs incurred during the first quarter of 2019. In the first quarter of 2019, we accrued estimated legal loss contingencies associated with employee class actions in the state of California of $7.3 million. The increase in distribution and transportation expenses were primarily due to the transition from our Rancho Cucamonga, California distribution center to our new Apple Valley, California distribution center, which was completed during early 2020. Additionally, implementation of a $2 per hour wage increase for most of our non-exempt workforce during the COVID-19 coronavirus pandemic increased distribution and transportation expenses and store-related payroll in the first quarter of 2020. Store-related occupancy costs increased due to new stores opened since the first quarter of 2019, which have higher rents than the stores closed, and normal rent increases resulting from lease renewals. The increase in employee retirement and separation costs was primarily driven by the retirement and separation of senior executives. The proxy contest related costs were comprised of legal, public relations, and advisory fees, and settlement costs incurred to resolve a proxy contest in the first quarter of 2020.

As a percentage of net sales, selling and administrative expenses decreased 360 basis points to 31.9% for the first quarter of 2020 compared to 35.5% for the first quarter of 2019.

Depreciation Expense
Depreciation expense increased $4.9 million to $37.7 million in the first quarter of 2020, compared to $32.8 million for the first quarter of 2019. Depreciation expense as a percentage of sales increased 10 basis points compared to the first quarter of 2019. The increase was driven primarily by investments in our Apple Valley, California distribution center, new store build-outs, and Store of the Future remodels, and the acquisition of our new corporate headquarters.

Interest Expense
Interest expense was $3.3 million in the first quarter of 2020, compared to $3.7 million in the first quarter of 2019. The decrease in interest expense was driven by a lower average interest rate on our revolving debt under the 2018 Credit Agreement, partially offset by higher total average borrowings (including finance leases). The average interest rate on our revolving debt, which is variable based on LIBOR and our credit rating, decreased due to a significant decline in the LIBOR rate in the first quarter of 2020 as a result of the COVID-19 coronavirus pandemic, partially offset by the impact of a decrease in our credit rating during the first quarter of 2020. We had total average borrowings (including finance leases) of $452.8 million in the first quarter of 2020 compared to total average borrowings of $428.8 million in the first quarter of 2019. The increase in total average borrowings (including finance leases) was driven by our decision in the first quarter of 2020 to draw approximately $200 million of additional borrowings under the 2018 Credit Agreement as a safeguard due to uncertainty caused by the COVID-19 coronavirus pandemic, which were held in Cash and Cash Equivalents at May 2, 2020. Additionally, our entry into the 2019 Term Note increased our total average borrowings (including finance leases) in the first quarter of 2020 by $62.0 million.

Other Income (Expense)
Other income (expense) was $(3.3) million of expense in the first quarter of 2020, compared to $0.9 million of income in the first quarter of 2019. The change was primarily driven by unrealized losses on our diesel fuel derivatives due to a sharp decline in current and forward diesel fuel prices in the first quarter of 2020 as a result of the COVID-19 coronavirus pandemic.

Income Taxes
The effective income tax rate for the first quarter of 2020 and the first quarter of 2019 was 27.2% and 31.9%, respectively. The decrease in the effective income tax rate was primarily attributable to the relative impact of net tax benefit deficiencies associated with settlement of share-based payment awards. The amount of net tax benefit deficiencies recorded in the first quarter of 2020 was consistent with the first quarter of 2019, but the impact on a rate basis was noticeably diminished as a result of the substantially higher overall income before income taxes in the first quarter of 2020 compared to the first quarter of 2019.

2020 Guidance
In March 2020, the World Health Organization declared the COVID-19 coronavirus a pandemic. The rapid spread of the disease throughout the U.S. has negatively impacted the U.S. economy, which has caused significant volatility in our financial results. Therefore, in March 2020, the Company withdrew its full year guidance for 2020. At this time, the Company still does not believe it has sufficient visibility to reinstate full year guidance.

We expect net sales to increase in the second quarter of 2020 as compared to the second quarter of 2019. During the early part of the second quarter of 2020, we have experienced strong, positive comp trends; however, we expect our comps to moderate over the balance of the second quarter of 2020 due to a number of factors, including competitors and other retailers re-opening, the planned cancellation of a Friends and Family promotion in July 2020, potential inventory constraints in certain merchandise categories, and the abatement of stimulus-driven demand.

Assuming comparable sales for the second quarter of 2020 are in-line with the first quarter of 2020, we would expect diluted earnings per share in the range of $0.65 to $0.80. This estimate incorporates anticipated pre-tax expenses related to COVID-19 of approximately $18 million. Additionally, this estimate incorporates approximately $7 million of additional expenses from the closing, and related occupancy costs, of the sale leaseback transaction for our four owned distribution centers, but excludes the expected gain on sale from the transaction. Based on our comp trends during the early part of the second quarter of 2020, we believe the foregoing comp assumption in the diluted earnings per share guidance is conservative.

Capital Resources and Liquidity

On August 31, 2018, we entered into the 2018 Credit Agreement, which provides for a $700 million five-year unsecured credit facility. The 2018 Credit Agreement expires on August 31, 2023. Borrowings under the 2018 Credit Agreement are available for general corporate purposes, working capital, and to repay certain indebtedness. The 2018 Credit Agreement includes a $30 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 interest rates, pricing and fees under the 2018 Credit Agreement fluctuate based on our debt rating. The 2018 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. We may prepay revolving loans made under the 2018 Credit Agreement without penalty. The 2018 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 2018 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, California. A violation of any of the covenants could result in a default under the 2018 Credit Agreement that would permit the lenders to restrict our ability to further access the 2018 Credit Agreement for loans and letters of credit and require the immediate repayment of any outstanding loans under the 2018 Credit Agreement. At May 2, 2020, we were in compliance with the covenants of the 2018 Credit Agreement.

On August 7, 2019, we entered into the 2019 Term Note, a $70 million term note agreement, which is secured by the equipment at our new California distribution center. The 2019 Term Note matures on May 7, 2024. We are required to make monthly payments over the term of the 2019 Term Note and are permitted to prepay the note, subject to penalties, at any time. The interest rate on the 2019 Term Note is fixed at 3.3%. We utilized the proceeds from the 2019 Term Note to pay down outstanding borrowings under the 2018 Credit Agreement.

The primary source of our liquidity is cash flows from operations and, as necessary, borrowings under the 2018 Credit Agreement. Our net income and, consequently, our cash provided by operations are impacted by net sales volume, seasonal sales patterns, and operating profit margins. Our net sales are typically highest during the nine-week Christmas selling season in our fourth fiscal quarter. Generally, our working capital requirements peak late in our third fiscal quarter or early in our fourth fiscal quarter. We have typically funded those requirements with borrowings under our credit facility. At May 2, 2020, we had $390.0 million of borrowings under the 2018 Credit Agreement, and the borrowings available under the 2018 Credit Agreement were $300.5 million, after taking into account the reduction in availability resulting from outstanding letters of credit totaling $9.5 million. We believe that cash on hand, cash equivalents, cash available from future operations, and our 2018 Credit Agreement will provide us with sufficient liquidity to fund our operations for at least the next twelve months. Cash requirements include among other things, capital expenditures, working capital needs, interest payments, and other contractual commitments.

In the first quarter of 2020, we chose to draw approximately $200 million of additional debt under the 2018 Credit Agreement as a safeguard due to uncertainty caused by the COVID-19 coronavirus pandemic. As a result of this decision and our strong cash flow from operations during the first quarter of 2020, our cash and cash equivalents increased $248.3 million to $311.9 million from the first quarter of 2019.

As a measure to secure additional liquidity during a period of economic uncertainty, on April 6, 2020, we entered into purchase and sale agreements for the sale and leaseback of our distribution centers located in Columbus, Ohio, Durant, Oklahoma, Montgomery, Alabama, and Tremont, Pennsylvania for an aggregate selling price of $725 million. We expect the sale and leaseback transactions to close in June 2020 and we estimate net proceeds after tax and transaction-related costs will be approximately $550 million.

In February 2020, our Board of Directors declared a quarterly cash dividend of $0.30 per common share payable on April 3, 2020 to shareholders of record as of the close of business on March 20, 2020. The cash dividend of $0.30 per common share is consistent with our quarterly dividends declared in 2019. In the first quarter of 2020, we paid approximately $12.5 million in dividends compared to $13.2 million in the first quarter of 2019.

In May 2020, our Board of Directors declared a quarterly cash dividend of $0.30 per common share payable on June 26, 2020 to shareholders of record as of the close of business on June 12, 2020.

The following table compares the primary components of our cash flows from the first quarter 2020 compared to the first quarter 2019:

(In thousands)		2020		2019		Change
Net cash provided by operating activities	$	146,121	$	57,435	$	88,686
Net cash used in investing activities		(28,913)		(76,766)		47,853
Net cash provided by financing activities	$	141,943	$	36,869	$	105,074

Cash provided by operating activities increased by $88.7 million to $146.1 million in the first quarter of 2020 compared to $57.4 million in the first quarter of 2019. The primary drivers of the increase were a $72.1 million increase in cash inflows from inventories and an increase of $33.8 million in net income, partially offset by a $21.3 million decrease in the change in other current liabilities and a $20.5 million increase in the change in accounts payable. The increase in cash inflows from inventories was primarily driven by a $143.4 million increase in net sales during the first quarter of 2020, which outpaced our inventory receipts during the first quarter of 2020, which were intentionally reduced in the first quarter of 2020 compared to high inventory receipt activity in the first quarter of 2019 to mitigate the cost of tariffs. Similarly, the increase in net income was principally due to the increase in net sales in the first quarter of 2020 compared to the first quarter of 2019. The increase in the change in accounts payable was primarily the result of the absence of a book overdraft at the end of the first quarter of 2020, which increased the change in accounts payable by approximately $60 million, partially offset by a shift in the timing of payment for inventory receipts due to our decision to accelerate inventory receipts later in 2018 to mitigate tariff concerns resulting in high inventory receipt activity in the first quarter of 2019. The decrease in the change in other current liabilities was driven by corporate bonuses, as we paid a corporate bonus following 2019 results, but did not pay a corporate bonus following 2018 results, and accruals for unsettled share repurchases, legal matters, and employee retirements and separations.

Cash used in investing activities decreased by $47.9 million to $28.9 million in the first quarter of 2020 compared to $76.8 million in the first quarter of 2019. The decrease was principally due to a decrease of $47.9 million in capital expenditures. The decrease in capital expenditures was driven by our decisions to reduce our investments in our Store of the Future concept during 2020, and new stores to preserve liquidity during the COVID-19 coronavirus pandemic, and a decrease in investments in our Apple Valley, California distribution center to which we began transitioning our operations from our Rancho Cucamonga, California distribution center in the fourth quarter of 2019.

Cash provided by financing activities increased by $105.1 million to $141.9 million in the first quarter of 2020 compared to $36.9 million used in the first quarter of 2019. The primary driver of the increase in cash provided by financing activities was an increase in net proceeds from long-term debt of $61.0 million and a decrease of $43.6 million in repurchases of common shares. The increase in net proceeds from long-term debt was primarily the result of our decision in the first quarter of 2020 to draw approximately $200 million of additional debt under the 2018 Credit Agreement as a safeguard due to uncertainty caused by the COVID-19 coronavirus pandemic. The decrease in repurchases of common shares was due to the absence of a share repurchase program in the first quarter of 2020 compared to the first quarter of 2019.

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 2019 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 2019 Form 10-K. Had we used estimates, judgments, and assumptions different from any of those discussed in our 2019 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 2018 Credit Agreement. We had borrowings of $390.0 million under the 2018 Credit Agreement at May 2, 2020. 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 $3.8 million.

We are subject to market risk from exposure to changes in our derivative instruments associated with diesel fuel. At May 2, 2020, we had outstanding derivative instruments, in the form of collars, covering 6.5 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)*
2020	2,880	2,880	$ (2,206)
2021	2,400	2,400	(1,344)
2022	1,200	1,200	(625)
Total	6,480	6,480	$ (4,175)

Additionally, at May 2, 2020, a 10% difference in the forward curve for diesel fuel prices could affect unrealized gains (losses) in other income (expense) by approximately $1.7 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

No response is required under Item 103 of Regulation S-K. For a discussion of certain litigated matters, see note 7 to the accompanying consolidated financial statements.

Item 1A. Risk Factors

During the first quarter of 2020, there were no material changes to the risk factors previously disclosed in our 2019 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)**	**(b) Average Price Paid per Share**	**(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**
February 2, 2020 - February 29, 2020	—	$ 29.20	—	$ —
March 1, 2020 - March 28, 2020	81	17.24	—	—
March 29, 2020 - May 2, 2020	38	14.32	—	—
Total	119	$ 16.31	—	$ —

(1) In February, March, and April 2020, in connection with the vesting of certain outstanding restricted stock units and performance share units, we acquired 121, 80,526 and 38,298 of our common shares, respectively, which were withheld to satisfy minimum statutory income tax withholdings.

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 2017 Long-Term Incentive Plan Performance Share Units Award Agreement (incorporated herein by reference to Exhibit 10.1 to our Form 8-K dated April 3, 2020).
10.2	Settlement Agreement dated April 22, 2020, by and among Big Lots, Inc., Ancora Advisors, LLC, Ancora Merlin Institutional, LP, Ancora Merlin, LP, Ancora Catalyst Institutional, LP, Ancora Catalyst, LP, Ancora Catalyst SPV I LP, Ancora Catalyst SPV I SPC Ltd. - Segregated Portfolio C, Macellum Advisors GP, LLC, Macellum Management, LP, and Macellum Opportunity Fund LP (incorporated herein by reference to Exhibit 10.1 to our Form 8-K dated April 22, 2020).
10.3*	Form of Big Lots 2020 Long-Term Incentive Plan Restricted Stock Units Award Agreement for Non-Employee Directors
10.4*	Form of Big Lots 2020 Long-Term Incentive Plan Restricted Stock Units Award Agreement
10.5*	Form of Big Lots 2020 Long-Term Incentive Plan Deferral Election Form and Deferred Stock Unit Award Agreement for Non-Employee Directors
10.6*	Form of Big Lots 2020 Long-Term Incentive Plan Restricted Performance Share Units Award Agreement
10.7*	Form of Big Lots 2020 Long-Term Incentive Plan Performance Share Units Award 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 10, 2020

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 10.3

BIG LOTS 2020 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNITS AWARD AGREEMENT FOR NONEMPLOYEE DIRECTORS

Grantee:	________________________
Grant Date:	________________________
Number of RSUs:	________________________

In accordance with the terms of the Big Lots 2020 Long-Term Incentive Plan, as may be amended (“Plan”), this Restricted Stock Units Award Agreement for Nonemployee Directors (“Agreement”) is entered into as of the Grant Date by and between you, the Grantee, and Big Lots, Inc., an Ohio corporation (“Company”), in connection with the Company’s grant of these Restricted Stock Units (“RSUs”) and related Dividend-Equivalent Rights (“DERs”) to you. The RSUs and DERs are subject to the terms and conditions of this Agreement and the Plan. Except as otherwise expressly provided herein, capitalized terms used but not defined in this Agreement (including Exhibit A) shall have the respective meanings ascribed to them in the Plan.

This Agreement describes the RSUs and DERs you have been granted and the conditions that must be met before the RSUs vest and you become entitled to receive the Shares underlying the RSUs and any cash accrued under the DERs. To ensure that you fully understand these terms and conditions, you should carefully read the Plan and this Agreement.

Description of the RSUs

Each RSU is a right to receive one Share after such RSU vests. The Company shall transfer to you one Share for each RSU that vests, provided you comply with the terms of this Agreement and the Plan. However, you shall forfeit any rights to the RSUs and the underlying Shares (i.e., no Shares will be transferred to you) to the extent the RSUs do not vest or you do not comply with the terms of this Agreement and the Plan.

No portion of the RSUs that has not vested or been settled, nor any underlying Shares that have not yet been transferred to you may be sold, transferred, assigned, pledged, encumbered or otherwise disposed of by you in any way (including a transfer by operation of law); and any attempt by you to make any such sale, transfer, assignment, pledge, encumbrance or other disposition shall be null and void and of no effect.

Vesting of the RSUs

The Restriction Period shall lapse and your RSUs will vest and be transferred to you without restriction on the earlier of (i) the Outside Date or (ii) the day on which an Acceleration Event occurs; *provided*, *however*, if your Termination of Employment or Service occurs before the Outside Date or the occurrence of an Acceleration Event, then this Agreement will expire and all of your rights in your RSUs will be forfeited.

Shares underlying RSUs that vest pursuant to this Agreement shall be transferred to you as soon as administratively practicable after the date the RSUs vest, but not later than ten business days following the vesting date.

Your Rights in the RSUs

Subject to the Company’s insider trading policies and applicable laws and regulations, after any underlying Shares are delivered to you in respect of vested RSUs, you shall be free to deal with and dispose of such underlying Shares. You have no rights in the Shares underlying unvested RSUs. You shall have none of the rights of a shareholder (including, without limitation, the right to vote or receive dividends) with respect to any Shares underlying these RSUs until such time as you become the record holder of such Shares.

Notwithstanding the foregoing, for each RSU granted under this Agreement you have been granted one DER. Each DER represents the right to receive the equivalent of all of the cash dividends that would be payable with respect to the Shares underlying the RSUs to which the DERs relate. Such cash dividends shall accrue without interest and shall vest and be paid in cash when the RSUs vest, or shall be forfeited if the RSUs and underlying Shares are forfeited.

Tax Treatment of the RSUs

You should consult with a tax or financial adviser to ensure you fully understand the tax ramifications of your RSUs.

This brief discussion of the federal tax rules that affect your RSUs is provided as general information (not as personal tax advice) and is based on the Company's understanding of federal tax laws and regulations in effect as of the Grant Date. Article 21 of the Plan further describes the manner in which withholding may occur.

You are not required to pay income taxes on your RSUs on the Grant Date. However, you will be required to pay income taxes (at ordinary income tax rates) when, if and to the extent your RSUs and corresponding DERs vest. The amount of ordinary income you will recognize is the value of your RSUs and DERs when they vest.

Any subsequent appreciation of the Shares you receive in connection with vested RSUs may be eligible to be taxed at capital gains rates when you sell the Shares. If your RSUs do not vest, your RSUs and DERs shall expire and no taxes will be due.

This grant is intended to comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A, or an exemption thereunder. Refer to Section 23.13 of the Plan, which, to the extent applicable is incorporated herein, for more information on compliance with Code Section 409A, to the extent applicable, including the applicability of a six (6) month delay on the settlement of the RSUs for "specified employees," within the meaning of Code Section 409A.

No Section 83(b) Election

Because the RSUs are not property under the Code, you may not make an election under Code Section 83(b) with respect to your RSUs.

General Terms and Conditions

Nothing contained in this Agreement obligates the Company or an Affiliate to continue to retain you in any capacity whatsoever or prohibits or restricts the Company or an Affiliate from terminating your service at any time or for any reason whatsoever; and this Agreement does not in any way affect any other agreement that you may have with the Company.

This Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts of laws, of the State of Ohio.

If any provision of this Agreement is adjudged to be unenforceable or invalid, then such unenforceable or invalid provision shall not affect the enforceability or validity of the remaining provisions of this Agreement, and the Company and you agree to replace such unenforceable or invalid provision with an enforceable and valid arrangement which in its economic effect shall be as close as possible to the unenforceable or invalid provision.

You represent and warrant to the Company that you have the full legal power, authority and capacity to enter into this Agreement and to perform your obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities. The Company represents and warrants to you that it has the full legal power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity.

Acceptance

By accepting your RSUs, you acknowledge receipt of a copy of the Plan, as in effect on the Grant Date, and agree that your RSUs are granted under and are subject to the terms and conditions described in this Agreement and in the Plan. You further agree to accept as binding, conclusive and final all decisions and interpretations of the Committee upon any issues arising under this Agreement or the Plan. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's insider trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities.

Accepted as of _________________, [ ]	BIG LOTS, INC.
"Grantee"	
____	**By:** ____
[Grantee's Name]	

EXHIBIT A

As used in this Agreement, the following terms shall have the meanings set forth below:

"Acceleration Event" means the earlier of the Grantee's death or the Grantee's Disability;

"Outside Date" means the Trading Day immediately preceding the Company's annual meeting of shareholders first following the Grant Date;

"Restriction Period" means the period commencing on the Grant Date and continuing until the Outside Date;

"Termination of Employment or Service" means any act or event, other than an Acceleration Event, that causes the Grantee to cease serving as a member of the Board of Directors; and

"Trading Day" means a day on which the principal national securities exchange on which the Shares are listed is open for business.

EXHIBIT 10.4

BIG LOTS 2020 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNITS AWARD AGREEMENT

Grantee: ________________________

Grant Date: ________________________

Number of RSUs: ________________________

In accordance with the terms of the Big Lots 2020 Long-Term Incentive Plan, as may be amended ("Plan"), this Restricted Stock Units Award Agreement ("Agreement") is entered into as of the Grant Date by and between you, the Grantee, and Big Lots, Inc., an Ohio corporation ("Company"), in connection with the Company's grant of these Restricted Stock Units ("RSUs") and related Dividend-Equivalent Rights ("DERs") to you. The RSUs and DERs are subject to the terms and conditions of this Agreement and the Plan. Except as otherwise expressly provided herein, capitalized terms used but not defined in this Agreement (including Exhibit A) shall have the respective meanings ascribed to them in the Plan.

This Agreement describes the RSUs and DERs you have been granted and the conditions that must be met before the RSUs vest and you become entitled to receive the Shares underlying the RSUs and any cash accrued under the DERs. To ensure that you fully understand these terms and conditions, you should carefully read the Plan and this Agreement.

Description of the RSUs

Each RSU represents a right to receive one Share after such RSU vests. The Company shall transfer to you one Share for each RSU that vests, provided you comply with the terms of this Agreement and the Plan. However, you shall forfeit any rights to the RSUs and the underlying Shares (i.e., no Shares will be transferred to you) to the extent the RSUs do not vest or you do not comply with the terms of this Agreement and the Plan.

No portion of the RSUs that have not vested or been settled, nor any underlying Shares that have not yet been transferred to you may be sold, transferred, assigned, pledged, encumbered or otherwise disposed of by you in any way (including a transfer by operation of law); and any attempt by you to make any such sale, transfer, assignment, pledge, encumbrance or other disposition shall be null and void and of no effect.

Vesting of the RSUs

Subject to the terms and provisions of this Agreement and the Plan, if you are continuously employed by the Company or an Affiliate from the Grant Date through the applicable event(s) described below, which occur after the Grant Date and during your continuous employment, then your RSUs shall vest (if at all) and the underlying Shares shall be transferred to you as indicated below:

A. If the Performance Trigger, as defined in Exhibit A, is satisfied based on the Company's performance in the fiscal year immediately preceding the first anniversary of the Grant Date and the Committee has certified attainment of the Performance Trigger, then: (i) 33% of the RSUs shall vest on the later of the first anniversary of the Grant Date or the second trading day As used in this Agreement, a "trading day" shall be as determined by the New York Stock Exchange or other national securities exchange or market that regulates the Shares. after the Company files a Current Report on Form 8-K ("Form 8-K") with the U.S. Securities and Exchange Commission reporting measures reflecting the attainment of the Performance Trigger; (ii) 33% of the RSUs shall vest on the later of the second anniversary of the Grant Date or the second trading day after the Company files a Form 8-K reporting its results from the most recently completed fiscal year; and (iii) the remainder of the RSUs shall

[1] As used in this Agreement, a "trading day" shall be as determined by the New York Stock Exchange or other national securities exchange or market that regulates the Shares.

vest on the later of the third anniversary of the Grant Date or the second trading day after the Company files a Form 8-K reporting its results from the most recently completed fiscal year.

B. If the Performance Trigger was not satisfied based on the Company's performance in the fiscal year immediately preceding the first anniversary of the Grant Date, but is satisfied based on the Company's performance in the fiscal year immediately preceding the second anniversary of the Grant Date and the Committee has certified attainment of the Performance Trigger, then: (i) two-thirds of the RSUs shall vest on the later of the second anniversary of the Grant Date and the second trading day after the Company files a Form 8-K reporting measures reflecting the attainment of the Performance Trigger; and (ii) the remainder of the RSUs shall vest on the later of the third anniversary of the Grant Date and the second trading day after the Company files a Form 8-K reporting its results from the most recently completed fiscal year.

C. If the Performance Trigger was not satisfied based on the Company's performance in the two fiscal years immediately preceding either the first anniversary or second anniversary of the Grant Date, but is satisfied based on the Company's performance in the fiscal year immediately preceding the third anniversary of the Grant Date and the Committee has certified attainment of the Performance Trigger, then all of the RSUs shall vest on the later of the third anniversary of the Grant Date and the second trading day after the Company files a Form 8-K reporting measures reflecting the attainment of the Performance Trigger.

D. If you die or incur a Disability before the Outside Date, as defined in Exhibit A, a fraction of your RSUs shall vest upon your death or Disability, based on the following formula: (i) the total number of RSUs granted herein; multiplied by (ii) a fraction, the numerator of which is the number of days of employment or service that you have completed with the Company or its Affiliates between the Grant Date and the date of your death or Disability and the denominator of which is _________; and (iii) reducing that product (such product to be rounded down to the nearest whole unit) by the number of RSUs that had vested, if any, prior to the date of your death or Disability.

E. If your Retirement, as defined in Exhibit A, occurs and the Performance Trigger is satisfied before the Outside Date (and the certification and reporting events occur as described in sections A, B or C above, as applicable), a fraction of your RSUs shall vest upon your Retirement, based on the following formula: (i) the total number of RSUs granted herein; multiplied by (ii) a fraction, the numerator of which is the number of days of employment or service that you have completed with the Company or its Affiliates between the Grant Date and the date of your Retirement and the denominator of which is __________; and (iii) reducing that product (such product to be rounded down to the nearest whole unit) by the number of RSUs that had vested, if any, prior to the date of your Retirement.

F. If your employment is terminated under circumstances making you eligible for benefits under the Big Lots Executive Severance Plan and the Performance Trigger is satisfied before the Outside Date (and the certification and reporting events occur as described in sections A, B or C above, as applicable), a fraction of your RSUs shall vest upon your termination of employment, based on the following formula: (i) the total number of RSUs granted herein; multiplied by (ii) a fraction, the numerator of which is the number of days of employment or service that you have completed with the Company or its Affiliates between the Grant Date and the date of your termination of employment and the denominator of which is _________; and (iii) reducing that product (such product to be rounded down to the nearest whole unit) by the number of RSUs that had vested prior to the date of your termination of employment.

G. If a Change in Control occurs before the Outside Date, then any RSUs subject to this Award Agreement that have not vested prior to the date of the Change in Control shall vest upon the date of such Change in Control.

H. If the Performance Trigger is not met before the Outside Date occurs or the events described in sections D, E, F or G above do not occur before the Outside Date, this Agreement will expire and all of your rights in the RSUs will be forfeited.

Shares underlying RSUs that vest pursuant to this Agreement shall be transferred to you as soon as administratively practicable after the date the RSUs vest.

Your Rights in the RSUs

Subject to the Company's insider trading policies and applicable laws and regulations, after any underlying Shares are delivered to you in respect of vested RSUs, you shall be free to deal with and dispose of such underlying Shares. You have no rights in the Shares underlying unvested RSUs. You shall have none of the rights of a shareholder (including, without limitation, the right to vote or receive dividends) with respect to any Shares underlying these RSUs until such time as you become the record holder of such Shares.

Notwithstanding the foregoing, for each RSU granted under this Agreement you have been granted one DER. Each DER represents the right to receive the equivalent of all of the cash dividends that would be payable with respect to the Shares underlying the RSUs to which the DERs relate. Such cash dividends shall accrue without interest and shall vest and be paid in cash when the RSUs vest, or shall be forfeited if the RSUs and underlying Shares are forfeited.

Tax Treatment of the RSUs

You should consult with a tax or financial adviser to ensure you fully understand the tax ramifications of your RSUs.

This brief discussion of the federal tax rules that affect your RSUs is provided as general information (not as personal tax advice) and is based on the Company's understanding of federal tax laws and regulations in effect as of the Grant Date. Article 21 of the Plan further describes the manner in which tax withholding may occur.

You are not required to pay income taxes on your RSUs on the Grant Date. However, you will be required to pay income taxes (at ordinary income tax rates) when, if and to the extent, your RSUs and corresponding DERs vest. The amount of ordinary income you will recognize is the value of your RSUs and the cash value accrued under the DERs when the RSUs and DERs vest. You may elect to allow the Company to withhold, upon settlement of the RSUs a number of Shares sufficient to satisfy the withholding obligation, from the Shares to be issued pursuant to your vested RSUs that would satisfy at least the required statutory minimum (or you may elect such higher withholding provided that such higher amount would not have a negative accounting impact on the Company) with respect to the Company's tax withholding obligation. If you wish to make the withholding election permitted by this paragraph, you must give notice to the Company in the manner then prescribed by the Company. All such elections by you shall be irrevocable, made by you in a manner approved by the Committee, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. If you have not made an election to satisfy the withholding requirement by paying the taxes in cash or making the withholding election permitted by this paragraph, you shall be deemed to have elected to have the Company withhold a number of Shares that would satisfy the minimum statutory total tax (but no more than such minimum) that could be imposed on the transaction.

Any appreciation of the Shares you receive in connection with vested RSUs may be eligible to be taxed at capital gains rates when you sell the Shares. If your RSUs do not vest, your RSUs and DERs shall expire and no taxes will be due.

This Award is intended to comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A. Refer to Section 23.13 of the Plan for more information on compliance with Code Section 409A, including the applicability of a six (6) month delay on the settlement of the RSUs for "specified employees," within the meaning of Code Section 409A.

No Section 83(b) Election

Because the RSUs are not property under the Code, you may not make an election under Section 83(b) of the Code with respect to your RSUs

General Terms and Conditions

Nothing contained in this Agreement obligates the Company or an Affiliate to continue to employ you in any capacity whatsoever or prohibits or restricts the Company or an Affiliate from terminating your employment at any time or for any reason whatsoever; and this Agreement does not in any way affect any employment agreement that you may have with the Company.

This Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts of laws, of the State of Ohio.

If any provision of this Agreement is adjudged to be unenforceable or invalid, then such unenforceable or invalid provision shall not affect the enforceability or validity of the remaining provisions of this Agreement, and the Company and you agree to replace such unenforceable or invalid provision with an enforceable and valid arrangement which in its economic effect shall be as close as possible to the unenforceable or invalid provision.

You represent and warrant to the Company that you have the full legal power, authority and capacity to enter into this Agreement and to perform your obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities. The Company represents and warrants to you that it has the full legal power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity.

Acceptance

By accepting your RSUs, you acknowledge receipt of a copy of the Plan, as in effect on the Grant Date, and agree that your RSUs are granted under and are subject to the terms and conditions described in this Agreement and in the Plan. You further agree to accept as binding, conclusive and final all decisions and interpretations of the Committee upon any issues arising under this Agreement or the Plan. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's insider trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities.

______________________________ **Date:** ____________________

Chair, Compensation Committee

EXHIBIT A

As used in this Agreement, the following terms shall have the meanings set forth below:

Performance Trigger shall mean ____.

Outside Date shall mean the third (3rd) anniversary of the date upon which the RSU Award was granted to the Grantee.

Retirement shall be deemed to have occurred upon the Termination of Employment or Service of a Grantee who, upon the effective date of his or her Termination of Employment or Service, has: (i) attained the age of 55 years or older; (ii) completed at least five years of employment with or service to the Company or its Affiliates; (iii) submitted a written request, in a form satisfactory to the Company, to the Committee or the Company's human resources department requesting retirement under the terms of this Agreement; and (iv) had such written request approved in writing by a member of the Committee or an authorized officer of the Company.

BIG LOTS 2020 LONG-TERM INCENTIVE PLAN
DEFERRAL ELECTION FORM
AND
DEFERRED STOCK UNIT AWARD AGREEMENT
FOR NONEMPLOYEE DIRECTORS

In accordance with the terms of the Big Lots 2020 Long-Term Incentive Plan, as may be amended (“Plan”), you are permitted to defer receipt of all or a portion of any restricted stock you would have been granted by the Company or an Affiliate under the Plan after this Big Lots 2020 Long-Term Incentive Plan Deferral Election Form and Deferred Stock Unit Award Agreement (“Deferral Election Form” or “Agreement”) becomes effective (“Effective Date”), and receive in lieu thereof an Award of elective Deferred Stock Units (“DSUs”).

I. Deferral Election Form.

A. Participant Information.

____
Name *(please print)*

____
Current Address

B. Deferral Election. Please complete this section if you desire to defer all or a portion of any restricted stock you would have been granted by the Company or an Affiliate under the Plan after the Effective Date of this Agreement. This Deferral Election Form must be completed: (i) no later than December 31st of the calendar year immediately preceding the Plan Year to which the restricted stock would have been granted; or (ii) in the case of a newly elected Director, within thirty (30) days of the date you first become eligible to participate in the Plan or similar plans of the Company or an Affiliate.

☐ Subject to the terms of the Plan, I elect to defer _______% of the restricted stock that would have been granted to me in ________ (insert Plan Year). This election will only affect the restricted stock that would have been granted for the Plan Year specified in the preceding sentence. If you want to make a similar election for later awards, you must make a separate election.

The Company will update Schedule A to reflect each grant of DSUs that are deferred hereunder.

C. Time and Form of Distribution. The election as to the time of distribution will apply only to the DSUs deferred under the Plan for the Plan Year specified in this Deferral Election Form.

☐ Subject to the terms of the Plan, I elect that my ______ (insert Plan Year) DSUs will be distributed as in kind on ___________ (*insert Date not earlier than the Outside Date*)(“Deferral Date”). Notwithstanding the foregoing, if Code Section 409A is amended to change the taxation of DSUs, the DSUs will be distributed in kind on the later of the Outside Date and March 15th following the year following the year in which such DSUs were granted.

II. Deferred Stock Unit Agreement

In accordance with the terms of the Plan, this Agreement is entered into as of the Grant Date by and between you, the Participant, and the Company in connection with the Company's grant of the DSUs and related Dividend-Equivalent Rights to you.

This Agreement describes the DSUs and Dividend-Equivalent Rights you have been granted and the conditions that must be met before the DSUs vest and you become entitled to receive the Shares underlying the DSUs and any cash accrued under the Dividend-Equivalent Rights. To ensure that you fully understand these terms and conditions, you should carefully read the Plan and this Agreement.

A. Definitions

Except as otherwise expressly provided herein, capitalized terms used but not defined in this Agreement (including Exhibit A) shall have the respective meanings ascribed to them in the Plan. For purposes of this Agreement:

"Acceleration Event" means the earlier of the Participant's death or the Participant's Disability;

"Outside Date" means the Trading Day immediately preceding the Company's annual meeting of shareholders first following the Grant Date;

"Restriction Period" means the period commencing on Grant Date and continuing until the Outside Date;

"Termination of Employment or Service" means any act or event, other than an Acceleration Event, that causes the Participant to cease serving as a member of the Board of Directors; and

"Trading Day" means a day on which the principal national securities exchange on which the Shares are listed is open for business.

B. Description of the DSUs

Each DSU is a right to receive one Share after such DSU vests. The Company shall transfer to you one Share for each DSU that vests, provided you comply with the terms of this Agreement and the Plan. However, you shall forfeit any rights to the DSUs and the underlying Shares (i.e., no shares will be transferred to you) to the extent the DSUs do not vest or you do not comply with the terms of this Agreement and the Plan.

No portion of the DSUs that have not vested or been settled nor any underlying Shares that have not yet been transferred to you may be sold, transferred, assigned, pledged, encumbered or otherwise disposed of by you in any way (including a transfer by operation of law); and any attempt by you to make any such sale, transfer, assignment, pledge, encumbrance or other disposition shall be null and void and of no effect.

C. Vesting and Settlement of the DSUs

The Restriction Period shall lapse and your DSUs will vest upon the earlier of (i) the Outside Date, or (ii) the day on which an Acceleration Event occurs; provided, however, if your Termination of Employment or Service occurs before the Outside Date, then this Agreement will expire and all of your rights in your DSUs will be forfeited.

The vested DSUs shall be settled in the form elected in Section I, C. of this Deferral Election Form on the earlier of: (i) the Deferral Date; (ii) the date on which an Acceleration Event occurs; or (iii) your Termination of Employment of Service, provided such date is after the Outside Date. Notwithstanding the preceding, DSU settlement may be delayed under Code Section 409A.

D. Your Rights in the DSUs

Subject to the Company's insider trading policies and applicable laws and regulations, after any underlying Shares are delivered to you in respect of vested DSUs, you shall be free to deal with and dispose of such underlying Shares. You have no rights in the Shares underlying unvested DSUs. You shall have none of the rights of a shareholder (including, without limitation, the right to vote or receive dividends) with respect to any Shares underlying these DSUs until such time as you become the record holder of such Shares.

Notwithstanding the foregoing, for each DSU granted under this Agreement you have been granted one Dividend Equivalent Right. Each Dividend Equivalent Right represents the right to receive the equivalent of all of the cash dividends that would be payable with respect to the Shares underlying the DSUs to which the Dividend Equivalent Rights relate. Such cash dividends shall accrue without interest and shall vest and be paid in cash when the DSUs vest, or shall be forfeited if the DSUs and underlying Shares are forfeited.

E. Tax Treatment of the DSUs

You should consult with a tax or financial adviser to ensure you fully understand the tax ramifications of your DSUs.

This brief discussion of the federal tax rules that affect your DSUs is provided as general information (not as personal tax advice) and is based on the Company's understanding of federal tax laws and regulations in effect as of the Grant Date. Article 21 of the Plan further describes the manner in which withholding may occur.

You are not required to pay income taxes on your DSUs on the Grant Date. However, you will be required to pay income taxes (at ordinary income tax rates) when, if and to the extent your DSUs vest. The amount of ordinary income you will recognize is the value of your DSUs when they vest.

Any appreciation of the Shares you receive in connection with vested DSUs may be eligible to be taxed at capital gains rates when you sell the Shares. If your DSUs do not vest, your DSUs and Dividend-Equivalent Rights shall expire and no taxes will be due.

This Award is intended to comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A. Refer to Section 23.13 of the Plan for more information on compliance with Code Section 409A, including the applicability of a six (6) month delay on the settlement of the DSUs for "specified employees," within the meaning of Code Section 409A.

F. No Section 83(b) Election

Because the DSUs are not property under the Code, you may not make an election under Section 83(b) of the Code with respect to your DSUs.

G. General Terms and Conditions

Nothing contained in this Agreement obligates the Company or an Affiliate to continue to retain you in any capacity whatsoever or prohibits or restricts the Company or an Affiliate from terminating your service at any time or for any reason whatsoever; and this Agreement does not in any way affect any other agreement that you may have with the Company.

This Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts of laws, of the State of Ohio.

If any provision of this Agreement is adjudged to be unenforceable or invalid, then such unenforceable or invalid provision shall not affect the enforceability or validity of the remaining provisions of this Agreement, and the Company and you agree to replace such unenforceable or invalid provision with an enforceable and valid arrangement which in its economic effect shall be as close as possible to the unenforceable or invalid provision.

You represent and warrant to the Company that you have the full legal power, authority and capacity to enter into this Agreement and to perform your obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities. The Company represents and warrants to you that it has the full legal power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity.

Acceptance

By accepting your DSUs, you acknowledge receipt of a copy of the Plan, as in effect on the Grant Date, and agree that your DSUs are granted under and are subject to the terms and conditions described in this Agreement and in the Plan. You further agree to accept as binding, conclusive and final all decisions and interpretations of the Committee upon any issues arising under this Agreement or the Plan. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's insider trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities.

Accepted as of ____________________, 20 ______ BIG LOTS, INC.

"Participant"

_______________________________________ By: _______________________________________

Exhibit A

As used in this Agreement, the following terms shall have the meanings set forth below:

"Deferred Stock Unit" or "DSU" means the ___________ Shares underlying the Award made by this Agreement.

"Grant Date" means ___________ (the date the restricted stock would have been granted to the Participant).

Exhibit 10.6

BIG LOTS 2020 LONG-TERM INCENTIVE PLAN
PERFORMANCE SHARE UNITS AWARD AGREEMENT

Participant:	______________	Performance Share Units [1]:	______________
Grant Date:	______________	Outside Date:	The third anniversary of the Grant Date

In accordance with the terms of the Big Lots 2020 Long-Term Incentive Plan, as may be amended ("Plan"), this Performance Share Units Award Agreement ("Agreement") is entered into as of the Grant Date by and between you, the Participant, and Big Lots, Inc., an Ohio corporation ("Company") in connection with the Company's grant of these Performance Share Units ("PSUs") and related Dividend Equivalent Rights ("DERs") to you. The PSUs and DERs are subject to the terms and conditions of this Agreement and the Plan. Except as otherwise expressly provided herein, capitalized terms used but not defined in this Agreement shall have the respective meanings ascribed to them in the Plan. This Agreement describes the PSUs and DERs you have been granted and the conditions that must be met before the PSUs vest and you become entitled to receive and transfer the Shares underlying the PSUs and any cash accrued under the DERs. To ensure that you fully understand the terms and conditions of this Award, you should carefully read the Plan and this Agreement.

Description of the Performance Share Units and Dividend Equivalent Rights

Each PSU represents a right to receive one Share for each PSU that vests, provided you comply with the terms of this Agreement and the Plan. However, you will forfeit any rights to the PSUs and the underlying Shares (i.e., no Shares will be transferred to you) to the extent the PSUs do not vest or you do not comply with the terms of this Agreement and the Plan.

For each PSU granted under this Agreement you have been granted one DER. Each DER represents the right to receive the equivalent of all of the cash dividends that would be payable with respect to the Shares underlying the PSUs to which the DERs relate. Such cash dividends shall accrue without interest and shall vest and be paid in cash when the PSUs vest, or shall be forfeited if the PSUs and underlying Shares are forfeited.

Vesting of the Performance Share Units

Subject to the terms and provisions of this Agreement and the Plan, if you are continuously employed by the Company or an Affiliate from the Grant Date through the applicable event(s) described below, which occur after the Grant Date and during your continuous employment, then your PSUs shall vest (if at all) and the underlying Shares shall be transferred to you as indicated below:

A. If, on or after the Grant Date but before the earlier of the Outside Date or your Termination of Employment or Service, the Fair Market Value for the Shares on each trading day[2] during any consecutive twenty (20) trading days ("Measured Period Trading Price") equals or exceeds the Share price performance goal below (each, a "Share Price Performance Goal"), then the corresponding PSUs will be deemed vested at 8:00 a.m. Eastern Time on the first trading day following the applicable twenty (20) trading day period and the associated underlying Shares will be transferred to you subject to the transfer restrictions described below:

Share Price Performance Goals	Number of PSUs Vesting if the Measured Period Trading Price equals or exceeds the corresponding Share Price Performance Goal

[1] Denotes the number of Shares underlying this Award of PSUs.
[2] As determined by the New York Stock Exchange or, if the Shares are not traded on the New York Stock Exchange, such other national securities exchange or market that then regulates the Shares.

B. In the event that a Share Price Performance Goal is satisfied before the first anniversary of the Grant Date, except as set forth in Section E. below, the Shares will only vest to the extent that you are continuously employed between the Grant Date and such first anniversary of the Grant Date.

C. If you die or incur a Disability before the Outside Date, all of the Shares issued in connection with PSUs that had vested prior to the date of your death or Disability shall become freely transferable and all unvested PSUs shall be forfeited.

D. If your Retirement occurs before the Outside Date, all of the Shares issued in connection with PSUs that had vested prior to the date of your Retirement shall remain subject to the transfer restrictions described below and all unvested PSUs shall be forfeited. For purposes of this section, Retirement shall be deemed to have occurred upon your Termination of Employment or Service if you have: (1) attained the age of 55 years or older; (2) completed at least five years of employment with or service to the Company or its Affiliates; (3) submitted a written request, in a form satisfactory to the Company, to the Committee or the Company's human resources department requesting retirement under the terms of this Agreement; and (4) had such written request approved in writing by a member of the Committee or an authorized officer of the Company.

E. If a Change in Control occurs before the Outside Date, then all PSUs subject to this Award Agreement that have not vested prior to the date of the Change in Control shall vest upon the date of such Change in Control and all Shares that had been issued in connection with vested PSUs shall become freely transferable.

F. If your employment is terminated for any other reason, all of the Shares issued in connection with PSUs that had vested prior to the date of your termination shall remain subject to the transfer restrictions described below and all unvested PSUs shall be forfeited.

Transfer Restrictions

No portion of the PSUs that have not vested may be sold, transferred, assigned, pledged, encumbered or otherwise disposed of by you in any way (including a transfer by operation of law). Until the Outside Date, except as set forth above, any Shares issued in connection with a vested PSU may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, except by will or by the laws of descent and distribution. Any attempt by you to make any such sale, transfer, assignment, pledge, encumbrance or other disposition of any PSUs or Shares subject to the transfer restrictions described in this paragraph shall be null and void and of no effect.

Rights in the Performance Share Units

Subject to the Company's insider trading policies, the transfer restrictions described above, and applicable laws and regulations, after any underlying Shares are delivered to you in respect of vested PSUs, you shall be free to deal with and dispose of such underlying Shares. You have no rights in the Shares underlying unvested PSUs. You shall have none of the rights of a shareholder (including, without limitation, the right to vote or receive dividends) with respect to any Shares underlying these PSUs until such time as you become the record holder of such Shares.

Tax Treatment of the Performance Share Units

You should consult with a tax or financial adviser to ensure you fully understand the tax ramifications of your PSUs.

This brief discussion of the U.S. federal tax rules that affect your PSUs is provided as general information (not as personal tax advice) and is based on the Company's understanding of U.S. federal income tax laws and regulations in effect as of the Grant Date. Article 21 of the Plan further describes the manner in which withholding may occur.

You are not required to pay income taxes on your PSUs on the Grant Date. However, you will be required to pay income taxes (at ordinary income tax rates) when, if and to the extent your PSUs and related DERs vest. The amount of ordinary income you will recognize is the value of the Shares and the cash value accrued under the DERs when the PSUs and related DERs vested. Also, the Company is required to withhold taxes on this same amount.

Unless you elect otherwise as permitted by this paragraph, you shall be deemed to have elected to have the Company withhold a number of Shares that would satisfy the minimum statutory total tax (but no more than such minimum) that could be imposed on the transaction. You may elect to allow the Company to withhold a higher withholding, provided that such higher amount would not have a negative accounting impact on the Company or to pay the applicable tax withholding and retain your Shares. If you wish to make the withholding election permitted by this paragraph, you must give notice to the Committee in the manner then prescribed by the Committee. All such elections by you shall be irrevocable, made by you in a manner approved by the Committee, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. For purposes of clarity, this withholding shall be permitted even if the Shares remain subject to the transfer restrictions described above as of the applicable vesting date.

Any appreciation of Shares you receive from vested PSUs may be eligible to be taxed at capital gains rates when you sell the Shares. If PSUs do not vest, the unvested PSUs and related DERs will expire and no taxes will be due.

This Award is intended to comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A. Refer to Section 23.13 of the Plan for more information on compliance with Code Section 409A, including the applicability of a six (6) month delay on the settlement of the PSUs for "specified employees," within the meaning of Code Section 409A.

General Terms and Conditions

Nothing contained in this Agreement obligates the Company or a subsidiary to continue to employ you in any capacity whatsoever or prohibits or restricts the Company or a subsidiary from terminating your employment at any time or for any reason whatsoever; and this Agreement does not in any way affect any employment agreement that you may have with the Company.

This Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts of laws, of the State of Ohio.

If any provision of this Agreement is adjudged to be unenforceable or invalid, then such unenforceable or invalid provision shall not effect the enforceability or validity of the remaining provisions of this Agreement, and the Company and you agree to replace such unenforceable or invalid provision with an enforceable and valid arrangement which in its economic effect shall be as close as possible to the unenforceable or invalid provision.

You represent and warrant to the Company that you have the full legal power, authority and capacity to enter into this Agreement and to perform your obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity. The Company represents and warrants to you that it has the full legal power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity.

Acceptance

By accepting these PSUs, you acknowledge receipt of a copy of the Plan, as in effect on the Grant Date, and agree that these PSUs are granted under and are subject to the terms and conditions described in this Agreement and in the Plan. You further agree to accept as binding, conclusive and final all decisions and interpretations of the Committee upon any issues arising under this Agreement or the Plan. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's insider trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities.

BIG LOTS, INC.

By: __________________________
Chair, Compensation Committee
Date: __________________________

BIG LOTS 2020 LONG-TERM INCENTIVE PLAN
PERFORMANCE SHARE UNITS AWARD AGREEMENT

Grantee: ________________________

Grant Date: ________________________

Target Number of PSUs: ________________________

Performance Period: ________________________

In accordance with the terms of the Big Lots 2020 Long-Term Incentive Plan, as may be amended ("Plan"), this Performance Share Units Award Agreement ("Agreement") is entered into as of the Grant Date by and between you, the Grantee, and Big Lots, Inc., an Ohio corporation ("Company"), in connection with the Company's grant of these Performance Share Units ("PSUs") and related Dividend-Equivalent Rights ("DERs") to you. The PSUs and DERs are subject to the terms and conditions of this Agreement and the Plan. Except as otherwise expressly provided herein, capitalized terms used but not defined in this Agreement (including Exhibit A and Exhibit B) shall have the respective meanings ascribed to them in the Plan.

This Agreement describes the PSUs and DERs you have been granted and the conditions that must be met before the PSUs vest and you become entitled to receive the Shares underlying the PSUs and any cash accrued under the DERs. To ensure that you fully understand these terms and conditions, you should carefully read the Plan and this Agreement.

Description of the PSUs

The PSUs represent a right to receive one Share for each Performance Share Unit that vests based on the performance achieved under the Performance Metrics during the Performance Period. The Company shall transfer to you one Share for each PSU that vests, provided you comply with the terms of this Agreement and the Plan. However, you shall forfeit any rights to the PSUs and the underlying Shares (i.e., no Shares will be transferred to you) to the extent the PSUs do not vest or you do not comply with the terms of this Agreement and the Plan.

No portion of the PSUs that has not vested or been settled nor any underlying Shares that have not yet been transferred to you may be sold, transferred, assigned, pledged, encumbered or otherwise disposed of by you in any way (including a transfer by operation of law); and any attempt by you to make any such sale, transfer, assignment, pledge, encumbrance or other disposition shall be null and void and of no effect.

Vesting of the PSUs

Subject to the terms and provisions of this Agreement and the Plan, if you are continuously employed by the Company or an Affiliate from the Grant Date through the end of the Performance Period (or the date of your death, Disability or Retirement or the date of a Change in Control, as applicable and described in sections B, C or D below), then your PSUs shall vest (if at all) and the underlying Shares shall be transferred to you as indicated below:

A. If at least the threshold vesting level of the three-year average attainment of any applicable Performance Metric set forth in Exhibit B is satisfied, and the Committee has certified attainment of that Performance Metric, the PSUs shall vest, based on the Vesting Table set forth in Exhibit B, on the trading day[1] after the Company files an Annual Report on Form 10-K with the U.S. Securities and Exchange Commission reporting the Applicable Financial Statement for the final fiscal year of the Performance Period. The

[1] As used in this Agreement, a "trading day" shall be as determined by the New York Stock Exchange or other national securities exchange or market that regulates the Shares.

number of PSUs that vest for each applicable Performance Metric, shall be equal to the product of: (i) the target number of PSUs granted under this Award and (ii) the Performance Metric Weighting for such Performance Metric; multiplied by (iii) the applicable Performance Vesting Factor determined under the Vesting Table based on the level of attainment for such Performance Metric (such product to be rounded down to the nearest whole unit).

B. If you die or incur a Disability before the end of the Performance Period, a fraction of your PSUs shall vest based on the following formula: (i) the total number of PSUs that would have vested (if any, based on actual performance as certified, reported and calculated in accordance with section A above) if you had remained employed for the full Performance Period (or the number of PSUs determined in accordance with section D below if a Change in Control occurs after your death or Disability but before the end of the Performance Period); multiplied by (ii) a fraction, the numerator of which is the number of days of service or employment that you have completed with the Company or its Affiliates since the beginning of the Performance Period as of the date of your death or Disability and the denominator of which is _____ (such product to be rounded down to the nearest whole unit).

C. If your Retirement occurs before the end of the Performance Period, a fraction of your PSUs shall vest based on the following formula: (i) the total number of PSUs that would have vested (if any, based on actual performance as certified, reported and calculated in accordance with section A above) if you had remained employed for the full Performance Period (or the number of PSUs determined in accordance with Section D below if a Change in Control occurs after your Retirement but before the end of the Performance Period); multiplied by (ii) a fraction, the numerator of which is the number of days of service or employment that you have completed with the Company or its Affiliates since the beginning of the Performance Period as of the date of your Retirement and the denominator of which is _____ (such product to be rounded down to the nearest whole unit).

D. If a Change in Control occurs before the end of the Performance Period, then your PSUs shall vest on the date of the Change in Control in an amount equal to the greater of (i) the target number of PSUs or (ii) the Average Performance Earned PSUs.

E. If threshold performance is not achieved during the Performance Period (unless a Change in Control occurs before the end of the Performance Period), then this Agreement will expire and all of your rights in the PSUs will be forfeited.

F. If your employment or service terminates before the end of the Performance Period (other than as described in sections B, C or D above), then this Agreement will expire and all of your rights in the PSUs will be forfeited.

Shares underlying PSUs that vest pursuant to this Agreement shall be transferred to you as soon as administratively practicable after the date the PSUs vest after the Performance Period has ended and the Performance Metrics have been certified, as described above.

Your Rights in the PSUs

Subject to the Company's insider trading policies and applicable laws and regulations, after any underlying Shares are delivered to you in respect of vested PSUs, you shall be free to deal with and dispose of such underlying Shares. You have no rights in the Shares underlying unvested PSUs. You shall have none of the rights of a shareholder (including, without limitation, the right to vote or receive dividends) with respect to any Shares underlying these PSUs until such time as you become the record holder of such Shares.

Notwithstanding the foregoing, for each PSU granted under this Agreement you have been granted one and one half DERs. Each DER represents the right to receive the equivalent of all of the cash dividends that would be payable with respect to a Share. The cash dividends shall accrue without interest and all or a portion of the accrued dividends shall vest and be paid in cash at the time any PSUs vest, calculated by multiplying (i) the total accrued cash dividends by (ii) a fraction, the numerator of which is the number of PSUs that vest and the denominator of which is the maximum number of PSUs that could vest if the Maximum Performance Level is attained for all Performance Metrics. Any accrued cash dividends that do not vest pursuant to this section shall be forfeited.

Tax Treatment of the PSUs

You should consult with a tax or financial adviser to ensure you fully understand the tax ramifications of your PSUs.

This brief discussion of the federal tax rules that affect your PSUs is provided as general information (not as personal tax advice) and is based on the Company's understanding of federal tax laws and regulations in effect as of the Grant Date. Article 21 of the Plan further describes the manner in which withholding may occur.

Under normal federal income tax rules, the grant of PSUs is a nontaxable event. However, you will be required to pay income taxes (at ordinary income tax rates) when, if and to the extent your PSUs and DERs vest. The amount of ordinary income you will recognize is the value of your PSUs and the cash value accrued under the DERs when the PSUs and DERs vest.

You may elect to allow the Company to withhold, upon settlement of the PSUs a number of shares sufficient to satisfy the withholding obligation, from the Shares to be issued pursuant to your vested PSUs that would satisfy at least the required statutory minimum (or you may elect such higher withholding provided that such higher amount would not have a negative accounting impact on the Company) with respect to the Company's tax withholding obligation. If you wish to make the withholding election permitted by this paragraph, you must give notice to the Committee in the manner then prescribed by the Committee. All such elections by you shall be irrevocable, made by you in a manner approved by the Committee, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. If you have not made an election to satisfy the withholding requirement by paying the taxes in cash or making the withholding election permitted by this paragraph, you shall be deemed to have elected to have the Company withhold a number of Shares that would satisfy the minimum statutory total tax that could be imposed on the transaction.

Any appreciation of the Shares you receive in connection with vested PSUs may be eligible to be taxed at capital gains rates when you sell the Shares. If your PSUs do not vest, your PSUs and DERs shall expire and no taxes will be due.

This Award is intended to comply with the applicable requirements of Code Section 409A and shall be administered in accordance with Code Section 409A. Refer to Section 23.13 of the Plan for more information on compliance with Code Section 409A, including the applicability of a six (6) month delay on the settlement of the PSUs for "specified employees," within the meaning of Code Section 409A.

No Section 83(b) Election

Because the PSUs are not property under the Code, you may not make an election under Section 83(b) of the Code with respect to your PSUs.

General Terms and Conditions

Nothing contained in this Agreement obligates the Company or an Affiliate to continue to employ you in any capacity whatsoever or prohibits or restricts the Company or an Affiliate from terminating your employment at any time or for any reason whatsoever; and this Agreement does not in any way affect any employment agreement that you may have with the Company.

This Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts of laws, of the State of Ohio.

If any provision of this Agreement is adjudged to be unenforceable or invalid, then such unenforceable or invalid provision shall not affect the enforceability or validity of the remaining provisions of this Agreement, and the Company and you agree to replace such unenforceable or invalid provision with an enforceable and valid arrangement which in its economic effect shall be as close as possible to the unenforceable or invalid provision.

You represent and warrant to the Company that you have the full legal power, authority and capacity to enter into this Agreement and to perform your obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities. The Company represents and warrants to you that it has the full legal power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement and that this Agreement is a valid and binding obligation, enforceable in accordance with its terms, except that the enforcement of this Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, or other similar laws now or hereinafter in effect relating to creditors' rights generally and to general principles of equity.

Acceptance

By accepting your PSUs, you acknowledge receipt of a copy of the Plan, as in effect on the Grant Date, and agree that your PSUs are granted under and are subject to the terms and conditions described in this Agreement and in the Plan. You further agree to accept as binding, conclusive and final all decisions and interpretations of the Committee upon any issues arising under this Agreement or the Plan. You also represent and warrant to the Company that you are aware of and agree to be bound by the Company's insider trading policies and the applicable laws and regulations relating to the receipt, ownership and transfer of the Company's securities.

________________________________ **Date:** ____________________

Chair, Compensation Committee

EXHIBIT A

As used in this Agreement, the following terms shall have the meanings set forth below:

Applicable Financial Statement shall mean a particular fiscal year's or a particular fiscal quarter's (as the calculation may require) financial statements that appear in the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission.

Average Performance Earned PSUs shall mean: (1) if one fiscal year during the Performance Period has been completed prior to a Change in Control, the number of PSUs equal to the sum of (a) the EPS Vesting Factor attained for the fiscal year multiplied by the target number of PSUs for the EPS Performance Metric and (b) the ROIC Vesting Factor attained for the fiscal year multiplied by the target number of PSUs for the ROIC Performance Metric; or (2) if two fiscal years during the Performance Period have been completed prior to a Change in Control, the number of PSUs equal to the sum of (a) the average of the EPS Vesting Factors attained for the first two fiscal years multiplied by the target number of PSUs for the EPS Performance Metric and (b) the average of the ROIC Vesting Factor attained for the first two fiscal years multiplied by the target number of PSUs for the ROIC Performance Metric.

Effective Tax Rate shall mean the decimal fraction (expressed without a denominator and rounded to the nearest 10,000th) that results by taking income tax expense (as it so appears in the Applicable Financial Statement) as adjusted to remove the effect of any events selected by the Committee, when it establishes the annual ROIC target performance goal for each fiscal year within the Performance Period pursuant to Exhibit B, and dividing it by income from continuing operations before income taxes (as it so appears in the Applicable Financial Statement) as reported in the Applicable Financial Statement for each applicable fiscal year during the Performance Period.

Earnings Per Share or **EPS** shall mean earnings (loss) per common share - diluted from continuing operations (or, if such measure is not reported in the Applicable Financial Statement, then the earnings (loss) per common share - diluted) for a fiscal year as reported in the Applicable Financial Statement for each applicable fiscal year service period during the Performance Period, as adjusted to remove the effect of any events selected by the Committee when it establishes the annual EPS target performance goal for each fiscal year within the Performance Period pursuant to Exhibit B.

Invested Capital for any fiscal year shall mean the average of the total shareholders' equity (as it so appears in the Applicable Financial Statement) for the most recent five fiscal quarters ending with the last date of the applicable fiscal year; plus the average of the long-term obligations associated with debt instruments (as it so appears in the Applicable Financial Statement) for the most recent five fiscal quarters ending with the last date of the applicable fiscal year, all as reported in the Applicable Financial Statement for each respective fiscal period during the Performance Period.

Net Operating Profit After Tax or **NOPAT** shall mean the operating profit (as it so appears in the Applicable Financial Statement) for a fiscal year multiplied by the difference between one and the Effective Tax Rate for that fiscal year, both as reported in publicly filed financial statements for each applicable fiscal year during the Performance Period.

Performance Metrics shall mean EPS and ROIC.

Performance Metric Weighting shall mean fifty percent (50%) for the EPS Vesting Factor and fifty percent (50%) for the ROIC Vesting Factor.

Performance Period shall mean a period of three consecutive fiscal years beginning at the start of the fiscal year in which the Grant Date occurs, with each such fiscal year comprised of a service period.

Performance Vesting Factor shall mean the EPS Vesting Factor and the ROIC Vesting Factor, both as set forth in the Vesting Table on Exhibit B.

Retirement shall be deemed to have occurred upon the Termination of Employment or Service of a Grantee who, upon the effective date of his or her Termination of Employment or Service, has: (i) attained the age of 55 years or older; (ii) completed at least five years of employment with or service to the Company or its Affiliates; (iii) submitted a written request, in a form satisfactory to the Company, to the Committee or the Company's human resources department requesting retirement under the terms of this Agreement; and (iv) had such written request approved in writing by a member of the Committee or an authorized officer of the Company.

Return on Invested Capital or **ROIC** shall mean, for each fiscal year service period within the Performance Period, the (i) NOPAT for that fiscal year, as adjusted to remove the effect of any events selected by the Committee when it establishes the annual ROIC target performance goal for each fiscal year within the Performance Period pursuant to Exhibit B, divided by (ii) Invested Capital for that fiscal year.

EXHIBIT B

The following shall be the Vesting Table referenced in this Agreement:

Except as set forth in this Agreement or the Plan, the portion of the target number of PSUs that do not vest in accordance with the tables set forth below shall be forfeited to the Company.

Linear interpolation shall be used to determine the applicable Performance Vesting Factor between threshold and target and between target and maximum EPS Performance Level and the ROIC Performance Level in the tables below.

EPS Performance Goal

An annual EPS target performance goal shall be established by the Committee for each fiscal year service period within the Performance Period. After the end of each fiscal year in the Performance Period, the actual EPS for such fiscal year, expressed as a percentage of the annual target EPS goal, will be determined. After the end of the Performance Period, the average of the percentage EPS attainment for each service period during the Performance Period as provided in the prior sentence will be determined ("Average EPS Attainment"). The percentage of the target number of PSUs that shall vest will then be determined in accordance with the applicable Performance Metric Weighting and the EPS Vesting Factor from the following table:

EPS Performance Level	Average EPS Attainment	EPS Vesting Factor
Threshold	%	%
Target	%	%
Maximum	%	%

ROIC Performance Goal

An annual ROIC target performance goal shall be established by the Committee for each fiscal year service period within the Performance Period. After the end of each fiscal year in the Performance Period, the actual ROIC for such fiscal year, expressed as a percentage of the annual target ROIC goal, will be determined. After the end of the Performance Period, the average of the percentage ROIC attainment for each service period during the Performance Period as provided in the prior sentence will be determined ("Average ROIC Attainment"). The percentage of the target number of PSUs that shall vest will then be determined in accordance with the applicable Performance Metric Weighting and the ROIC Vesting Factor from the following table:

ROIC Performance Level	Average ROIC Attainment	ROIC Vesting Factor
Threshold	%	%
Target	%	%
Maximum	%	%

No fractional Shares shall be issued or delivered pursuant to this Agreement. If the calculations under this Agreement would otherwise result in the vesting of less than a whole number of Shares, the result shall be rounded down to the nearest whole Share.

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 10, 2020

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 10, 2020

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 May 2, 2020, 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 10, 2020

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 May 2, 2020, 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 10, 2020

By: /s/ Jonathan E. Ramsden

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